



Brazos

River Authority

Annual Comprehensive Financial Report
For the Fiscal Years Ended August 31, 2025 and 2024
Waco, Texas



Brazos

River Authority

A River Authority of the State of Texas

**Annual Comprehensive Financial Report
for the Fiscal Years Ended August 31, 2025 and 2024
Prepared by the Finance and Administration Department**

**BRAZOS RIVER AUTHORITY
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED AUGUST 31, 2025 and 2024**

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Introductory Section

RICK HUBER
*Assistant
Presiding Officer*
Granbury
2021 - 2027



CYNTHIA A. FLORES
Presiding Officer
Round Rock
2021 - 2027



WESLEY D. LLOYD
Secretary
Waco
2019 - 2025



THOMAS ABRAHAM
Sugar Land
2019 - 2025



GARY BOREN
Lubbock
2019 - 2025



CHRISTINE GIESE
Brenham
2021 - 2027



JENNIFER "JEN" HENDERSON
Round Rock
2023 - 2029



HELEN JIMENEZ
Richmond
2021 - 2027



JUDY ANN KROHN, PH.D.
Georgetown
2023 - 2029



**TRACI GARRETT
LaCHANCE**
Danbury
2023 - 2029



JIM LATTIMORE, JR.
Graford
2019 - 2025



ANTHONY MBROH
Dallas
2021 - 2025



CATHERINE "CAT" PARKS
Hamilton
2023 - 2029



AUSTIN RUIZ, O.D.
Harker Heights
2021 - 2027



DAVID SAVAGE
Katy
2019 - 2025



JARROD D. SMITH
Danbury
2023 - 2029



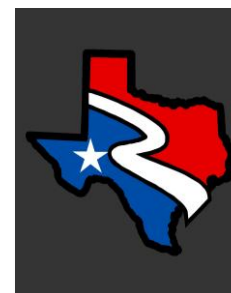
W. WINTFORD TAYLOR, III
Waco
2021 - 2027



JERRY "KENNY" WELDON, II
Stephenville
2024 - 2027



R. WAYNE WILSON
Bryan
2023 - 2029



Appointment
Pending



Appointment
Pending

BRAZOS RIVER AUTHORITY



MANAGEMENT TEAM



Matt Phillips
Deputy General
Manager



David Collinsworth
General Manager/CEO



Lauralee Vallon
General Counsel



Michele Giroir
Chief Financial
Officer



Jon King
Chief Strategic
Officer



Luke Collins
Chief Technology
Officer



Crystal Wilde
Chief Human
Resources Officer



Blake Kettler
Chief Planning
Officer



Brad Brunett
Chief Operations
Officer



Michael McClendon
Chief Projects
Officer



Judi Pierce
Public Information
Officer



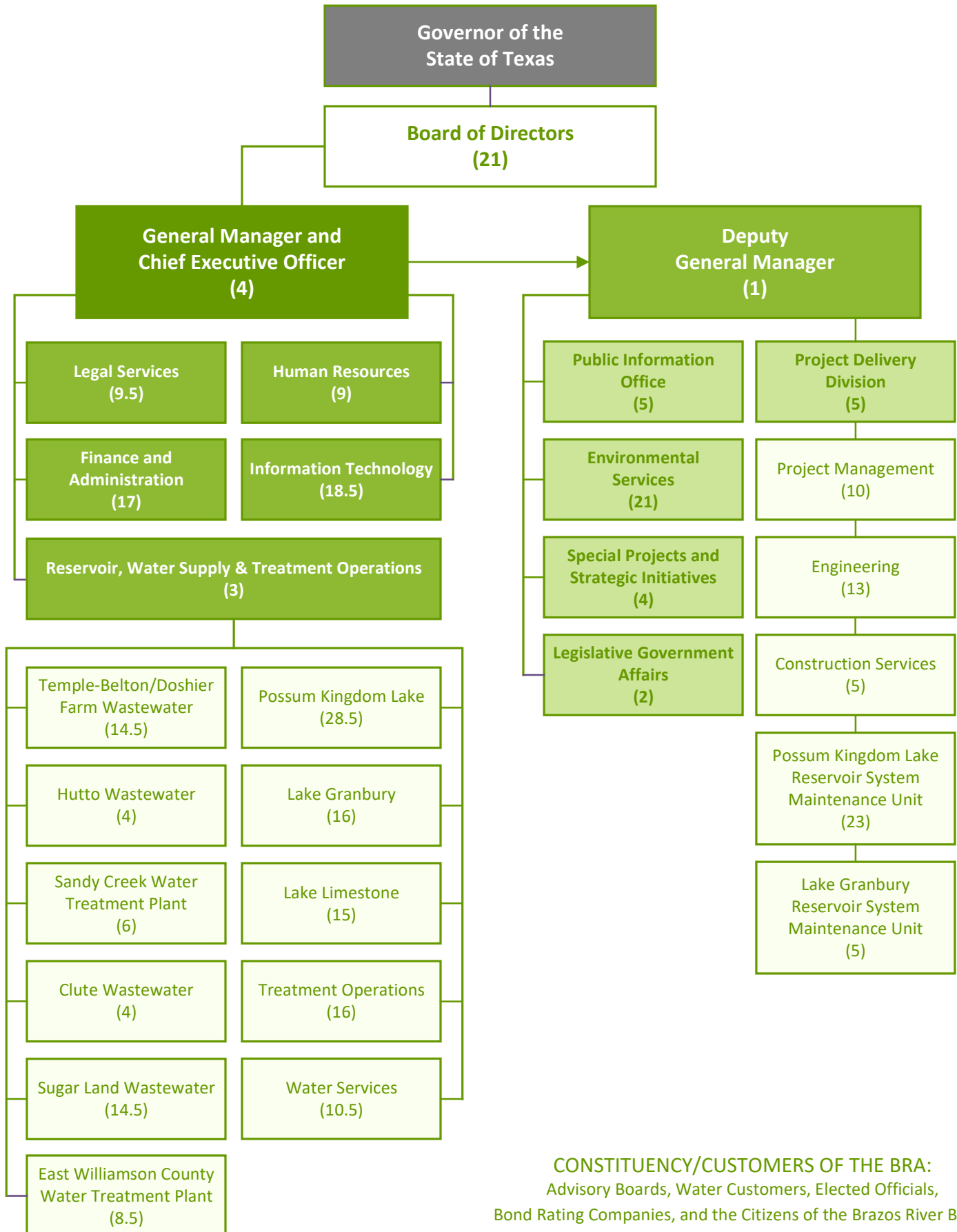
Tiffany Malzahn
Chief Environmental
Officer



Aaron Abel
Water Services
Manager

BRAZOS RIVER AUTHORITY ORGANIZATIONAL CHART

(Including Position Counts)



CONSTITUENCY/CUSTOMERS OF THE BRA:
 Advisory Boards, Water Customers, Elected Officials,
 Bond Rating Companies, and the Citizens of the Brazos River Basin.

January 26, 2026

Mrs. Cynthia Flores, Presiding Officer, Stakeholders,
and Members of the Board of Directors
Brazos River Authority
4600 Cobbs Drive
Waco, TX 76710

Directors:

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the Brazos River Authority (BRA) for the Fiscal Year ended August 31, 2025. The purpose of the report is to provide the Board of Directors, our customers, stakeholders, and other interested parties with reliable financial information about the BRA. The BRA's Finance Department has prepared the ACFR in accordance with Generally Accepted Accounting Principles (GAAP). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the BRA management. We believe the data, as presented, is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and the results of operations of the BRA.

The BRA's financial statements for the Fiscal Years ended August 31, 2025 and 2024 have been audited by Baker Tilly US, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the BRA for the Fiscal Years ended August 31, 2025 and 2024 are free of material misstatements. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion and that the BRA's financial statements for the Fiscal Years ended August 31, 2025 and 2024 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the Financial Section of this report.

To provide a reasonable basis for making these representations, management of the BRA has established a comprehensive internal control framework designed both to protect the BRA's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the BRA's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the BRA's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements.

GAAP require that management provide a narrative introduction, overview and analysis to accompany the Basic Financial Statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The BRA's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE BRA

The BRA was established by the Texas Legislature in 1929 as the first entity in the United States specifically created for the purpose of protecting, developing and managing the water resources of an entire river basin. The Brazos River basin encompasses over 42,000 square miles spread over an area diverse in climate, topography and water needs. Although the BRA is a political subdivision of the State of Texas, it does not levy or collect taxes. With the exception of a relatively small number of governmental grants, the BRA is entirely self-supporting. It maintains, operates, and improves reservoirs, transmission facilities, and treatment systems through revenues from the customers it serves.

The BRA's Board of Directors (Board) consists of 21 members appointed by the Governor and subject to confirmation by the Texas Senate. Directors serve six-year, staggered terms, with one-third being either replaced or reappointed each odd-numbered year. The Presiding Officer is designated by the Governor, and the Board elects from among its members an Assistant Presiding Officer and a Secretary. The BRA functions under the direction of a General Manager/CEO, who reports to the Board.

Raw Water Supply

The BRA built, owns, and operates three reservoirs for water supply – Possum Kingdom Lake, Lake Granbury, and Lake Limestone. The BRA also contracts with the U.S. Army Corps of Engineers (USACE) for storage space in eight multi-purpose federal reservoirs – Lakes Whitney, Belton, Proctor, Somerville, Stillhouse Hollow, Granger, Georgetown, and Aquilla. These lakes, owned and operated by the USACE, provide flood control to the Brazos River Basin and also serve as sources for water supply. Additionally, BRA owns the water rights for the proposed Allens Creek Reservoir planned for construction in Austin County.

Together, the eleven reservoirs have conservation storage of more than 1.9 million acre-feet of water. The BRA is permitted by the State of Texas to divert and use 1,095,896 acre-feet of water each year. The BRA contracts to supply water from the system of reservoirs on a wholesale basis to municipal, industrial, mining and agricultural water customers from West Texas to the Gulf Coast.

Water and Wastewater Treatment

The BRA owns and operates the East Williamson County Regional Water System (EWCRRS) at Lake Granger, which supplies treated water to several municipal providers in the area. Approximately 3.3 billion gallons were treated and provided to EWCRRS customers in Fiscal Year 2025. The BRA also operates the Sandy Creek Water Treatment Plant for the City of Leander. This system supplied approximately 1.5 billion gallons of treated water in Fiscal Year 2025.

Wastewater was treated and discharged by the BRA at nine wastewater plants that it operated within the basin during Fiscal Year 2025: Temple-Belton, Doshier Farm, Sugar Land North and South, Sugar Land Greatwood, Sugar Land New Territory, Clute-Richwood, Hutto Central and Hutto South. In addition to the wastewater treatment plants, BRA operations at some of these facilities include lift stations and reuse installations. At the Temple-Belton plant, sludge, which is a by-product of the treatment process, is composted with wood chips and sold as fertilizer and soil enhancers to local municipalities and individuals.

Water Quality

Water quality is a high priority for the BRA. Staff charged with environmental responsibilities work to monitor the quality of water resources and the health of aquatic communities in the Brazos River Basin through sampling and analysis. Since 1991, the BRA has partnered with the TCEQ to conduct the Clean Rivers Program for the basin. The BRA, working with other agencies and basin residents, identifies and evaluates water quality, the status of instream biological communities, and watershed management issues; establishes priorities for corrective actions, and works to implement those solutions. As part of a basin

monitoring program, the staff collects water quality samples and instream biological data at over one hundred and fifty locations throughout the Brazos River Basin.

Environmental Flow Standards

Supporting state environmental goals and standards is very important to the BRA. The BRA is voluntarily performing environmental studies at eight locations in the Brazos River Basin to gather data to support and inform future decisions related to State Senate Bill 3, Environmental Flow Standards. These studies will provide the State's decision-makers with the data necessary to evaluate the current environmental flow standards and revise, if warranted.

Regional Water Planning

The BRA continues to support the state and regional water planning process to help meet water supply needs in the Brazos River Basin. The BRA participates in the development of regional water plans as established by the Texas Legislature in 1997 with the passage of Senate Bill 1. Significant portions of three of the sixteen water planning areas lie within the basin including: Region O (High Plains), Region H (Houston-area), and Region G (Central Texas). The BRA serves as the administrative agency for Region G, and the BRA has a voting member on each of the planning groups for Regions O, G, and H.

Regional Flood Planning

During the 2019 legislative session, the Texas Legislature created a new state flood planning process. Similar to the state water planning process that has existed for many years, flood planning breaks the state up into multiple Regional Flood Planning Groups that develop regional flood plans including local projects to prevent and mitigate flooding in the future. These regional flood plans are consolidated into a State Flood Plan by the Texas Water Development Board (TWDB). The Brazos Basin includes two Regional Flood Planning Groups (Upper Brazos and Lower Brazos), with BRA serving as voting members on both groups. Additionally, BRA serves as the administrative agency for the Lower Brazos Regional Flood Planning Group.

ECONOMIC CONDITION AND OUTLOOK

Within the first four months of the fiscal year, the Federal Open Market Committee (FOMC) held three meetings during which the Committee voted to lower the Fed Funds rate by a total of 1.00%. This brought the Fed Funds target range from 5.25% - 5.50% at the beginning of the fiscal year to 4.25% - 4.50%. The FOMC maintained this rate to help further combat inflation and move closer to their 2% goal.

The labor market softened throughout the year as supply and demand variances caused by COVID came into better balance, however later revisions showed weaker-than-expected labor market conditions. The new administration's tariff policies brought challenges for the production and manufacturing sector toward the end of the fiscal year. The U.S. consumer remained resilient throughout the year despite continued turmoil overseas, political discord, and economic uncertainty. At the end of August 2025, another rate cut appeared imminent as labor market conditions became the focus of the FOMC's dual mandate.

U.S. Gross Domestic Product experienced a whipsaw amid changing tariff policies. The GDP in January-March 2025 declined 0.6% as businesses and households preemptively bought goods ahead of anticipated tariffs. This spending led to a trade deficit which reversed in the months that followed with April-June 2025 GDP growth at 3.8%. Revised FOMC projections estimate growth of 1.6% for all of 2025.

The housing sector faced an ongoing supply shortage with elevated mortgage rates posing affordability issues for many would-be home buyers. The average 30-year mortgage ended August 2025 at 6.56% compared to 6.35% in August 2024.

The Texas economy: Total sales tax revenues rose 3.2% for the year compared to the 8.4% increase in fiscal year 2023 and 1.2% increase in fiscal year 2024. Texas showed the largest job gains of any state over the year ending August 2025, adding 195,600 jobs, a 1.4% increase from last year, setting new records for total jobs and the size of the Texas labor force. Home sales saw a modest 0.7% increase during 2024, but active listings grew 30.5% from last year and monthly inventory rose to 4.1 months versus 3.4 months in 2023 giving homebuyers more options.

Interest-earning investments permitted by the BRA's Investment Policy and State Law adjusted downward following the Fed Funds rate cuts that came at the start of the fiscal year and for further anticipated rate cuts. Cash and cash equivalents held steady for much of the year as the FOMC maintained its restrictive monetary policy to sustain pressure on inflation. Local Government Investment Pool rates were 5.28% at the end of the last fiscal year but declined ending August 2025 at 4.31%. Banks with appetite for deposits were able to offer rates for Certificates of Deposit (CD) exceeding security rates for similar maturity terms during the year. Rates for both CDs and securities fell during the fiscal year as the market adjusted for anticipated rate cuts that came slower than expected. At the end of August 2025, a one-year CD was yielding 4.00%, compared to 5.12% the previous year. One-year Treasury and Agency rates ended August 2025 around 3.83% and 3.87% respectively after beginning the fiscal year around 4.38% and 4.41%.

LONG-TERM FINANCIAL AND STRATEGIC PLANNING

In May 2025, the BRA's Board reviewed the Fiscal Year 2026 Proposed Annual Operating Plan, which includes a financial forecast and capital improvement plan. This look into the future is both an inventory of projects anticipated to be undertaken by the BRA to satisfy its mission, as well as an analysis of the implications of those projects on the BRA's System Water Rate (SWR). The inventory of projects is a mixture of infrastructure repair and replacement, new water source development, operations and maintenance needs, central services projects, security, and water quality initiatives. In July 2025, the BRA Board of Directors adopted the Fiscal Year 2026 Annual Operating Plan.

Initial indications based on internal analysis are that the BRA's SWR over the next several years will continue to rise between 8 and 9% to address the obligations placed upon it by our enabling legislation, our Strategic Plan, and the vision of our Board and management. Future ratemaking will be based upon a combination of both debt-funded initiatives and those in which a cash infusion will be made through the use of the Board designated series of reserve funds to balance and stabilize rates. Additional information on the BRA's Board Designated Reserves can be found in Note 12 of the Notes to the Basic Financial Statements.

BRA's Strategic Plan was adopted by the BRA Board of Directors in July 2023 for a five-year term. The Strategic Plan defines our long-term direction, ensures organizational alignment, and articulates the priorities we will undertake to achieve our goals. Throughout Fiscal Year 2025, BRA staff have progressed multiple strategies and initiatives described in the plan, including many of those highlighted in this document. As we look forward to Fiscal Year 2026, our focus will be to continue the advancement of the goals identified in the plan to support the fulfillment of our mission.

RELEVANT FINANCIAL POLICIES

The BRA maintains financial policies regarding budget, investments and management, financial audit, debt financing, industrial development bonds and pollution control bonds, capital improvement plan, and reserve funds. None of these policies had a significant impact on the current period's financial statements.

MAJOR INITIATIVES

During Fiscal Year 2025, the BRA managed many new and ongoing water quality and water supply projects. Over the next five to ten years, the BRA will continue work on several large projects that are needed to meet the growing water supply needs of our customers. In order to better align our organizational structure to support these major initiatives, the BRA implemented a substantial restructuring in early Fiscal Year 2025. For some time, the BRA had been organized along geographical regions, namely the Upper, Central and Lower Regions. This allowed us to focus staff and resources on specific customer bases and address issues across multiple lines of business. The reorganization brought together all of the existing resources related to project development and delivery into one division to allow for streamlined and effective project delivery.

Development of new water supply remains a priority for the BRA as we continue work to pursue Re-Allocation of Lake Whitney, initiate permitting and design of Allens Creek Reservoir, and pursue other long-term water supply projects. The following is a synopsis of select programs and projects managed by the BRA in Fiscal Year 2025:

WATER SUPPLY

- ***Water Supply Operations***

At the beginning of Fiscal Year 2025, the BRA's water supply system storage was approximately 95 percent full. The BRA water supply system storage held across the 11 reservoirs remained relatively stable at approximately 91 to 96 percent full through the first three quarters of the fiscal year. In early July 2025, historic flooding occurred across portions of the Texas Hill Country, affecting the major tributaries of the Lampasas and San Gabriel Rivers upstream of the U.S. Army Corps of Engineers multi-purpose reservoirs at Lakes Stillhouse Hollow and Georgetown. On July 5, 2025, the South Fork San Gabriel River at Georgetown experienced its second-highest recorded peak discharge, reaching 56,600 cubic feet per second (cfs). The sixth highest peak on record was observed along the Lampasas River near Kempner when approximately 70,200 cfs was observed on July 13, 2025. Runoff from this event caused both Lakes Georgetown and Stillhouse Hollow to retain water within their respective flood control pools. Prior to July 2025, Lake Georgetown had not reached full capacity in nearly six years. Over 1.8 million acre-feet was released in Fiscal Year 2025 from the three BRA owned and operated water supply reservoirs of Possum Kingdom Lake, Lake Granbury, and Lake Limestone. At the end of Fiscal Year 2025, the BRA's water supply system storage was approximately 99 percent full.

- ***Water Conservation***

The BRA continued on-going efforts to develop and encourage water conservation practices in Fiscal Year 2025. These efforts included public education and outreach through the BRA's website, social media pages, newsletters, coordination with other water providers, and evaluation of water conservation information reported to the Texas Water Development Board (TWDB) by the BRA's customers.

The BRA also participated in conservation education by partnering with the TWDB to market the "Major Rivers" water education program. The 10-week water education curriculum targeted toward 4th-grade students is marketed on the BRA website and through social media posts as a free, fully downloadable science and social studies program available to all Texas educators.

- ***Water Management Plan Update***

BRA holds Water Use Permit 5851 (System Operation Permit), which authorizes a maximum basin-wide annual diversion of 334,345 acre-feet per year. The System Operation Permit was issued by the Texas Commission on Environmental Quality (TCEQ) on November 30, 2016, and incorporated an accompanying and conformed Water Management Plan (WMP) and Technical Report on April 2, 2018.

Special conditions within the System Operation Permit mandate an update of the accompanying WMP, utilizing the TCEQ permit amendment application process, at a minimum of every 10 years to maintain the appropriation. The 2018 WMP ensures compliance with the terms and conditions of the System Operation Permit. The associated 2018 Technical Report accompanies the WMP and provides expanded and quantitatively detailed supporting information. The application of the first required update of the WMP and any necessary amendments to the System Operation Permit must be submitted to TCEQ in November 2026. Initiation of the update and amendment process began in the second quarter of Fiscal Year 2024. A professional services agreement and scope of work was executed with Freese and Nichols (FNI) to facilitate the technical work necessary for the update. Through Fiscal Year 2024, the project engineer (FNI) has completed the majority of Task 1 (review appropriate documents and provide data), progressed well into Task 2 work (Develop Hydrological Models and Demand Scenarios) and just started Task 3 (TCEQ Submittals, Public Outreach, and Negotiations). The application for the first required update of the WMP and any necessary amendments to the System Operation Permit must be submitted to TCEQ by November 2026.

- ***Water Storage Reallocation in Federal Reservoirs***

The BRA is pursuing a reallocation study at Lake Whitney, one of the reservoirs in which the BRA contracts for water supply with the USACE. Additional water supply can potentially be developed in cases where reservoir storage historically reserved for other purposes, such as flood control or hydroelectric power generation, can be reallocated to water supply. A reallocation feasibility study of Lake Whitney began in April 2023. It follows the USACE 3x3x3 format – a 3-year study timeframe, a \$3 million budget cost-shared with the Non-Federal Sponsor, and 3 levels of USACE review: District, Division, and Headquarters. The BRA is acting as the Non-Federal Sponsor for this study and has entered into a cost-sharing agreement with the USACE, supporting 50 percent of USACE’s total budget on the study. To assist the BRA in its capacity as a Non-Federal Sponsor, the BRA has retained the services of two external consultants: Jones & Fortuna – a law firm with substantial experience in assisting water suppliers in achieving successful reallocation outcomes across the country, specifically with reallocation projects involving hydropower; and Hazen & Sawyer – a water supply engineering firm that has considerable experience working with USACE modeling products and evaluating USACE reallocation metrics in other reallocation projects across the nation. Through Fiscal Year 2025, the USACE district team (PDT), along with BRA staff, generated an array of potential reallocation alternatives. The USACE staff built a Brazos Basin System RiverWare Model to evaluate the yield and impacts of each alternative. In March 2025, the BRA and USACE PDT selected, as the ‘Tentatively Selected Plan’ (TSP), the reallocation alternative that maximizes public benefits while imparting the least impacts to other project purposes. As of August 2025, the USACE Vertical Team (District and Division staff) had approved the TSP to carry forward into the development of a Draft Report. The Draft Report was completed and made available for interagency and public review, and the USACE PDT is currently assimilating and assessing the comments received. A final report presenting the selected final reallocation alternative is anticipated to be delivered in 2026.

- ***Allens Creek Reservoir***

Allens Creek Reservoir is a planned pumped storage reservoir that will be constructed in Austin County in the lower Brazos Basin. The new reservoir will be filled by pumping water from the Brazos River and storing it for subsequent use by downstream customers. The new reservoir’s primary purpose will be water supply and could increase our available water supply by approximately 100,000 acre feet/yr.

In Fiscal Year 2025, the BRA continued preliminary environmental studies and activities to support permitting and initial design of the reservoir. In addition, BRA staff continued to update stakeholders on the current status and potential timeline associated with the reservoir project. Throughout Fiscal Year 2026, staff will advance the project by continuing permitting and design work to support project development. The permitting, design, and construction activities for the Allens Creek Reservoir project

will likely take a decade or more to complete; however, once the project is complete, it is anticipated to provide a substantial new water supply for our customers.

- ***Conjunctive Use at the East Williamson County Regional Water System***

The BRA has been actively engaged in groundwater development efforts in Williamson County. In 2020, the BRA completed its first Trinity Aquifer groundwater well at the EWCRWS treatment plant adjacent to Lake Granger. The groundwater will be conjunctively used with Lake Granger surface water to help supply the rapidly growing communities along the Interstate 35 and State Highway 130 corridors in Williamson County. Engineering design has been completed for the infrastructure required to blend the Trinity Aquifer groundwater with treated surface water from Lake Granger. Construction is expected to begin in FY 2026. The potential for aquifer storage and recovery (ASR) is also being investigated. An ASR project would treat excess surface water from Lake Granger and inject it into the Trinity Aquifer for storage and future use. The 89th Texas Legislature in 2025 passed legislation that is needed to authorize ASR in Williamson County.

- ***On-Going Identification, Quantification and Assessment of Water Supply Strategies***

The BRA is continuously reviewing potentially feasible water supply strategies to support the future water supply needs of the Brazos River Basin. There are a wide variety of potential strategies available, including not only evolving technologies such as seawater and/or brackish groundwater desalination and aquifer storage and recovery but also more traditional approaches such as surface water projects and groundwater development. Throughout Fiscal Year 2025, the BRA collaborated with multiple customers to support their assessments of potential projects and evaluate opportunities for BRA participation. With the continued population growth in our basin, efforts in Fiscal Year 2026 will seek to identify and evaluate projects to support the projected increased water demands of our customers.

WATER TREATMENT

- ***East Williamson County Regional Water System***

The EWCRWS and its associated 14.5 million gallons per day (MGD) water treatment plant supplies treated drinking water to The City of Taylor, the Jonah Water Special Utility District, and the Lone Star Regional Water Authority. In anticipation of the rapid growth currently occurring in this area, the BRA has invested in significant upgrades to the EWCRWS since acquiring the water treatment plant from The City of Taylor in 2004. Some of these upgrades include an initial expansion and re-rating to the current 14.5 MGD plant capacity, a Trinity Aquifer groundwater well, a new deep-water intake structure on Lake Granger, and a recent slope stabilization project to protect the intake structure from encroaching erosion of the adjacent Lake Granger shoreline. An additional 27 acres of property adjacent to the existing plant was also acquired in 2024 to facilitate future expansion. Planning and design for the next expansion are currently in progress, which will involve a new treated water line and increasing the overall EWCRWS capacity to approximately 30 MGD. Construction is expected to begin in Fiscal Year 2026.

WATER DELIVERY

- ***Williamson County Regional Raw Water Line***

The Williamson County Regional Raw Water Line is a raw water pipeline operated by the BRA for three municipal customers in Williamson County: The City of Georgetown, The City of Round Rock, and Brushy Creek Municipal Utility District. The line delivers water from Lake Stillhouse Hollow in Bell County to Lake Georgetown in Williamson County and is vital for meeting these customers' water needs during dry times. The BRA determines when to pump water based on lake elevation trigger

levels. The WCRRWL was in service a large part of Fiscal Year 2025, transferring approximately 32,000 acre-feet of water from Lake Stillhouse Hollow to Lake Georgetown. A comprehensive engineering evaluation of the pump station and pipeline was completed in Fiscal Year 2024 along with planning for the final phase of pumps that will take the system to its ultimate design capacity. Engineering design for the new pumps began in Fiscal Year 2025. Additionally, a copper ion generator system at the pump station to help control invasive and destructive zebra mussels within the system was completed in Fiscal Year 2025.

- ***Pipeline Connecting Lake Belton to Lake Stillhouse Hollow***

The BRA has been planning for a new pipeline that will connect Lake Belton to Lake Stillhouse Hollow to help meet the growing water needs of customers that divert water from Lake Stillhouse Hollow. These lakes are less than ten miles apart, and this connection will help the BRA better manage water supplies in this part of the basin. Preliminary engineering work for this pipeline was completed in Fiscal Year 2022. BRA has completed the procurement process for detailed engineering design, and continues to work on agency coordination and permitting, public outreach, and right-of-way acquisition. The pipeline is expected to be operational in the next five to seven years.

MAINTENANCE

- ***Dam Rehabilitation Projects***

As part of proactively addressing the safety, preventive maintenance and ongoing operational efficiency of the BRA-owned dams, the BRA continues to pursue modifications to low-flow gates at Lake Granbury's DeCordova Bend Dam. Construction began in Fiscal Year 2022; however, manufacturer supplied gates did not meet specifications and project completion has been delayed until a viable replacement option is reached. Engineering design has been completed on the reinforced concrete components project at DeCordova Bend Dam with construction being incorporated into a larger project that includes the Lake Granbury Stoplog Replacement Project and the Lake Granbury Tainter Gate Evaluation Project. These projects are in the scope and fee phase with anticipated assessments or designs being completed in subsequent fiscal years. As part of the BRA reorganization in Fiscal Year 2025, a Reservoir System Maintenance Unit (RSMU) was established at Lake Granbury to allow in-house completion of many maintenance and improvement tasks to the structure.

At Morris Sheppard Dam, the RSMU group constantly seeks to improve its maintenance of the spillway gates as part of an annual recurring initiative at Possum Kingdom Lake. RSMU staff obtained design drawings/specifications for the pier plate walls and continues to self-perform maintenance improvements to Morris Sheppard Dam's nine spillway gates. Additionally, BRA's spillway pump and piping project was completed in Fiscal Year 2025 and construction on the replacement of the flow control gates that assist in operation of the nine spillway gates continued in Fiscal Year 2025 and is expected to be complete in Fiscal Year 2028. Lastly, Gannett Fleming, our engineering consultant, has completed the final phase of its assessment of Morris Sheppard Dam's concrete components and developed plans and specifications for our RSMU staff to initiate concrete repairs.

The BRA has also begun a series of comprehensive studies to determine the need for future rehabilitation projects on the forty-five-year-old Sterling C. Robertson Dam at Lake Limestone. This is a multi-year-old effort that initially includes replacement of the five Tainter gates that are used to pass floodwater through the dam. Construction activity on the Tainter gate replacement project is currently ongoing and is expected to be completed in Fiscal Year 2026. The BRA is also conducting an assessment of the dam's hydrostatic relief system on the downstream side of the dam to identify any needed repairs or improvements necessary to continue safe operation of the dam into the future. Finally, an assessment of needed repairs and/or upgrades to the dam's low flow outlet works began in Fiscal Year 2025 and is expected to conclude in Fiscal Year 2030.

- ***Internal Engineering Design and Project Oversight***

The BRA's most critical assets are the facilities that we own and/or operate to provide water to our customers to fulfill our mission. This includes three dams and associated reservoirs, water treatment facilities, and pipelines. In the past, the BRA has relied heavily on outside consultants to deliver many services related to the investigation, planning, maintenance and rehabilitation of these facilities. While we will continue to use consultants to augment resource needs and staff capabilities, we will continue to perform engineering services and reviews internally to provide engineering support and technical expertise on BRA facilities. Internal Engineering efforts in Fiscal Year 2025 included the following:

Reservoirs

- **Possum Kingdom Lake (Morris Sheppard Dam)**

- Coordinated and completed the 2025 annual maintenance inspection for Morris Sheppard Dam.
- Coordinated and completed the 2024 Geotechnical and Instrumentation Data Assessment of Morris Sheppard Dam.
- Reviewed and provided input for final design for the Morris Sheppard Dam Spillway Pump and Piping Project. Construction began in Fiscal Year 2023 and was completed in Fiscal Year 2025.
- Coordinated contract negotiations for the Bay 9 and Weir Project. Contract was executed in early Fiscal Year 2026.
- Coordinated contract negotiations for the Controlled Outlet Conduit Ring Jet Valve Recoating and Repairs. Contract should be executed in Fiscal Year 2026.
- Coordinated Pier 26 Generator installation.
- Coordinated conduit repair under walkway.
- Coordinated Piers 14 and 20 gate controls project.
- Coordinated Reservoir System Maintenance Unit (RSMU) dive shop construction.
- Coordinated RSMU 400-amp service.

- **Lake Granbury (DeCordova Bend Dam)**

- Coordinated the annual maintenance inspection for DeCordova Bend Dam.
- Coordinated the Precision and Range Line Survey as part of the 5 Year Engineering Inspection.
- Coordinated and reviewed the Phase I assessment of the Stoplog Hoist System Replacement and Tainter Gate Evaluation Project. Work included extensive on-site gate testing. Design to begin in Fiscal Year 2026.
- Coordinated and reviewed the Hearth Stability Analysis assessment.
- Completed the Electrical Vulnerability Assessment. Majority of recommendations to be completed by BRA staff.
- Coordinated a construction contract for the emergency gate no. 4 short-term repairs and oversaw construction of the Low Flow Outlet Works Repair Project. Construction is expected to be completed in Fiscal Year 2026.

- **Lake Limestone (Sterling C. Robertson Dam)**

- Coordinated the annual maintenance inspection for Sterling C. Robertson Dam.
- Coordinated the Precision and Range Line Survey as part of the 5 Year Engineering Inspection.
- Oversaw construction of the Tainter Gate Replacement and Improvement Project. Construction is expected to be completed in Fiscal Year 2026.
- Provided multiple reviews/edits to the engineering scope of services for the study phase of the Dam Low Flow Facilities Repair project. Note: Due to current onsite logistical conflicts, finalization and commencement of this contract is pending completion of

construction work associated with the Tainter Gate Replacement and Improvements project has been completed.

- Coordinated U.S. Geological Services boat house level project.
- Completed pole lights LED retrofit project.
- Performed Tainter gates Program Logic Controller (PLC) programming.

Treatment Operations & Pipelines

- **Water Treatment**

- East Williamson County transfer switches installation.
- East Williamson County Supervisory Control and Data Acquisition (SCADA) cell router upgrades to ground storage tanks.
- Sandy Creek actuator conversion for High Service Pumps 4 and 6.
- Sandy Creek PLC upgrades for filters and backwash.
- Sandy Creek SCADA upgrades to framework.

- **Williamson County Regional Raw Water Line**

- Completed PLC Trident valve upgrade on Pump 102.
- Continued coordinating crossings of the pipeline by and with various entities.

- **Wastewater Treatment**

- Doshier Farm completion of electrical and HVAC work on training/classroom building.
- Completed upgrades to Williamson Creek Lift Station Pump #2.
- Completed chemical conversion PLC upgrade at Temple/Belton Plant.
- Completed PLC upgrade at Shallowford and Lonestar Lift Stations.
- Completed SCADA radio upgrades at Hutto Central and South plants.

- **Central Office & Basin Wide**

- Continued construction oversight of the new Central Office Environmental Lab and Boat Storage Building.
- Assisted Information Technology Department with multiple cyber security tasks.

CAPITAL PLANNING

Capital Planning provides a long-range forecast of our portfolio of projects via our Capital Improvement Plan (CIP). The details for the upcoming five years of the CIP are included within our Annual Operating Plan. The BRA CIP is a planning and fiscal management tool used to coordinate the planning, scheduling and financing of capital improvement projects into the future. Capital improvements refer to major, non-recurring expenditures for infrastructure construction and rehabilitation, multi-year studies and evaluations, land and easement acquisition, buildings, and equipment. The CIP provides a working blueprint for sustaining and improving the BRA's infrastructure and coordinates strategic planning, financial capacity, and physical development.

Currently, our capital planning process consists of prioritizing projects based on needs considering many factors or drivers such as: department and organization priorities, project prioritization matrix, political or customer drivers, resource availability, recommendations from assessments of our operation facilities, and any other significant input. Another component of developing the CIP will be including information derived from the Risk-Based Asset Management and Capital Planning Program, which should start being incorporated within the Fiscal Year 2027 budget cycle.

Risk-Based Asset Management and Capital Planning Program

The BRA is in the process of implementing a risk-based and long-term capital planning approach. BRA is nearing completion of this initiative with Carollo Engineers, which has spanned multiple years. This program will help improve decision making on asset renewal through improved prioritization of assets across the BRA and improve long-term capital forecasting through improved assessment of renewal needs. BRA is currently implementing the asset management software to support the Risk-Based Asset Management and Capital Planning Program development. Implementation began in Fiscal Year 2024 and should be complete in Fiscal Year 2026. BRA should start to see results from this program during budget preparations for Fiscal Year 2027.

PROPERTY MANAGEMENT

Property Evaluation

In accordance with the direction received by the Property Management Committee and Board of Directors, BRA has begun internally evaluating properties to determine alignment with BRA's Mission Statement and highest and best use on an individual property tract basis. This effort began at Possum Kingdom in Fiscal Year 2024 and will continue into the future by evaluating each property based on established criteria. Through this process, staff will make recommendations to the Property Management Committee and Board of Directors on the highest and best use of property for the organization with our Mission in mind.

ENVIRONMENTAL

Texas Clean Rivers Program and Other Environmental Assessments

Since the 1990's, the BRA has collected and assessed surface water quality data in streams and reservoirs throughout the Brazos River basin as part of the Texas Clean Rivers Program. For FY 2025, BRA had a data completion rate of 98.6% for the data we planned to collect for the year. BRA provided over 20,000 data points to aid the State in regulatory decision making.

Additionally, Environmental Services provided support to the BRA's water, wastewater and reservoir operations, and Special Projects and Strategic Initiatives and Project Delivery divisions. These services included investigating algal blooms and fish kills, invasive species monitoring, assisting with data collection and analysis for regulatory permitting and compliance, completing and filing regulatory permits, and providing technical assistance on contracts and project development.

Environmental Flow Standard Studies

In support of the System Operation Permit, Water Management, and the State's environmental flow standards program, Environmental Services staff have completed sixty-four instream flow assessments and thirty-nine channel surveys, riparian assessments, and sediment surveys in eight different river segments to contribute to the verification of adopted environmental flow standards. Three biological assessments, two riparian assessments and two sediment/channel surveys were completed in Fiscal Year 2025.

Endangered Species Issues Engagement

Currently, two Central Texas freshwater mussels are protected by the U.S. Fish and Wildlife Service (USFWS) for Federal endangered species protection. These species are known to currently occur in the Brazos River Basin. The federally protected status of these species could impact current and future operations significantly. In response to this concern, the BRA has entered into a Candidate Conservation Agreement with Assurances (CCAA) with the USFWS. In FY 2025, BRA completed its third year of implementation of conservation measures for the CCAA including monitoring of key populations, finalization of Long-Term Monitoring Methodology, annual adaptive management review, public outreach, and drafted a study plan for reintroduction cage studies.

Reservoir Fisheries Habitat Improvement

The BRA, in partnership with the Texas Parks and Wildlife Department, completed reservoir habitat improvements on Lake Somerville, Lake Whitney, and Possum Kingdom Lake. The goal of these efforts is to improve deep-water reservoir habitat to mitigate the negative effects of reduced water levels during prolonged drought on reservoir fisheries. A new Interlocal Agreement was approved by the BRA’s Board of Directors in May 2025, extending this partnership through FY 2030.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the BRA for its ACFR for the Fiscal Year ended August 31, 2024. This was the 39th consecutive year that the BRA has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the BRA must publish an easily readable and efficiently organized ACFR. The report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program requirements, and we are submitting the report to the GFOA to determine its eligibility for another certificate.

In addition, the BRA also received the GFOA’s Distinguished Budget Presentation Award for its annual budget document for Fiscal Year beginning September 1, 2024. This was the fifteenth year the BRA has achieved this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the BRA’s budget document had to be judged proficient as a policy document, a financial plan, an operations guide and a communication device.

The preparation of this ACFR would not have been possible without the efficient and dedicated endeavors of the entire staff of the Finance and Administration Department. We would like to express our sincere appreciation to Susan Allamon, David N. Jones, Melissa Anthony, Melodie Macias, Kim Goolsby, Bryan Gray, Charlie L Shugart, Annie Mikolajewski, Cindy Geer, Kathy Rios, Allison Sheeler, Cassidy Lester and all other employees who contributed to the preparation of this report.

Our appreciation is also extended to the members of the Board for their support in planning and conducting the financial operations of the BRA in a responsible and professional manner and for providing the tools and resources to ensure the integrity of the assets of the BRA.

Respectfully submitted,



David Collinsworth
General Manager/CEO



Michele Giroir
Chief Financial Officer



Government Finance Officers Association

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Presented to

**Brazos River Authority
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

August 31, 2024

Christopher P. Morill

Executive Director/CEO

The Reservoir Built By Electricity

Water has always been a challenge for the State of Texas. With only one naturally occurring lake in the state, early Texans were forced to dig wells or move water from nearby rivers to meet their needs. The state was also challenged by bouts of devastating flooding, which resulted in hundreds of deaths, followed by extended periods of drought, making reliable crop production difficult.

But federal help began to arrive with the passing of the Flood Control Act of 1936.

Washington directed the US Army Corps of Engineers to build a series of flood-control reservoirs throughout the state, including 9 within the Brazos River Basin.

Two of these reservoirs were to be located on the Navasota River, but plans for both were later abandoned due to local opposition from those living near the lower Navasota and a lack of funding.

Then Texas began to grow. The state's population boomed in the early 1970s, growing twice as fast as the national average, as companies, their employees, and new jobs relocated to the state from the north and east.

As the global energy crisis intensified and lines began to form at gas stations throughout the country, Texas found itself not only facing a lack of water supply but also an increasing need for electricity.

The Brazos River Authority had just completed its second water supply reservoir, Lake Granbury, funded entirely by the contract agreements with state-based electric companies in need of water supply to cool newly built plants, when Texas Utilities Generating Company, a subsidiary of Texas Utilities, announced plans to build two lignite power-generating plants in the upper Navasota watershed. Each would require water.

By October 1973, the Brazos River Authority Board of Directors had voted to approve the construction of a reservoir near the Limestone-Robertson County line, with the project receiving overwhelming public support from the City of Groesbeck, the largest town in the area near the proposed dam site.



The state water commission issued a permit for the new reservoir in 1974 with a construction budget of \$15.7 million.

Construction of the reservoir was completed entirely without the use of tax dollars. The dam gates were closed on October 16, 1978, and though engineers predicted the lake would take one to two years to fill, the reservoir reached its full mark a mere seven months later, on May 12, 1979.

As part of the Brazos River Authority's 50th Anniversary, Lake Limestone and the Sterling C. Robertson Dam were dedicated with formal ceremonies held on October 19, 1979. A crowd of several hundred learned about the life of the dam's namesake from Dr. Malcolm D. McLean, a professor of History and Spanish at the University of Texas at Arlington and the great, great-grandson of Sterling C. Robertson.

Lake Limestone was formed by the construction of the Sterling C. Robertson Dam, an earthen and concrete structure that spans 8,395 feet in length and stands 70 feet tall. The dam contains a service spillway housing five Tainter-style gates, each measuring 40' high by 70' long for water releases, along with a 3,000-foot emergency spillway. The depth of the lake at the dam is about 43 feet.

When full, Lake Limestone reaches an elevation of 363 feet above mean sea level and covers a surface area of about 12,486 acres. The reservoir holds 203,780 acre-feet or 66.4 billion gallons of water. The BRA is permitted by the state to utilize 65,074 acre-feet of water per year from the reservoir.

Though Lake Limestone is a water supply reservoir, it is also a haven for recreationists. The lake boasts four public parks, two owned and operated by the Brazos River Authority and two managed by Limestone County, each providing picnic areas, boat ramps, and camping available free of charge.

Lake Limestone offers some of the best fishing in Central Texas. Its flooded timber and abundance of aquatic vegetation offer cover for largemouth and white bass as well as crappie and catfish.



Sterling C. Robertson: the man behind the name of the dam

For years before its construction, the Brazos River Authority referred to the reservoir planned for the Navasota River as the Upper Navasota Reservoir Project. However, as the dam neared completion, the Limestone County Commissioners passed a resolution requesting that the BRA Board of Directors consider an alternative title for the newest water supply reservoir.

Their recommendation was to name the reservoir Lake Limestone, to honor the county that would be home to the largest portion of the new lake. The Commissioners also recommended the dam be named in honor of one of the founding fathers of Limestone County: Sterling Clack Robertson. The BRA Board wholeheartedly agreed.

Born Oct. 2, 1785, in Nashville, Tennessee, Robertson was born into a wealthy family. His uncle, James Robertson, an explorer and early companion of Daniel Boone, became known as the Father of Tennessee through his efforts to settle families in that state.

Sterling C. Robertson would follow in his uncle's footsteps.

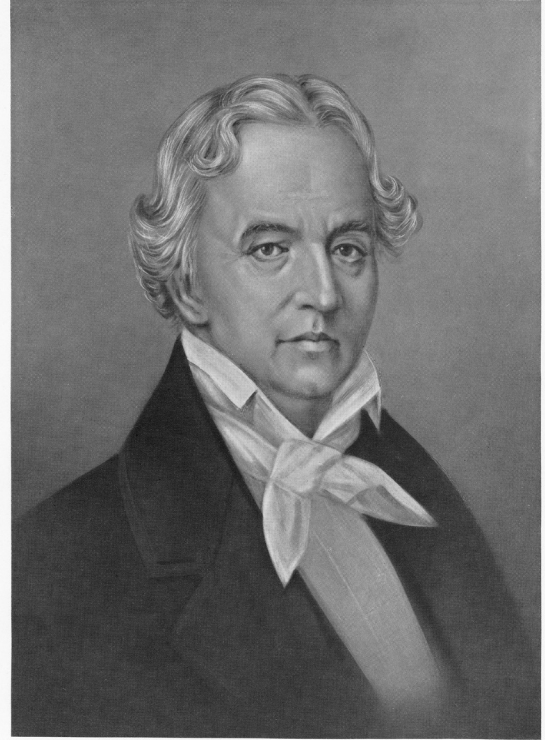
Robertson received a private education, established his own plantation in Tennessee, and then entered the military, serving as deputy quartermaster general, where he fought the British at the Battle of New Orleans.

In March 1822, he was one of 70 men to receive an empresario contract from Mexico to bring 800 families to Texas. In 1834, he founded Robertson's colony, which included most of the 17 present-day Texas counties, including the area now home to Lake Limestone.

He established the colony's capital, Sarahville de Viesca, named for his mother and Mexican Governor Agustin Viesca, near present-day Marlin in Falls County. To protect his new colony, Robertson established a company of Texas Rangers, serving as captain.

With the outbreak of the Texas Revolution in 1835, Robertson became an elected delegate from the Municipality of Milam to the convention that declared independence from Mexico. He signed the Texas Declaration of Independence at Washington on the Brazos in 1836. Robertson later signed the Texas Constitution and served as a senator in the first two sessions of the Congress of the Republic of Texas.

He retired to his home near Nashville, TX, in Robertson County, where he became the earliest known breeder of Arabian horses in Texas. He died in March 1842, three years before Texas became a part of the United States. He was buried on his property. In honor of his many contributions to the State of Texas, in 1935, his remains were removed to Austin's State Cemetery.



Maj - Sterling C. Robertson -

Sterling C. Robertson Dam

**We Are Proud
Of Our
Beautiful Lake Limestone
and
Sterling C. Robertson Dam**



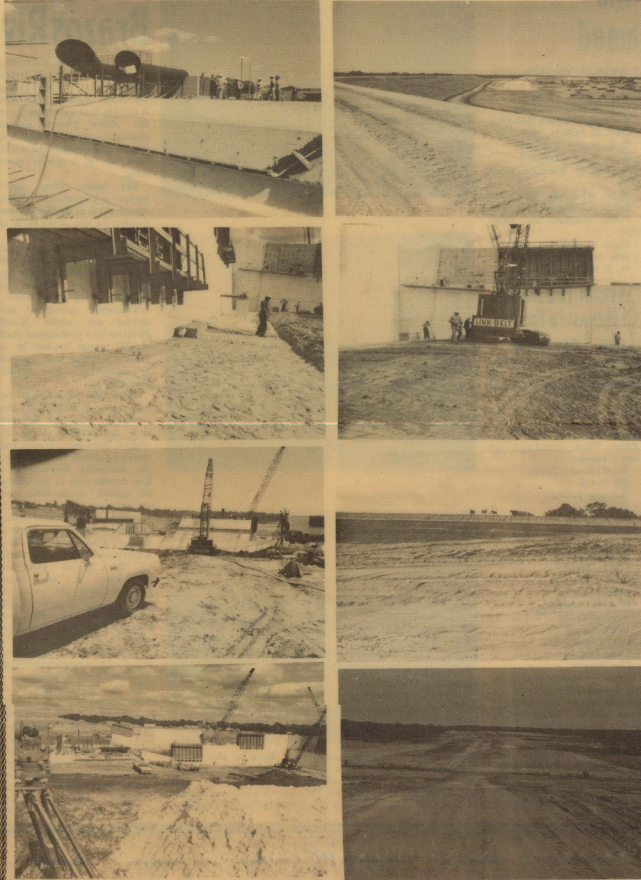
We know they will be great assets to our area.

Milton Ferguson Insurance Agency

Milton Ferguson, Agent
Louise Madden, Solicitor
(Office in the Chevrolet Building in Groesbeck - 729-3232)

Various Stages of Construction of Sterling C. Robertson Dam

(Pictures loaned by Dwight Mahoney)



Other Public Lakes In Limestone County

Lake Limestone is the largest of the three public lakes in Limestone County but was not the first. Lake Springfield, located in Fort Parker State Park and sometimes called Fort Parker Lake, was the first of three Limestone lakes to be built. The 750 acre lake was built in the late 1930's when the Civilian Conservation Corps dammed the Navasota River. This lake was completed and dedicated in 1941.

The third public lake in Limestone County is Lake Mexia. Lake Mexia is located on the Navasota River in Limestone County, seven miles west of Mexia on U. S. Highway 84. The Lake was constructed in 1961 by the Bi-Stone Municipal Water Supply District as a source of water for the city of Mexia and the Mexia State School. It has an area of 1200 acres, a storage capacity of 10,000 acre feet and an average depth of 8 feet. The shore line is approximately 16 miles in length.

Both Lake Mexia and Lake Springfield are popular tourist and recreational attractions. Limestone County, in addition to these three large lakes, has some smaller private lakes.

Lignite, Oil and Gas Not Only Valuable Limestone Minerals

Lignite, oil and gas are not the only valuable minerals in Limestone County. The other valuable Limestone mineral is glass sand and kaolin clay which has been produced by Dresser Minerals at its plant at Kosse since 1964. The Dresser Minerals plant, then Magoobar Minerals, was dedicated at Kosse on November 18, 1964. A variety of products are made from the glass sand and kaolin clay.

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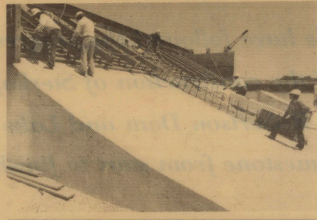
MAY EVERYTHING COME UP ROSES IN THE FUTURE FOR STERLING C. ROBERTSON DAM AND LAKE LIMESTONE AND THIS AREA! GROESBECK FLOWER SHOP The Hewitt Family

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The Navasota River

Lake Limestone and Sterling C. Robertson Dam are located on the Navasota River. The Navasota River rises in southern Hill County and flows southeast 125 miles crossing Limestone County and forming the county lines between Leon and Robertson, Madison and Brazos, and Brazos and Grimes counties to its mouth at the

Brazos River about six miles southwest of the town of Navasota in southwestern Grimes County. The river probably took its name from Indians who called it, or some other stream in that immediate area, the Nabatsoto. Domingo Teran de los Rios called it San Cypriano. Fray Isidro Felix de Espinosa named it the San Buenaventura and that name was used also by the Marquis de Aguayo. Pedro de Rivera in 1727 called the river the Navasota and it has retained the name since that time.

The Navasota has three dams on it in Limestone County — the Lake Mexia dam, the Lake Springfield dam, and the Groesbeck city dam. And, then, of course, just over in Robertson County is the Sterling C. Robertson Dam.

The Navasota River has played an important role in the development of Limestone County as well as other counties along its course.

Storing gasoline is dangerous, cautions Claudia Kerbel, a consumer information specialist with the Texas Agricultural Extension Service. The Texas A&M University System.

Keep in mind that liquid gasoline burns furiously and gasoline-air mixtures explode violently, Ms. Kerbel explains.

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Financial Section

Independent Auditors' Report

To the Board of Directors of
Brazos River Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the Brazos River Authority (BRA), as of and for the years ended August 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the BRA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and fiduciary activities of the BRA as of August 31, 2025 and 2024, and the changes in financial position and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the BRA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the fiduciary activities were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the BRA'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.

Auditors' 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 auditors' 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 GAAS and *Government 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 GAAS and *Government 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 BRA'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 BRA'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 required supplementary information, as listed in the table of contents, 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 basic financial statements as a whole. The supplementary information as listed in the table of contents 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 information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical information as identified in the table of contents but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2026 on our consideration of the BRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the BRA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the BRA's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Austin, Texas
January 16, 2026



Management's Discussion and Analysis

**BRAZOS RIVER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2025 AND 2024 (in thousands) (Unaudited)**

As Management of the Brazos River Authority (BRA), we offer readers of the BRA's financial statements this narrative overview and analysis of the financial activities of the BRA for the Fiscal Years ended August 31, 2025 and 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on Pages 8 to 19 of the Introductory Section of this report.

Overview of the Financial Statements

The Management's Discussion and Analysis is intended to serve as an introduction to the BRA's basic financial statements. The BRA's basic financial statements are composed of Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; Statement of Cash Flows; Statement of Fiduciary Net Position; Statement of Changes in Fiduciary Net Position, Notes to the Basic Financial Statements; and the Required Supplementary Information. This report also contains other supplementary information and statistical information in addition to the basic financial statements themselves.

Basic Financial Statements - The financial statements are designed to provide readers with an overview of the BRA's finances in a manner similar to private-sector business.

The *Statement of Net Position* presents information on all of the BRA's assets and deferred outflows of resources as well as BRA's liabilities and deferred inflows of resources with the difference between the two 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 BRA is improving or deteriorating. The Statement of Net Position can be found on Pages 43 to 44 of this report.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how the BRA's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The increase or decrease in net position may serve as an indicator of the effect of the BRA's current year operations on its financial position. The Statement of Revenues, Expenses and Changes in Net Position can be found on Page 45 of this report.

The *Statement of Cash Flows* summarizes all of the BRA's cash flows into four categories as applicable: 1) cash flows from operating activities, 2) cash flows from noncapital financing activities 3) cash flows from capital and related financing activities, and 4) cash flows from investing activities. The Statement of Cash Flows can be found on Pages 46 to 47 of this report. The Statement of Cash Flows, along with the related notes and information in other financial statements, can be useful in assessing the following:

- The BRA's ability to generate future cash flows;
- The BRA's ability to pay its debt as the debt matures;
- Reasons for the difference between the BRA's operating cash flows and operating income;
- The effect on the BRA's financial position of cash and non-cash transactions from investing, capital, and financing activities.

**BRAZOS RIVER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2025 AND 2024 (in thousands) (Unaudited)**

The *Statement of Fiduciary Net Position* summarizes the BRA's single employer plan's assets and liabilities, with the difference between the two reported as net position held in trust for pension benefits. The Statement of Fiduciary Net Position can be found on Page 48.

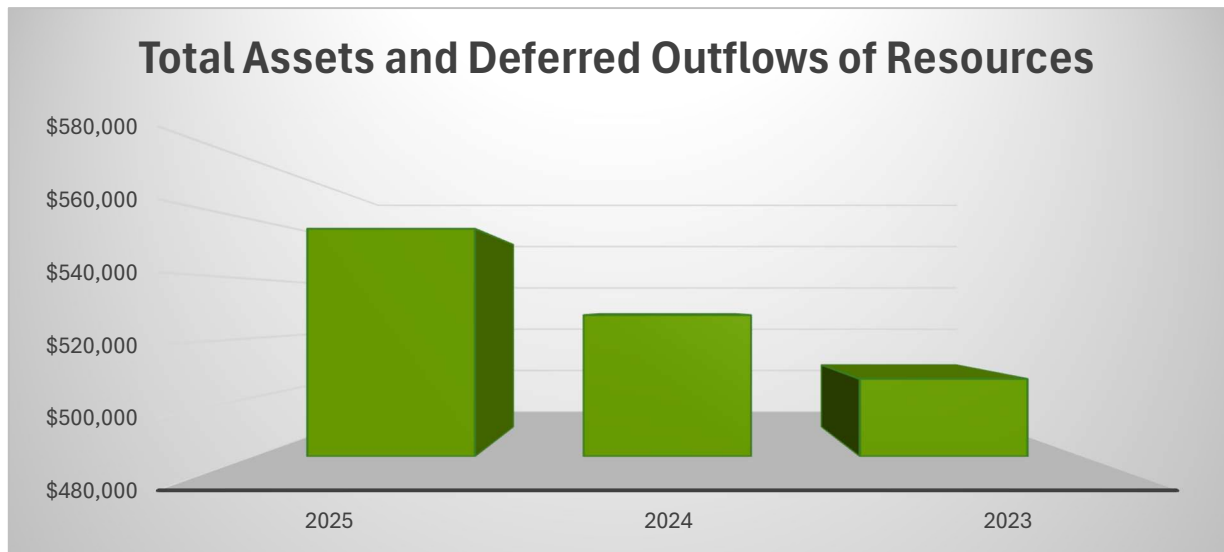
The *Statement of changes in Fiduciary Net Position* presents information showing how the fiduciary funds' net position changed during the years presented on an accrual basis. The Statement of changes in Fiduciary Net Position can be found on Page 48.

The *Notes to the Basic Financial Statements* provides additional information that is essential to a full understanding of the data provided in the basic financial statements. The Notes to the Basic Financial Statements can be found starting on Page 51 of this report.

Financial Highlights

Total Assets and Deferred Outflows of Resources

- Total assets and deferred outflows of resources at the end of Fiscal Years 2025, 2024 and 2023 were \$559,263, \$527,796, and \$506,198, respectively. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources at the end of Fiscal Year 2025, 2024 and 2023 by \$396,209, \$369,259, and \$344,694, respectively.
- Total assets and deferred outflows of resources for Fiscal Year 2025 increased by \$31,467 over prior year, primarily as a net result from operations.
- Total assets and deferred outflows of resources for Fiscal Year 2024 increased by \$21,598 over prior year, primarily as a net result from operations.



- The BRA's net position increased by \$26,950 for the Fiscal Year ended August 31, 2025.

**BRAZOS RIVER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2025 AND 2024 (in thousands) (Unaudited)**

Capital Assets

- The increases and decreases in capital assets for the past three years and the events causing these changes are noted below:

	2025	2024	2023
Net additions/(deletions) to land, storage and water rights	\$ (33)	\$ 1,646	\$ (2)
Additions to construction-in-progress (CIP)	26,028	12,430	14,752
Transfers from CIP to capital assets being depreciated	(5,613)	-	(1,790)
Additions and transfers to capital assets being depreciated	9,765	2,012	4,583
Net deletions and transfers	(41)	(37)	(89)
Normal annual depreciation and amortization	(9,159)	(9,218)	(9,618)
Total	<u>\$ 20,947</u>	<u>\$ 6,833</u>	<u>\$ 7,836</u>

- During Fiscal Year 2025, the BRA had twenty-one capital projects that were in progress during the year, with two of those being completed during the year with a capitalization amount of \$5,613. In addition, the BRA invested \$4,137 across all asset categories and recognized \$15 in transferred assets between categories. With those additions, the sale of various capital assets, and the recording of depreciation on all depreciable assets, capital assets increased by \$20,947 during the year. Additional information on the BRA's capital assets can be found on Notes 4 & 11 of this report.
- During Fiscal Year 2024, the BRA had seventeen capital projects that were in progress during the year, with none of those being completed during the year. In addition, the BRA invested \$2,012 in capital equipment. With those additions, the sale of various capital assets, and the recording of depreciation on all depreciable assets, capital assets increased by \$6,833 during the year.
- During Fiscal Year 2023, the BRA had twenty-one capital projects that were in progress during the year, with one of those being completed during the year at a current year capitalization amount of \$1,790. In addition, the BRA invested \$4,583 in capital equipment. With those additions, the sale of various capital assets, and the recording of depreciation on all depreciable assets, capital assets increased by \$7,836 during the year.

Noncurrent Liabilities

Outstanding Debt:

- For Fiscal Year 2025, total outstanding debt (current and noncurrent) decreased by \$5,295. This net decrease is a result of the additional subscription arrangements of \$1,176; and annual principal payments on revenue bonds, contracts payable, and subscriptions payable of \$5,155, \$910, and \$406 respectively.
- For Fiscal Year 2024, total outstanding debt (current and noncurrent) decreased by \$2,559. This net decrease is a result of the issuance of the *New Series 2023B and 2023C Revenue Bonds* in the amount of \$33,225 and \$16,365, respectively; the payoff of the *Taxable New Series 2023A Water Supply System Revenue Bonds* in the amount of \$46,000; the additional subscription arrangements of \$134; and annual principal payments on revenue bonds, contracts payable, and subscription payable of \$4,975, \$1,006, and \$302 respectively.

**BRAZOS RIVER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2025 AND 2024 (in thousands) (Unaudited)**

- For Fiscal Year 2023, total outstanding debt (current and noncurrent) increased by \$40,515. This net increase is a result of the issuance of the *Taxable New Series 2023A Water Supply System Revenue Bonds* in the amount of \$46,000, annual principal payments on revenue bonds, contracts payable, and subscriptions payable of \$4,220, \$987, and \$278 respectively.
- On August 15, 2023, the BRA entered into an agreement for short-term taxable bonds with PNC Bank, N.A. (the "Lender") in the amount of \$46,000. This short-term financing was needed to bridge the gap between the expenditure reimbursement date requirement and the BRA's closing date with the TWDB. The refinancing of the short-term debt with the TWDB long term financing resulted in the amount to be classified as a long-term obligation, in Fiscal Year 2023, as required by GASB 62.

Net Pension liability:

- During Fiscal Year 2025, the BRA adjusted its net pension liability from \$6,614 in Fiscal Year 2024 to \$5,106 in Fiscal Year 2025. The reduction was due to the strong earnings experienced with both the Retirement Plan for Employees of the BRA and the Texas County and District Retirement Systems. Additional information on the BRA's Net Pension Liability can be found in Note 8 of this report.
- During Fiscal Year 2024, the BRA adjusted its net pension liability from \$9,993 in Fiscal Year 2023 to \$6,614 in Fiscal Year 2024. The reduction was due to the strong earnings experienced with both the Retirement Plan for Employees of the BRA and the Texas County and District Retirement Systems. Additional information on the BRA's Net Pension Liability can be found in Note 9 of this report.
- During Fiscal Year 2023, the BRA adjusted its net pension liability from \$6,695 in Fiscal Year 2022 to \$9,993 in Fiscal Year 2023. The increase is due to the weak earnings experienced with both the Retirement Plan for Employees of the BRA and the Texas County and District Retirement Systems.

Other Noncurrent Liabilities:

Other Noncurrent Liabilities increased during FY 2025 primarily due to implementation of GASB Statement No. 101, which resulted in a significant portion of the total compensated absences liability that was previously recognized as short-term liability now being classified as long-term liability.

Financial Analysis

Schedule of Net Position - As noted earlier, net position may serve over time as a useful indicator of the BRA's financial position. In the case of the BRA, assets and deferred outflows of resources exceeded liabilities for Fiscal Years 2025, 2024, and 2023 by \$396,209, \$369,259, and \$344,694, respectively.

The largest portion of the BRA's net position, in any given year has been its investment in capital assets (e.g., land, storage rights, reservoirs, water treatment and sewerage facilities, buildings, and equipment), less any related outstanding debt used to acquire those assets. Although the BRA's investment in its capital assets is reported net of related debt, it should be noted that the

**BRAZOS RIVER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2025 AND 2024 (in thousands) (Unaudited)**

resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities. For Fiscal Year 2025, the net investment in capital assets amounted to 66% of the BRA's net position.

For Fiscal Year 2025, about 70% (\$277,438) of the BRA's net position represents resources that are not available for expenditure (invested in capital assets or restricted for debt service, capital assets, and pension). The remaining balance of *unrestricted net position* (\$118,771) may be used to meet the BRA's ongoing obligations.

For Fiscal Year 2024, about 67% (\$246,370) of the BRA's net position represents resources that are not available for expenditure (invested in capital assets or restricted for debt service, capital assets, and pension). The remaining balance of *unrestricted net position* (\$122,889) may be used to meet the BRA's ongoing obligations.

For Fiscal Year 2023, about 68% (\$233,509) of the BRA's net position represents resources that are not available for expenditure (invested in capital assets or restricted for debt service, capital assets, and pension). The remaining balance of *unrestricted net position* (\$111,185) may be used to meet the BRA's ongoing obligations.

**Condensed Schedules of Net Position
August 31, 2025, 2024 and 2023**

	2025	2024	2023
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets - unrestricted	\$ 160,836	\$ 150,951	\$ 137,700
Current assets - restricted	5,205	4,457	3,994
Noncurrent assets - restricted	18,463	17,555	14,169
Capital assets, net	372,132	351,185	344,352
Noncurrent assets	1,041	1,119	1,198
TOTAL ASSETS	557,677	525,267	501,413
DEFERRED OUTFLOWS OF RESOURCES	1,586	2,529	4,785
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	559,263	527,796	506,198
LIABILITIES AND DEFERRED INFLOWS			
Current liabilities (payable from current assets)	\$ 39,441	\$ 29,475	\$ 27,033
Current liabilities (payable from restricted assets)	9,077	8,492	7,389
Noncurrent liabilities	113,652	120,111	126,982
TOTAL LIABILITIES	162,170	158,078	161,404
DEFERRED INFLOWS OF RESOURCES	884	459	100
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	163,054	158,537	161,504
NET POSITION			
Net Investment in capital assets	259,613	233,305	225,000
Restricted for debt service	10,484	12,150	8,509
Restricted for pension assets	2,315	915	-
Restricted for capital assets	5,026	-	-
Unrestricted	118,771	122,889	111,185
TOTAL NET POSITION	396,209	369,259	344,694
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 559,263	\$ 527,796	\$ 506,198

**BRAZOS RIVER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2025 AND 2024 (in thousands) (Unaudited)**

**Condensed Schedules of Revenues, Expenses and Changes in Net Position
Fiscal Years Ended August 31, 2025, 2024 and 2023**

	2025	2024	2023
OPERATING REVENUES			
Water supply system	\$ 75,015	\$ 68,972	\$ 61,673
Cost reimbursable operations	14,514	16,345	14,428
TOTAL OPERATING REVENUES	89,529	85,317	76,101
OPERATING EXPENSES			
Operating and maintenance	62,741	58,319	54,504
Depreciation and amortization	9,145	9,218	9,618
TOTAL OPERATING EXPENSES	71,886	67,537	64,122
OPERATING INCOME	17,643	17,780	11,979
Total net non-operating revenues	8,564	6,785	4,420
INCOME BEFORE CONTRIBUTIONS	26,207	24,565	16,399
Capital contributions	743	-	1,333
CHANGE IN NET POSITION	26,950	24,565	17,732
NET POSITION, BEGINNING	369,259	344,694	326,962
NET POSITION, ENDING	\$ 396,209	\$ 369,259	\$ 344,694

The Change in Net Position for Fiscal Years 2025, 2024, and 2023 was \$26,950, \$24,565, and \$17,732, respectively. The results of those changes are noted below.

Operating Revenue

For Fiscal Year 2025, operating revenue increased by 5% over the prior year, primarily as a net result of an increase in raw and treated water sales. The increase in raw water revenue sales of \$3,580 is attributable to both an increase in the System Water rate from \$93.50 to \$99.50 per acre-feet and an increase in sales volume, while treated water sales had a year-over-year revenue growth of \$2,967. The increases in water supply system revenue are netted against a reduction of \$1,831 in cost reimbursable operations.

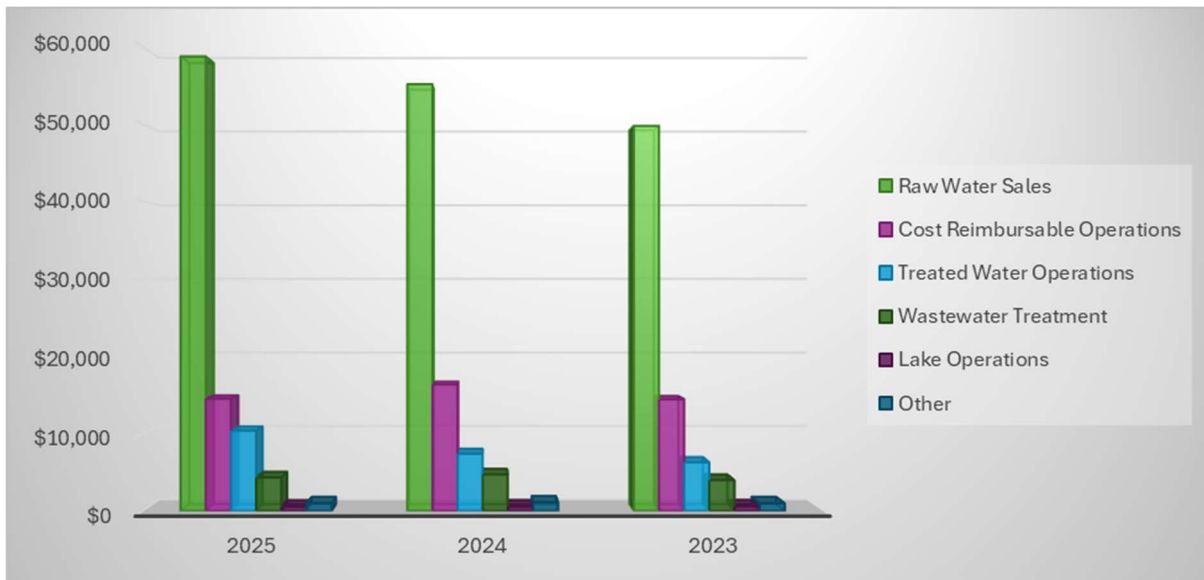
For Fiscal Year 2024, operating revenue increased by 12% over the prior year, primarily as a net result of three events: first, an increase in sales of our interruptible water that totaled \$2,085; second, the increase in sales at our water treatment and wastewater treatment operations of \$3,762; and finally, the System Water rate charged for long term system rate contracts, changed from \$88 per acre-feet to \$93.50 per acre-feet, resulting in additional revenue of \$3,009.

For Fiscal Year 2023, operating revenue decreased by less than 2% over the prior year, primarily as a net result of three events: first, a decrease in sales of our interruptible water that totaled \$5,381; second, the increase in sales at our water treatment and wastewater treatment operations

**BRAZOS RIVER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2025 AND 2024 (in thousands) (Unaudited)**

of \$1,579; and finally, the system rate charged for long term system rate contracts, changed from \$83 per acre-feet to \$88 per acre-feet, resulting in additional revenue of \$2,759.

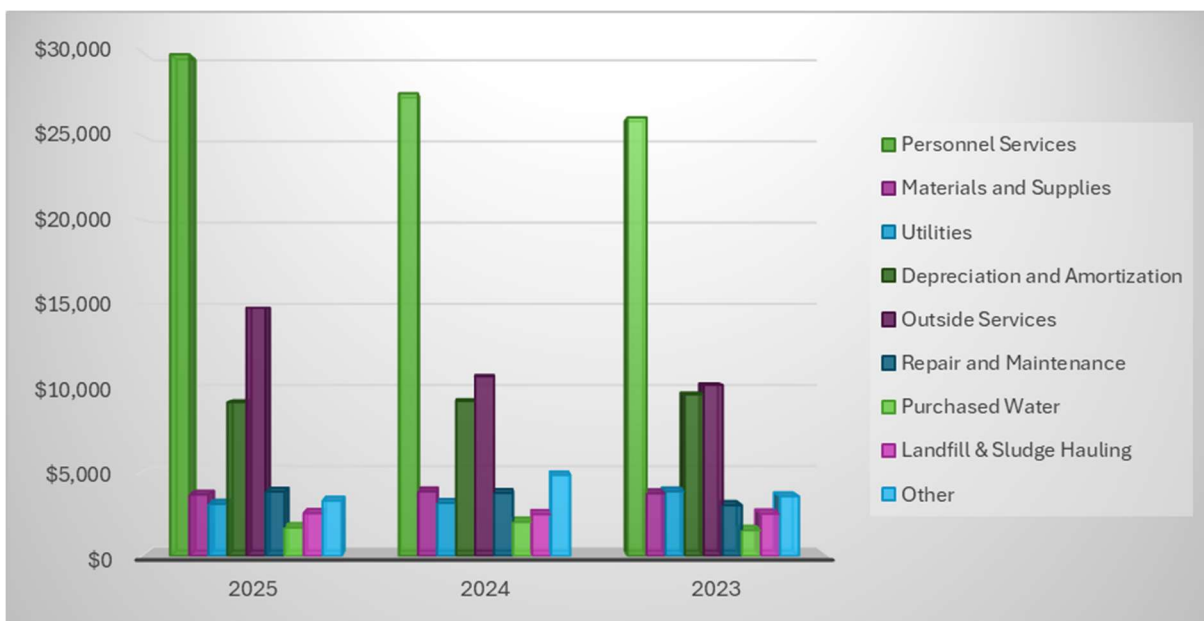
LARGEST OPERATING REVENUES



Operating Expense

In Fiscal Year 2025, operating expenses increased by 6% and in Fiscal Year 2024, it increased by 5%. The two categories with the most significant growth for FY 2025 were Outside Services, which includes engineering, legal and other consulting services as well as liability insurance, with a growth of \$4,078, and Personnel Services, which includes wages, health insurance and other benefit-related costs, with a growth of \$2,318.

LARGEST OPERATING EXPENSES



**BRAZOS RIVER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2025 AND 2024 (in thousands) (Unaudited)**

Total Net Non-Operating Revenues (Expenses)

For Fiscal Year 2025, the amount recorded as net non-operating revenues was \$8,564. The majority of the net non-operating revenues represents interest payments on the BRA's debt, in the amount of \$2,465 net of the investment income of \$8,685 and grants of \$2,253.

For Fiscal Year 2024, the amount recorded as net non-operating revenues was \$6,785. The majority of the net non-operating revenues represents interest payments on the BRA's debt, in the amount of \$2,819; net of the investment income of \$8,937 and grants of \$881.

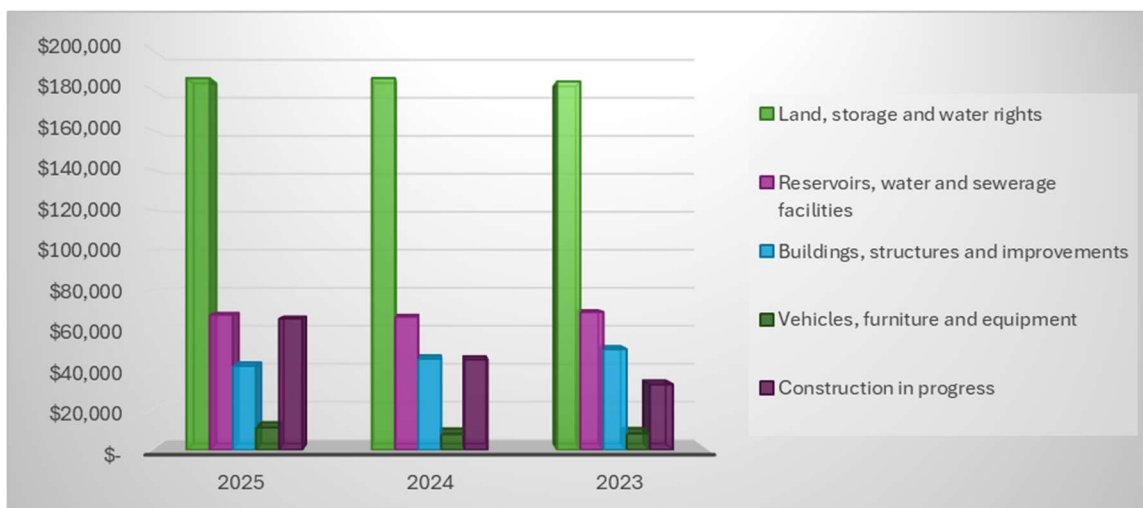
For Fiscal Year 2023, the amount recorded as net non-operating revenues was \$4,420. The majority of the net non-operating revenues represents interest payments on the BRA's debt, in the amount of \$1,555; net of the investment income of \$4,315 and grants of \$1,471.

Capital Assets and Outstanding Debt

Capital Assets -The BRA's capital assets, (net of accumulated depreciation and amortization), as of August 31, 2025, 2024 and 2023 totaled to \$372,132, \$351,185, and \$344,352, respectively. The BRA continues its commitment to our customers and stakeholders to ensure the longevity of our capital assets. During Fiscal Year 2025, the BRA invested over \$20,185 on capital improvement projects. Completed capital improvement projects during FY 2025 were the Copper Ion Generator in Williamson County and the dam pump and piping project at Possum Kingdom Lake.

**Capital Assets
(net of accumulated depreciation and amortization)**

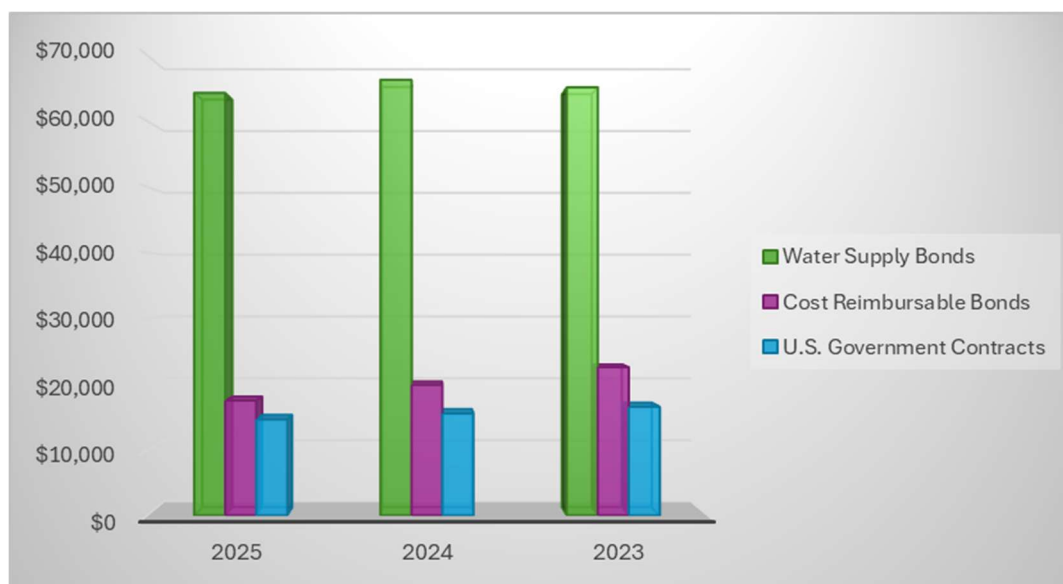
	2025	2024	2023
Land, storage and water rights	\$ 185,722	\$ 185,755	\$ 184,109
Reservoirs, water and sewerage facilities	67,568	66,570	68,887
Buildings, structures and improvements	42,050	45,668	50,419
Vehicles, furniture and equipment	11,188	8,003	8,178
Construction in progress	65,604	45,189	32,759
Total	\$ 372,132	\$ 351,185	\$ 344,352



**BRAZOS RIVER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2025 AND 2024 (in thousands) (Unaudited)**

Outstanding Debt – At the end of Fiscal Years 2025, 2024, and 2023 the BRA had total outstanding debt of \$96,452, \$101,747, and \$104,307, respectively. Of the Fiscal Year 2025 amount, 82% and 18% is reflected in Water Supply System and Cost Reimbursable Operations, respectively.

On July 21, 2009, Standard & Poor's Global Ratings Services raised its underlying rating (SPUR) on the BRA's water supply system revenue bonds one notch to 'AA' from 'AA-' and reaffirmed this on February 28, 2018. This was based on the BRA's maintenance of a strong and likely sustainable financial position due to its favorable position as the raw water provider of choice throughout a watershed nearly the size of the State of Tennessee, during a time when demand is increasing rapidly from both municipalities and electric power generators.



The changes in the BRA's debt for Fiscal Years 2025, 2024 and 2023 are shown in the following table:

	2025	2024	2023
Contract Revenue Bonds, New Series 2023A Taxable	\$ -	\$ (46,000)	\$ 46,000
New Series 2023B Revenue Bonds	-	33,225	-
New Series 2023C Revenue Bonds	-	16,365	-
Subscription arrangement additions	1,176	134	-
Principal payments made during each year	(6,471)	(6,283)	(5,486)
Increase/(Decrease) In Debt	\$ (5,295)	\$ (2,559)	\$ 40,514

Additional information on the BRA's long-term debt can be found in Note 6 of this report.

Requests for Information

This financial report is designed to provide a general overview of the BRA's finances and to demonstrate the BRA's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the office of the Chief Financial Officer, 4600 Cobbs Drive, P.O. Box 7555, Waco, TX 76714-7555. For more detailed information about the BRA's Annual Operating Plan, CIP projects and Capital Asset additions, please visit our website at www.brazos.org.

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Basic Financial Statements

**BRAZOS RIVER AUTHORITY
STATEMENTS OF NET POSITION
AUGUST 31, 2025 and 2024 (in thousands)**

	2025	2024
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
UNRESTRICTED:		
Cash and cash equivalents	\$ 53,348	\$ 45,391
Investments	101,073	100,769
Receivables:		
Accounts	3,513	2,239
Accrued interest	358	367
Other current assets	2,544	2,185
TOTAL UNRESTRICTED	<u>160,836</u>	<u>150,951</u>
RESTRICTED:		
Cash and cash equivalents	5,205	4,457
TOTAL RESTRICTED	<u>5,205</u>	<u>4,457</u>
TOTAL CURRENT ASSETS	<u>166,041</u>	<u>155,408</u>
NONCURRENT ASSETS:		
RESTRICTED:		
Cash and cash equivalents	1,036	1,372
Investments	15,091	15,206
Interest	21	62
Net pension asset	2,315	915
TOTAL RESTRICTED	<u>18,463</u>	<u>17,555</u>
CAPITAL ASSETS:		
Land, storage and water rights	185,722	185,755
Reservoirs, water treatment and sewerage facilities	142,719	139,472
Building, structures and improvements	123,843	122,503
Vehicles, furniture and equipment	23,773	22,885
Right to use subscription-based assets	2,012	1,226
Construction in progress	65,604	45,189
TOTAL CAPITAL ASSETS	<u>543,673</u>	<u>517,030</u>
Less accumulated depreciation and amortization	(171,541)	(165,845)
NET CAPITAL ASSETS	<u>372,132</u>	<u>351,185</u>
OTHER NONCURRENT ASSETS:	<u>1,041</u>	<u>1,119</u>
TOTAL NONCURRENT ASSETS	<u>391,636</u>	<u>369,859</u>
TOTAL ASSETS	<u>557,677</u>	<u>525,267</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amount on refunding	128	147
Pension plans	1,458	2,382
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,586</u>	<u>2,529</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 559,263</u>	<u>\$ 527,796</u>

The accompanying notes are an integral part of these statements.

BRAZOS RIVER AUTHORITY
STATEMENTS OF NET POSITION, Continued
AUGUST 31, 2025 and 2024 (in thousands)

	2025	2024
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES:		
PAYABLE FROM CURRENT ASSETS:		
Accounts payable	\$ 18,429	\$ 12,150
Contracts payable	942	912
Subscription payable	385	52
Accrued interest	353	374
Unearned revenues	19,332	15,987
TOTAL PAYABLE FROM CURRENT ASSETS	<u>39,441</u>	<u>29,475</u>
PAYABLE FROM RESTRICTED ASSETS:		
Accrued interest	356	388
Construction contracts payable	-	171
Revenue bonds payable	5,290	5,155
Unearned revenues	3,431	2,778
TOTAL PAYABLE FROM RESTRICTED ASSETS	<u>9,077</u>	<u>8,492</u>
TOTAL CURRENT LIABILITIES	<u>48,518</u>	<u>37,967</u>
NONCURRENT LIABILITIES:		
Revenue bonds payable, net of current portion and premium	76,755	82,409
Contracts payable, net of current portion	13,684	14,624
Subscription payable, net of current portion	591	154
Allens Creek contingent compensation liability	15,000	15,000
Net pension liability	5,106	6,614
Other liabilities	2,516	1,310
TOTAL NONCURRENT LIABILITIES	<u>113,652</u>	<u>120,111</u>
TOTAL LIABILITIES	<u>162,170</u>	<u>158,078</u>
DEFERRED INFLOWS OF RESOURCES - PENSION PLAN	<u>884</u>	<u>459</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>163,054</u>	<u>158,537</u>
NET POSITION:		
Net investment in capital assets	259,613	233,305
Restricted for debt service	10,484	12,150
Restricted for pension assets	2,315	915
Restricted for capital assets	5,026	-
Unrestricted	118,771	122,889
TOTAL NET POSITION	<u>396,209</u>	<u>369,259</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 559,263</u>	<u>\$ 527,796</u>

The accompanying notes are an integral part of these statements.

BRAZOS RIVER AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FISCAL YEARS ENDED AUGUST 31, 2025 AND 2024 (in thousands)

	2025	2024
OPERATING REVENUES:		
Water Supply System:		
Raw water sales	\$ 58,738	\$ 55,158
Treated water	10,377	7,410
Wastewater treatment	4,331	4,725
Lake operations	558	567
Other	1,011	1,112
Cost Reimbursable Operations:		
Water conveyance/supply	4,844	5,513
Water treatment	2,089	2,419
Wastewater treatment	7,581	8,413
TOTAL OPERATING REVENUES	<u>89,529</u>	<u>85,317</u>
OPERATING EXPENSES:		
Personnel services	29,837	27,519
Materials and supplies	3,659	3,857
Utilities	3,108	3,159
Depreciation and amortization	9,145	9,218
Outside services	14,764	10,686
Repair and maintenance	3,834	3,755
Landfill and sludge hauling	1,696	2,032
Purchased water	2,548	2,487
Other	3,295	4,824
TOTAL OPERATING EXPENSES	<u>71,886</u>	<u>67,537</u>
OPERATING INCOME	<u>17,643</u>	<u>17,780</u>
NON-OPERATING REVENUES (EXPENSES):		
Investment income	8,685	8,937
Grants	2,253	881
Interest expense	(2,465)	(2,819)
Other expenses	(26)	(382)
Net gain or (loss) on sale of capital assets	117	168
TOTAL NET NON-OPERATING REVENUES	<u>8,564</u>	<u>6,785</u>
INCOME BEFORE CONTRIBUTIONS	26,207	24,565
Capital contributions	743	-
CHANGE IN NET POSITION	26,950	24,565
NET POSITION, BEGINNING	<u>369,259</u>	<u>344,694</u>
NET POSITION, ENDING	<u>\$ 396,209</u>	<u>\$ 369,259</u>

The accompanying notes are an integral part of these statements.

BRAZOS RIVER AUTHORITY
STATEMENTS OF CASH FLOWS
FISCAL YEARS ENDED AUGUST 31, 2025 AND 2024 (in thousands)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 94,261	\$ 85,135
Cash paid to suppliers for goods and services	(39,857)	(35,325)
Cash paid to employees for services	<u>(25,695)</u>	<u>(23,725)</u>
Net cash provided by operating activities	<u>28,709</u>	<u>26,085</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Payments for bond related expenses	-	(366)
Cash received from grants	<u>1,892</u>	<u>1,343</u>
Net cash provided by noncapital financing activities	<u>1,892</u>	<u>977</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payments for the acquisition and construction of capital assets	(21,129)	(14,712)
Payments for the acquisition of subscription arrangements	(1,176)	(149)
Payments of interest on long-term debt	(2,863)	(3,349)
Payments for retirement of long-term debt and subscription arrangements	(6,471)	(52,283)
Proceeds from bond issuance	-	49,739
Proceeds from capital contributions	743	-
Proceeds from disposal of capital assets	<u>117</u>	<u>186</u>
Net cash provided by/(used) in capital and related financing activities	<u>(30,779)</u>	<u>(20,568)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales of investments	118,292	68,547
Purchases of investments	(118,480)	(121,025)
Interest received	<u>8,735</u>	<u>8,192</u>
Net cash used by investing activities	<u>8,547</u>	<u>(44,286)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	8,369	(37,792)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>51,220</u>	<u>89,012</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 59,589</u></u>	<u><u>\$ 51,220</u></u>
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:		
Amounts recorded as accruals for capital assets	9,674	5,967
Amounts recorded as accruals construction contract payable	-	171
Amounts recorded as a new Subscription Based Information Technology Asset in the current year	<u>1,176</u>	<u>119</u>
Total noncash capital and financing activities	<u><u>\$ 10,850</u></u>	<u><u>\$ 6,257</u></u>

The accompanying notes are an integral part of these statements.

BRAZOS RIVER AUTHORITY
STATEMENTS OF CASH FLOWS, Continued
FISCAL YEARS ENDED AUGUST 31, 2025 AND 2024 (in thousands)

	2025	2024
RECONCILIATION OF OPERATING INCOME TO		
NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 17,643	\$ 17,780
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	8,643	8,842
Amortization	502	376
Change in assets, liabilities and deferred inflows and outflows of resources:		
(Increase)/decrease in accounts receivable	(913)	(528)
(Increase)/decrease in other current assets	(54)	(306)
(Increase)/decrease in net pension asset	(1,400)	(915)
(Increase)/decrease in deferred outflows of resources	924	2,238
Decrease in accounts payable	(809)	(30)
Increase/(decrease) in unearned revenue and other liabilities	5,256	1,648
Increase/(decrease) in net pension liability	(1,508)	(3,379)
Increase/(decrease) in deferred inflows of resources	425	359
Total adjustments	11,066	8,305
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 28,709	\$ 26,085
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS		
OF NET POSITION		
Unrestricted	\$ 53,348	\$ 45,391
Restricted	6,241	5,829
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 59,589	\$ 51,220

The accompanying notes are an integral part of these statements.

BRAZOS RIVER AUTHORITY
STATEMENTS OF FIDUCIARY NET POSITION
AUGUST 31, 2025 AND 2024 (in thousands)

	2025	2024
Assets		
Investments, at fair value		
Mutual funds - equities	\$ 10,108	\$ 9,828
Mutual funds - fixed income/GTAA	6,078	5,076
Mutual funds - international funds	3,682	3,538
Mutual funds - REIT	1,003	1,079
Limited partnership - hedge fund	2,629	2,486
Limited partnership	1,334	1,546
Cash and cash equivalents	211	204
Total Investments	25,045	23,757
Benefits receivable	-	14
Accrued interest	18	15
Total assets	25,063	23,786
Liabilities		
Administrative expenses payable	8	8
Benefits payable	-	5
Total liabilities	8	13
 Net position restricted for pensions	 \$ 25,055	 \$ 23,773

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FISCAL YEARS ENDED AUGUST 31, 2025 AND 2024 (in thousands)

	2025	2024
Additions		
Employer contributions	\$ 1,125	\$ 1,197
Investment income/(loss)	2,567	3,209
Total additions	3,692	4,406
Deductions		
Benefits paid to participants	2,319	2,300
Administrative expenses	91	83
Total deductions	2,410	2,383
Net increase / (decrease) in net position	1,282	2,023
Total net position restricted for pensions at beginning of the year	23,773	21,750
Total net position restricted for pensions at end of year	\$ 25,055	\$ 23,773

The accompanying notes are an integral part of these statements.

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Notes to the Basic Financial Statements

BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024 (in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Brazos River Authority (BRA) was created by the Texas Legislature in 1929, pursuant to constitutional Provision Section 59, Article 16, as a governmental agency of the State of Texas. The BRA is governed by a Board of 21 Directors appointed by the Governor for six-year terms, subject to approval by the Texas Senate. The BRA is not financially accountable to the State of Texas. The BRA is responsible for conservation, control, and development of the surface water resources of the Brazos River basin. The BRA cooperates with cities and other local agencies in the construction and operation of water treatment and regional sewerage systems to improve and maintain the quality of water in the Brazos River and its tributaries. The BRA also plans and develops water supply projects and commits the water it can supply under contracts to cities, towns, industries, and other water users throughout the Brazos River basin and adjacent areas.

Principles of Accounting - The accompanying basic financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting as prescribed by the Governmental Accounting Standards Board (“GASB”). The BRA consists of a single enterprise fund through which all financial activities are recorded, and one fiduciary fund that reports assets, liabilities and changes in net position for the BRA employee benefit plan.

Basis of Presentation - The BRA presents its financial statements in accordance with GASB’s Codification of Governmental Accounting and Financial Reporting Standards. Accordingly, the basic financial statements of the BRA consist of Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows, Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, and Notes to the Basic Financial Statements.

Enterprise Funds – Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third-party requirements that the cost of providing services include capital cost, be recovered with fees and charges, or (c) has a pricing policy designed for the fees and charges to record similar cost.

Fiduciary Funds - The BRA’s fiduciary financial statements include one fiduciary fund related to the BRA employee benefit plan, the Retirement Plan for Employees of Brazos River Authority (Plan) with a year end of the last day of February. See Note 9 of this report for additional information.

Revenue and Expense Recognition – Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded in the period in which the liability is incurred. Revenue from grants and contracts are recorded as revenue when all eligibility requirements imposed by the provider are met and qualifying expenses have been incurred for reimbursement type grants and contracts.

Deposits and Investments - All cash in bank, money market accounts, non-participating certificates of deposit and highly liquid investments (including restricted assets) with original maturities of three months or less are considered to be cash equivalents. All non-participating certificates of deposit with original maturities of more than three months are considered to be investments and are carried at cost plus accrued interest. All investments in debt securities are reported at fair value. Fair Value is the price that would be received to

BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024 (in thousands)

sell an asset in an orderly transaction between market participants. The BRA held no debt securities as of August 31, 2025 or 2024.

State Statute and Board Policy authorize the BRA to invest any and all of its deposits in fully collateralized Certificates of Deposits (CD), direct securities of the United States of America and other investments specifically allowed by Chapter 2256 of the Texas Government Code (The Public Funds Investment Act).

The BRA's collateral agreement requires that all deposits be fully collateralized by government securities or obligations of other political subdivisions of any State Texas municipal bonds rated A or better, or Letters of Credit issued or guaranteed by the U.S. Government, its agencies and instrumentalities that have a fair value exceeding the total amount of cash and investments held at all times.

Accounts Receivable - Accounts receivable are considered fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operating revenue when that determination is made.

Other current assets – Included within other current assets are the BRA's expenditures that represent prepaid items at year end.

Restricted Assets – Certain proceeds of the BRA's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Position because their use is limited by applicable bond covenants. When those proceeds are restricted for the acquisition or construction of noncurrent assets or are restricted for liquidation of long-term debt, then they are further classified as noncurrent restricted assets. Additionally, a pension plan that ends the year with a valuation that results in a Net Pension Asset, will be classified as a restricted asset on the Statement of Net Position.

Capital Assets - All purchased capital assets are stated at historical cost. Donated assets are stated at their estimated acquisition values on the date donated. Newly acquired assets with a cost of five thousand dollars or more and a useful life greater than three years will be capitalized. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. Depreciation is calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Reservoir facilities	30 to 85 years
Water and sewerage system facilities	25 to 50 years
Buildings, structures, and improvements	20 to 70 years
Vehicles, furniture, and equipment	5 to 30 years
Subscription assets and software	3 to 10 years

Leases – It has been determined by the BRA that the amount of lessee and lessor transactions for Fiscal Year 2025 and 2024 are immaterial to the financial statements.

Other Noncurrent Assets - By agreement in 1988, the BRA amended a water contract with a utility company which provided for the sale of 162,000 acre feet of water per year through the year 2030. The amendment returned 79,000 acre feet to the BRA. As consideration for the 79,000 acre-feet reduction, the BRA paid the utility company \$3,823 in 1988. The BRA has sold the 79,000 acre-feet to various third parties under long-term water contracts. The balance of \$1,041 and \$1,119 on August 31, 2025 and 2024, respectively is included in other

BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024 (in thousands)

noncurrent assets and will be amortized against related revenues from such contracts over the contract lives.

Net Pension Liability/(Asset) - A net pension liability/(asset) is recorded in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment to GASB Statement No. 27*. The liability/(asset) is the difference between the actuarial total pension liability and the Plan's fiduciary net position as of the measurement date. For additional information on the BRA's Pension Plans see Note 9.

Unearned Revenue – Unearned revenue is the result of services or monies received in advance from water customers and contracted parties for projects that the BRA is managing. For additional information see Note 6.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditures) until then. Deferred outflows of resources consist of items not yet charged to pension expense and contributions from the BRA after the measurement date but before the end of the BRA's reporting period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Other Current and Noncurrent Liabilities – The BRA reports other liabilities as a result of other contractual obligations that require resources to be set aside for future obligations. These amounts are held in place until the contractual obligation has been met.

Compensated Absences – Prior to May 1, 2002, the BRA's employees were granted vacation and sick leave in specified amounts. Effective May 1, 2002, vacation and sick leave were superseded by Personal Time Off (PTO). The BRA's current policy states that upon termination an employee will be paid 100% of unused vacation time, 100% of their carryover PTO and 50% of their remaining PTO balance up to a maximum of 160 hours (20 days) combined. In addition, for retirees, unused sick leave is paid out at a rate of 50% of their balance or 144 hours (18 days) whichever is less. In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized in financial statements prepared using the economic resources measurement focus for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This standard was implemented 9/1/2024. The prior year impact of the standard was not considered material to the financial statements; therefore, the prior year balances were not adjusted for the change. There was a noted shift between short-term and long-term liability. The total short-term liability for compensated absences as of August 31, 2025 and 2024 was \$122 and \$1,247, respectively, and is reported in accounts payable. The total recorded long-term liability for compensated absences, as of August 31, 2025 and 2024 was \$1,353 and \$122, respectively. Based on historical usage data, a portion of the accrual for vacation and sick leave are classified as other noncurrent liabilities. See Note 6 for additional information on compensated absences.

BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024 (in thousands)

Net Position – Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net position consists of the following:

- *Net investment in capital assets:* Consists of capital assets, net of accumulated depreciation and amortization, reduced by outstanding debt and contract payable obligations attributed to the acquisition of those assets.
- *Restricted net position:* Net position is reported as restricted when there are external limitations imposed on its use by creditors, grantors, contributors and the like or imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net position:* Represents the remaining portion of net position.

Budgets and Budgetary Accounting - The BRA is not required under its enabling act to adopt a budget. Therefore, comparative statements of actual expenses compared to budgeted expenses are not part of the basic financial statements.

Use of 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 amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates.

Operating Revenues and Expenses – Operating revenues and expenses for Enterprise Funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing or investing activities. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Contributed Capital – Capital assets that have been funded or contributed by other governmental entities are recorded as contributed capital at the time it is recognized.

Post-Employment Benefits (other than pension benefits) - Except for health insurance, provided pursuant to the *Consolidated Omnibus Budget Reconciliation Act (COBRA)*, the BRA provides no post-employment benefits.

Reclassifications - Certain FY 2024 amounts have been reclassified to conform to the FY 2025 presentation.

2. DEPOSITS AND INVESTMENTS

As of August 31, 2025 and 2024, the BRA’s portfolio consisted of:

Description	August 31, 2025		August 31, 2024	
	Fair Value	% of Portfolio	Fair Value	% of Portfolio
Deposits:				
Certificates of Deposit	\$ 116,164	66%	\$ 115,975	69%
Bank Money Market Funds	59,316	34%	51,325	31%
Cash	(701)	0%	(687)	0%
Investments:				
TexPool	974	0%	582	0%
	<u>\$ 175,753</u>	<u>100%</u>	<u>\$ 167,195</u>	<u>100%</u>

**BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024 (in thousands)**

The BRA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level one inputs are quoted prices in active markets for identical assets; Level two inputs are significant other observable inputs; Level three inputs are significant unobservable inputs. For August 31, 2025 and 2024 all BRA investments were in TexPool which is recorded at amortized cost without any limitation or restriction on withdrawals.

Credit Risk

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations. The BRA’s policy is to control risk by investing only in the highest credit quality types of investments; by qualifying the broker/dealers and financial institutions with whom the BRA will transact; by collateralization as required by law; and through portfolio diversification by maturity and type.

Local Government Investment Pools - The local government investment pools in Texas are required by State statute to be rated no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service. Pools must comply with the restrictions of state statute (Local Government Code 2256.016).

Portfolio disclosure as of August 31, 2025 and 2024
- TexPool - S&P rated AAA-m.

Interest Rate Risk

Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment. In order to limit interest and market rate risk from changes in interest rates, the BRA's adopted Investment Policy sets a maximum maturity on any investment of three years in current operating funds and five years in repair and replacement funds and operating reserve funds. Bond proceeds are to be matched to the planned expenditure of the funds. The Policy restricts the dollar weighted average maturity (WAM) of current operating funds to less than 365 days. The maximum dollar WAM for repair and replacement funds is two years, for operating reserve funds is three years, and for debt service funds is one year.

Portfolio disclosure as of August 31, 2025 and 2024:
- TexPool – WAM 42 days and 36 days respectively.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to a government’s investment in a single issuer. The BRA is not exposed to concentration of credit risk. The BRA's adopted Policy requires diversification on all investments and diversification is monitored on at least a monthly basis and for that reason the BRA is not exposed to concentration of credit risk. Diversification by investment type is established by Policy with the following maximum percentages of investment type to the total BRA investment portfolio:

	<u>Maximum</u>
a. U.S. Treasury Bills/Notes/Bonds	90%
b. U.S. Agencies & Instrumentalities	90%
c. States, Agencies, Counties, Cities, & Other.....	50%
Limit per issuer.....	5%

**BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024 (in thousands)**

- d. Financial Institution Deposit 100%
- e. Authorized Local Government Investment Pools 75%
 - Limit per pool50%
- f. Money Market Mutual Funds.....75%
 - Limit per fund.....50%
- g. Repurchase Agreements 50% (excluding bond proceeds)

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of failure of the counterparty to a transaction, the BRA will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. To control custody risk, State law and the BRA's adopted Policy requires all BRA owned securities, and all repurchase agreement collateral be transferred delivery versus payment and all owned securities, repurchase agreement collateral and collateral pledged for time and demand deposits be held by an independent party approved by the BRA in the BRA's account. By policy and contract, repurchase agreements and deposits must be collateralized to 102% of principal and interest by obligations of the U.S. Government, its agencies and instrumentalities including mortgage backed securities which pass the high-risk mortgage obligation test or obligations of municipal entities of any state rated as to investment quality by a nationally recognized investment rating firm of not less than "A" or its equivalent or collateralized at 100% of principal and interest by a Letter of Credit issued or guaranteed by the U.S. Government, its agencies and instrumentalities. All financial institution demand deposits and money market deposit accounts were fully insured and collateralized. All pledged financial institution collateral for demand deposits were held by an independent institution outside the financial institution's holding company.

Brazos River Authority Fiduciary Fund

The fiduciary financial statements include one fiduciary fund related to the BRA's employee benefit plans: the Retirement Plan for Employees of Brazos River Authority (the Plan).

Retirement Plan for Employees of Brazos River Authority

Investment Policy

The investment policy's objectives are to insulate the Plan's assets against deterioration of purchasing power caused by inflation and over time provide, at a minimum, the Plan's actuarially assumed rate of return of the Plan's assets and provide an acceptable level of volatility in both long and short-term periods. The Plan's Investment Policy spells out the responsibilities of both the investment consultant and the Retirement Committee. The Plan's investment decisions are made by the investment managers following guidelines established by the Committee. The investment managers are responsible for determining investment strategy and implementing security selection within the policy and guideline limitations.

Funding Policy

This Funding Policy outlines a formal long-term strategy for financing the Plan's obligations with the goal of achieving a funded ratio that is equal to or greater than 100%, as required by Texas Government Code 802.2011. This Funding Policy's primary funding priorities are: 1) Ensure the security of accrued benefits by making certain contributions and assets are sufficient to pay benefits when due, 2) Limit the volatility of contribution rates for the Plan,

BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024 (in thousands)

consistent with other funding objectives and, 3) To target a 100% funding percentage that is attained over as brief a period as possible using a closed-period funding.

Investment Policy Target Allocation

The following was the Committee’s adopted targeted mixture of asset allocation policy as of the Plan year ended February 28, 2025 and February 29, 2024.

Asset Class	Minimum	Maximum	Target
Domestic Large Cap Equity	15%	40%	30%
Domestic Sm/Mid Cap Equity	7.50%	12.50%	10%
International Equity	12.50%	17.50%	15%
Total Fixed Income	15%	40%	25%
Real Estate Investment Trusts (REIT)	0%	20%	10%
Global Tactical Assets	0%	15%	10%

Investments

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level one inputs are unadjusted quoted prices in active markets for identical assets; Level two inputs are significant other observable inputs other than quoted market prices included in Level one that are observable directly or indirectly; Level three inputs are unobservable inputs representing the Plan’s own assumptions about the assumptions a market participant would use in valuing the investment. The Plan’s investments in mutual funds are classified as level one investments based on quoted market prices. Alternative investments are valued at fair value, determined by the Net Asset Value (NAV) of the partnership shares.

The following table summarizes the inputs used as of February 28, 2025:

	Fair Value Measurements Using			
	2/28/2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs
Investments by fair value level				
Equity Securities				
Mutual funds - equities	\$10,108	\$10,108	-	-
Mutual funds – international funds	3,682	3,682	-	-
Mutual funds - REIT	1,003	1,003	-	-
Total equity securities	14,793	14,793	-	-
Fixed Income Securities				
Mutual funds – fixed income	6,078	6,078	-	-
Total investments by fair value level	20,871	\$20,871	-	-
Limited partnership – hedge fund fixed income strategy	2,629			
Limited partnership	1,334			
Total investments measured at NAV	3,963			
Total investments measured at fair value	\$24,834			

BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024 (in thousands)

The carrying value for investments measured at NAV as of February 28, 2025 are as follows:

Investments Measured at Net Asset Value	Carrying Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited partnership – hedge fund fixed income strategy ¹	\$2,629	None	Semi-annually	90 days
Limited partnership ²	1,334	\$150,000	Not applicable	
Total investments measured at NAV	\$3,963			

The following table summarizes the inputs used as of February 29, 2024:

	Fair Value Measurements Using			
	2/29/2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs
Investments by fair value level				
Equity Securities				
Mutual funds - equities	\$9,828	\$9,828	-	-
Mutual funds – international funds	3,538	3,538	-	-
Mutual funds - REIT	1,079	1,079	-	-
Total equity securities	14,445	14,445	-	-
Fixed Income Securities				
Mutual funds – fixed income	5,076	5,076	-	-
Total investments by fair value level	\$19,521	\$19,521	-	-
Limited partnership – hedge fund fixed income strategy	2,486			
Limited partnership	1,546			
Total investments measured at NAV	4,032			
Total investments measured at fair value	\$23,553			

The carrying value for investments measured at NAV as of February 29, 2024 are as follows:

Investments Measured at Net Asset Value	Carrying Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited partnership – hedge fund fixed income strategy ¹	\$2,486	None	Semi-annually	90 days
Limited partnership ²	1,546	\$364	Not applicable	
Total investments measured at NAV	\$4,032			

¹Limited Partnership – Starwood Global Opportunity XI Fund

The Partnership intends to acquire real estate assets at significant discounts to replacement cost with the potential for improvement in operations. The Fund will target submarkets in the United States and Europe where new construction is limited or near cyclical lows, and where market fundamentals (including employment projections) indicate strong and growing demand. In the U.S., the Fund seeks to focus on opportunistic real estate investments blended with high-quality cash-flowing assets, with more than half of the fund-level return expected to come from current income. The Fund will focus on real estate opportunities that are undervalued due to micro- and macroeconomic factors. In Europe, the Fund seeks to focus on acquiring distressed real estate assets that may require recapitalization or repositioning, along with cash-flowing real estate assets acquired on an attractive basis.

¹Limited Partnership – Hedge fund – PIMCO Tactical Opportunities Offshore Fund, LP

The Fund invests all or substantially all of its assets in PIMCO Tactical Opportunities Master Fund Ltd. The Fund's and the Master Fund's investment objective is to seek returns by investing principally in (or otherwise gaining exposure to) performing, stressed or distressed securities and loans of any type and with any sector across the global fixed income markets.

²Limited Partnership –LBC Credit Partners IV, LP

The Partnership was established to provide a high degree of current income primarily through the origination and management of a diversified portfolio of privately negotiated, secured, high-yielding loans to middle-market corporate borrowers, cash flow loans, unsecured mezzanine loans, broadly syndicated corporate loans, equity participations, corporate leases, debtor-in-possession loans, loan pools and bonds traded in the primary and secondary markets.

BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024 (in thousands)

²**Limited Partnership –Apollo Total Return Fund**

The Fund is a long-only global multi-sector credit strategy designed to leverage Apollo's entire credit platform. The strategy focuses on four main sectors: US corporate credit, global credit, structured credit, and real estate credit. The strategy is unconstrained in nature and can invest in a mix of public and private credits ranging between investment grade and high yield. While the strategy has the ability to invest in CCC rated securities, it will not invest in distressed assets.

Rate of Return and Risk

For the years ended February 28, 2025, and February 29, 2024 the annual money-weighted rate of return on the Plan investments, net of pension plan investment expense, was 10.63% and 14.75%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amount actually invested.

The Plan's investments are subject to various risks that have the potential to result in losses. These risks are custodial credit risk, credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. Each risk is described in detail on the following pages.

Custodial Credit Risk

Custodial credit risk for investments is the risk that in the event of a failure of a counterparty to a transaction, the Plan will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the Plan and are held by the counterparty, its trust or agent, but not in the Plan's name. The Plan has no investment policy regarding custodial credit risk. The Plan is not exposed to custodial credit risk because all securities are held by the Plan's custodian in the Plan's name.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Plan investment policy manages foreign currency risk by limiting investments in foreign companies to 17.5% of the Plan's assets and employing investment managers that select companies whose results are not necessarily tied to the currency of their country of origin. The Plan's investment in the SOF-XI VIP fund and the Euro Pacific Growth fund, were the only funds of the Plan that were exposed to foreign currency risk at February 28, 2025, and February 29, 2024.

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Plan's investment policy states that all investment managers have full discretion in the management of those assets of the Plan allocated to the investment manager(s), subject to prospectus or the overall investment guidelines set by the Committee. Those prospectus state that manager(s) shall not purchase common stock or securities convertible into stock of any issuer if the purchase would cause the portfolio's assets to reach five percent (5%) of the outstanding voting stock; or more than ten percent (10%) in fair value of all outstanding securities of a single issuer. Since it is the policy of the Plan to employ multiple managers with different investment strategies and styles, the single issuer concentrations are further reduced. Securities issued by or backed by the full faith and credit of the U.S. Government and mutual funds are not subject to concentration of credit risk.

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There were no investments in any one issuer in excess of 5% of plan investments at February 28, 2025 or February 29, 2024. However, the following were investments in any one organization that represent 5% or more of fiduciary net position at February 28, 2025 and February 29, 2024 (other than those issued or guaranteed by the U.S. Government):

Security Name	Classification	FYE 2025	FYE 2024
		Fair Value >5%	Fair Value >5%
Euro Pacific Growth Fund	International fund	\$3,682	\$3,538
Metropolitan West Fund	Fixed Income	2,570	2,150
PIMCO	Limited Partnership-Hedge Fund	1,298	1,227
SOF-XI VIP	Limited Partnership-Hedge Fund	1,331	1,259
Apollo Total Return Fund	Partnership	1,276	1,269
Vanguard 500 Fund	Equities-large cap	7,595	7,421
Vanguard Midcap Fund	Equities-mid cap	1,325	1,275
Blackrock Multi-Asset Income fund	Global Tactical Asset Allocation (GTAA)	-	1,219
JPMorgan Income Builder Fund	GTAA	1,282	-

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Plan investment policy manages credit risk by limiting investments in equities and fixed income securities to those determined as creditworthy by the investment managers and listed as investment grade by nationally recognized rating agencies. Furthermore, the Plan restricts, and is monitored by the Investment Consultant, equity transactions involving:

- Common stock in non-public corporations,
- Short sales of any type,
- Letter stock and buying or selling on margin.

As of February 28, 2025 and February 29, 2024, the credit ratings for mutual funds in fixed income securities were as follows:

Security Name	Credit Rating	
	FYE 2025	FYE 2024
Metropolitan West Fund	AA	AA-
Vanguard Short Term Fund	A-	A-
Blackrock Multi-Asset Income Fund	BBB	BB+
JP Morgan Income Builder Fund	BB-	BB

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. The Plan's investment policy states it is set to establish asset allocation parameters that will provide for sufficient diversification of asset classes to control investment risk and achieve the investment return objectives. The Plan is exposed to minimal interest rate risk, since more than 80% of the fixed income allocation of the plan has an average maturity of less than 4 years and is benchmarked to the Bloomberg U.S. Intermediate Government/Credit. The Plan's investment in the Metropolitan West Intermediate Bond fund has a dollar-weighted average maturity expected to range from three to seven years. The

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average duration of this fund was approximately 4.5 years at February 28, 2025 and February 29, 2024. The Plan's investment in the Vanguard Short-Term Investment Grade Admiral Bond fund has a dollar-weighted average maturity expected to range from one to four years. The average duration of this fund was approximately 2.2 years and 2.5 years at February 28, 2025 and February 29, 2024, respectively.

3. RESTRICTED ASSETS

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable bond covenants.

Net position has been restricted for the excess of restricted assets over related liabilities to the extent such restricted assets were accumulated from revenues (i.e., in some cases, restricted assets were obtained in total or in part from the proceeds of bond sales or grants).

Restricted assets represent:

- *Bond Proceeds funds* - Construction of facilities, restricted by purpose of the debt issuance.
- *Debt Service funds* - Current interest and principal of bonded indebtedness, as required by bond covenants.
- *Bond Reserve funds* - Payment of final serial maturity on bonded indebtedness or payment of principal and interest of bonded indebtedness when and to the extent the amount in the debt service funds are insufficient, as required by bond covenants.
- *Repair and Replacement funds* – Unexpected or extraordinary expenditures for which funds are not otherwise available or for debt service to the extent of debt service funds deficiencies as required by bond covenants.
- *Net Pension assets* – Represents the Plan Fiduciary Net Position that is greater than the Plan's Total Pension Liability which funds must be used to fund employee benefits.
- *Other funds* – On October 1, 2024 the BRA executed an irrevocable standby Letter of Credit in favor of the City of Sugar Land for the purpose of securing the BRA's performance under a contract for the operation, maintenance, and management of the City of Sugar Land's wastewater treatment plants and reclaimed water facility in the amount of \$5.1 million. The amount of the Letter of Credit is adjusted each year based upon estimated operations costs. In FY 2024, a Letter of Credit amount was issued October 1, 2023 in the amount of \$4.9 million. This Letter of Credit is secured by a certificate of deposit of the same amount. This is in addition to other miscellaneous contractual obligations.

Interest and redemption (sinking funds), reserve funds, and contingency funds have been established as required, in accordance with bond resolutions. Funds may be placed in secured time deposits or invested in direct obligations of, or obligations guaranteed by, the U.S. Government. Interest earned is retained in the applicable funds or transferred to meet debt service requirements in accordance with bond resolutions.

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The cash and cash equivalents, investments, and accrued interest components of each fund represented by restricted assets at August 31, 2025 and 2024 were as follows:

	2025			2024		
	Cash and Cash Equivalents	Investments	Accrued Interest	Cash and Cash Equivalents	Investments	Accrued Interest
CURRENT RESTRICTED:						
Water Supply System:						
Debt service funds	\$ 2,213	\$ -	\$ -	\$ 1,390	\$ -	\$ -
Other funds	61	-	-	152	-	-
Water Supply System Total	2,274	-	-	1,542	-	-
Cost Reimbursable Operations:						
Debt service funds	2,931	-	-	2,915	-	-
Cost Reimbursable Operations Total	2,931	-	-	2,915	-	-
TOTAL CURRENT RESTRICTED	\$ 5,205	\$ -	\$ -	\$ 4,457	\$ -	\$ -
NONCURRENT RESTRICTED:						
Water Supply System:						
Bond reserve funds	\$ 857	\$ 4,577	\$ 4	\$ 876	\$ 4,737	\$ 19
Repair and replacement funds	132	4,878	16	1	5,000	43
Other funds	47	5,134	-	45	4,957	-
Water Supply System Total	1,036	14,589	20	922	14,694	62
Cost Reimbursable Operations:						
Bond proceeds	-	-	-	450	-	-
Repair and replacement funds	-	502	1	-	512	-
Cost Reimbursable Operations Total	-	502	1	450	512	-
TOTAL NONCURRENT RESTRICTED	\$ 1,036	\$ 15,091	\$ 21	\$ 1,372	\$ 15,206	\$ 62

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4. CAPITAL ASSETS

A summary of changes in capital assets for August 31, 2025 follows:

Classification	Balance at September 1, 2024	Additions and Transfers	Deletions and Transfers	Balance at August 31, 2025
Capital assets, not being depreciated/amortized:				
Land, storage and water rights	\$185,755	\$ -	\$ (33)	\$185,722
Construction in progress	45,189	26,028	(5,613)	65,604
Total capital assets, not being depreciated/amortized	230,944	26,028	(5,646)	251,326
Capital assets, being depreciated/amortized:				
Reservoirs, water treatment and sewerage facilities	139,472	3,247	-	142,719
Buildings, structures and improvements	122,503	1,383	(43)	123,843
Vehicles	5,373	768	(430)	5,711
Furniture	633	95	(458)	270
Computers	4,378	478	(1,588)	3,268
Right to use subscription-based assets	1,226	1,521	(735)	2,012
Tools and heavy equipment	12,501	2,273	(250)	14,524
Total capital assets, being depreciated/amortized	286,086	9,765	(3,504)	292,347
Total Capital Assets	\$517,030	\$35,793	\$ (9,150)	\$543,673
Less accumulated depreciation/amortization:				
Reservoirs, water treatment and sewerage facilities	\$ 72,901	\$ 2,248	\$ -	\$ 75,150
Buildings, structures and improvements	76,836	4,971	(14)	81,793
Vehicles	3,262	601	(430)	3,433
Furniture	514	9	(457)	66
Computers	3,942	163	(1,585)	2,520
Right to use subscription-based assets	746	502	(735)	513
Tools and heavy equipment	7,644	665	(242)	8,067
Total accumulated depreciation/amortization	\$165,845	\$ 9,159	\$ (3,463)	\$171,541
Net Capital Assets	\$351,185	\$26,634	\$ (5,687)	\$372,132

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A summary of changes in capital assets for August 31, 2024 follows:

Classification	Balance at September 1, 2023	Additions and Transfers	Deletions and Transfers	Balance at August 31, 2024
Capital assets, not being depreciated/amortized:				
Land, storage and water rights	\$ 184,109	\$ 1,646	\$ -	\$ 185,755
Construction in progress	32,759	12,430	-	45,189
Total capital assets, not being depreciated/amortized	216,868	14,076	-	230,944
Capital assets, being depreciated/amortized:				
Reservoirs, water treatment and sewerage facilities	139,472	-	-	139,472
Buildings, structures and improvements	122,266	362	(125)	122,503
Vehicles	5,004	680	(311)	5,373
Furniture	771	90	(228)	633
Computers	4,371	23	(16)	4,378
Right to use subscription based asset	1,093	151	(18) *	1,226
Tools and heavy equipment	12,119	706	(324)	12,501
Total capital assets, being depreciated/amortized	285,096	2,012	(1,022)	286,086
Total Capital Assets	\$ 501,964	\$ 16,088	\$ (1,022)	\$ 517,030
Less accumulated depreciation/amortization:				
Reservoirs, water treatment and sewerage facilities	\$ 70,583	\$ 2,318	\$ -	\$ 72,901
Buildings, structures and improvements	71,848	5,113	(125)	76,836
Vehicles	2,996	571	(305)	3,262
Furniture	738	4	(228)	514
Computers	3,793	162	(13)	3,942
Right to use subscription based asset	416	330	- *	746
Tools and heavy equipment	7,238	720	(314)	7,644
Total accumulated depreciation/amortization	\$ 157,612	\$ 9,218	\$ (985)	\$ 165,845
Net Capital Assets	\$ 344,352	\$ 6,870	\$ (37)	\$ 351,185

*Deletion/transfer of Right to use subscription-based asset amount is a correction to the Additions amount for a new subscription. Therefore, there is no corresponding depreciation adjustment.

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5. UNEARNED REVENUES

Amounts collected from contracting parties relating to long-term contracts are recorded as noncurrent unearned revenues and are amortized to income over periods equal to the lives of the assets being used to provide services under the long-term contracts on a straight-line basis. Amounts collected in advance from contracting parties that do not yet meet the criteria for revenue recognition are recorded as current unearned revenues until eligible costs are incurred. Unearned revenues at August 31, 2025 and 2024 were as follows:

	Current Unearned Revenues	
	2025	2024
Unrestricted		
Water Supply System:		
Lake Granbury	\$ 3	\$ 3
Lake Limestone	6	6
Possum Kingdom Lake	11	11
Federal Reservoirs	9,735	8,046
Other Water Supply System	-	93
Total Water Supply System	9,755	8,159
Cost Reimbursable Operations:		
Williamson County RRWL	5,559	4,362
Temple-Belton WWTP	1,379	2,483
Clute-Richwood RWS	460	110
Hutto WWS	1,017	564
Leander	1,162	309
Total Cost Reimbursable Operations	9,577	7,828
Total Unrestricted	\$ 19,332	\$ 15,987
Restricted		
Water Supply System:		
Grants	\$ 789	\$ -
Cost Reimbursable Operations:		
Williamson County RRWL	\$ 2,642	\$ 2,778
Total Restricted	\$ 3,431	\$ 2,778

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6. NONCURRENT LIABILITIES

Revenue Bonds Payable

Revenue bonds payable consists of the following at August 31, 2025:

	Balance at September 1, 2024			Balance at August 31, 2025	Amount Due Within One Year
		Additions	Retired		
<i>Water Supply System:</i>					
Series 2009 Revenue Bonds*	\$ 6,555	\$ -	\$ (1,245)	\$ 5,310	\$ 1,275
Series 2015 Revenue Bonds	10,605	-	(835)	9,770	855
Series 2023B Revenue Bonds*	32,595	-	(685)	31,910	705
Series 2023C Revenue Bonds*	16,365	-	-	16,365	-
Total Water Supply System	<u>\$ 66,120</u>	<u>\$ -</u>	<u>\$ (2,765)</u>	<u>\$ 63,355</u>	<u>\$ 2,835</u>
<i>Cost Reimbursable Operations:</i>					
Series 2019 Revenue Bonds	\$ 10,145	\$ -	\$ (1,100)	\$ 9,045	\$ 1,140
Series 2020 Revenue Bonds	9,740	-	(1,290)	8,450	1,315
Total Cost Reimbursable Operations	<u>\$ 19,885</u>	<u>\$ -</u>	<u>\$ (2,390)</u>	<u>\$ 17,495</u>	<u>\$ 2,455</u>
<i>Net Premium/(Discount) on revenue</i>	<u>\$ 1,559</u>	<u>\$ -</u>	<u>\$ (364)</u>	<u>\$ 1,195</u>	<u>\$ -</u>
<i>Total Net Revenue Bonds Payable</i>	<u>\$ 87,564</u>	<u>\$ -</u>	<u>\$ (5,519)</u>	<u>\$ 82,045</u>	<u>\$ 5,290</u>

*Bonds represent the BRA's Direct Placement Bonds for the Fiscal Year.

Revenue bonds payable consists of the following at August 31, 2024:

	Balance at September 1, 2023			Balance at August 31, 2024	Amount Due Within One Year
		Additions	Retired		
<i>Water Supply System:</i>					
Series 2009 Revenue Bonds*	\$ 7,770	\$ -	\$ (1,215)	\$ 6,555	\$ 1,245
Series 2015 Revenue Bonds	11,415	-	(810)	10,605	835
Series 2023A Taxable Bonds	46,000	-	(46,000)	-	-
Series 2023B Revenue Bonds*	-	33,225	(630)	32,595	685
Series 2023C Revenue Bonds*	-	16,365	-	16,365	-
Total Water Supply System	<u>\$ 65,185</u>	<u>\$ 49,590</u>	<u>\$ (48,655)</u>	<u>\$ 66,120</u>	<u>\$ 2,765</u>
<i>Cost Reimbursable Operations:</i>					
Series 2019 Revenue Bonds	\$ 11,215	\$ -	\$ (1,070)	\$ 10,145	\$ 1,100
Series 2020 Revenue Bonds	10,990	-	(1,250)	9,740	1,290
Total Cost Reimbursable Operations	<u>\$ 22,205</u>	<u>\$ -</u>	<u>\$ (2,320)</u>	<u>\$ 19,885</u>	<u>\$ 2,390</u>
<i>Net Premium/(Discount) on revenue</i>	<u>\$ 1,962</u>	<u>\$ -</u>	<u>\$ (403)</u>	<u>\$ 1,559</u>	<u>\$ -</u>
<i>Total Net Revenue Bonds Payable</i>	<u>\$ 89,352</u>	<u>\$ 49,590</u>	<u>\$ (51,378)</u>	<u>\$ 87,564</u>	<u>\$ 5,155</u>

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Revenue bonds payable at August 31, 2025 and 2024 are further detailed as follows:

Water Supply System:

- *Series 2009 (\$22,000) (Direct Placement Bonds) Brazos River Authority* – revenue bonds – with the TWDB - for the construction of a new deep-water intake structure, raw water pump station and transmission pipeline at Granger Lake due in annual installments of \$1,060 to \$1,380 through 2029; interest at .174% to 2.815%
- *Series 2015 (\$16,860) Brazos River Authority Refunding Bonds* – Proceeds from the sale of the bonds were used to refund the Water Supply System Revenue Bonds, Series 2006 (Originally issued to fund the expansion of the East Williamson County Regional Water System.) The new bonds are due in annual installment of \$590 to \$1,120 through 2035; interest at 2.0% to 4.0%
- *Series 2023A (\$46,000) (Direct Placement Bonds) Brazos River Authority Water Supply System Revenue Bonds, Taxable* – Issued as short-term taxable bonds to bridge the gap between the federal tax law expenditure reimbursement date and the BRA's closing date with the Texas Water Development Board for financing related to the purchase of the City of Houston's portion of the Allens Creek Reservoir Project. The bonds were due in full on February 15, 2024; interest at 5.92%
- *Series 2023B (\$33,225) (Direct Placement Bonds) Brazos River Authority Water Supply Revenue Bonds* – Proceeds from the sale of the bonds were used to refund the Series 2023A Short Term Taxable Bonds in order to affect a restructuring the Authority's debt service. The new bonds are due in annual installment of \$630 to \$1,825 through 2053; interest at 3.02% to 4.27%
- *Series 2023C (\$16,365) (Direct Placement Bonds) Brazos River Authority Water Supply Revenue Bonds* – Proceeds from the sale of the bonds were used to refund the Series 2023A Short Term Taxable Bonds in order to affect a restructuring the Authority's debt service. The new bonds are due in annual installment of \$475 to \$1,145 starting in 2032 through 2053; interest at 3.66% to 4.96%

Cost Reimbursable Operation:

- *Series 2019 (\$14,095) Brazos River Authority Contract Revenue Refunding Bonds, (Williamson County Regional Raw Water Line Project)* - to refund the outstanding payment obligations pursuant to that certain Master Agreement between the Texas Water Development Board and the BRA relating to the construction and acquisition of the Williamson County Regional Raw Water Line, Effective as of November 3, 1999 (the "refunded Obligations"); due in annual payments of \$830 to \$1,540 through 2032; interest at 3.0% to 5.0%
- *Series 2020 (\$13,375) Brazos River Authority Contract Revenue Refunding and Improvement Bonds, (Williamson County Regional Raw Water Line Project)* - to refund the outstanding Series 2011 Contract Revenue and Refunding Bonds, along with other funds, to (i) add a copper ion generator, (ii) pay the cost of engineering and design, and (iii) pay issuance cost on the Bonds; due in annual payments of \$1,170 to \$1,510 through 2030; interest at 2.0% to 3.0%

The BRA's outstanding revenue bonds and outstanding direct placement bonds contain event of default that states the owners may seek a writ of mandamus to compel the BRA or BRA officials to carry out the legally imposed duties with respect to the bonds if there is no

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other available remedy at law to compel performance of the bonds or the resolution and the BRA's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so rest 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. Management has evaluated the event of default or termination provisions with possible finance-related consequences and in the opinion of BRA's management, the likelihood is remote that these provisions will have a significant effect on the BRA's financial position or results of operations. In addition, no collateral is pledged on the bonds, only the Net Revenues of the BRA.

The Water Supply System bond covenants require that the BRA will fix, establish, maintain and collect such rates, charges and fees for the use and availability of the System at all times as are necessary to produce Net Revenues for each year, which are at least 1.10 times the maximum annual debt service requirements of all then outstanding bonds and additional parity obligations. For the years ended August 31, 2025 and 2024, the BRA's coverage rate was 6.91 and 6.90, respectively. The BRA was in compliance with this bond covenant.

The BRA has adopted the provisions of Governmental Accounting Standards Board Statement No. 23, as amended, "Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities." The Statement requires that the difference between the reacquisition price and the net carrying amount of the refunded old debt be deferred and amortized as a component of interest expense in a systematic and rational manner over the shorter of the life of the old debt or the life of the new debt. GASB 65 further requires the difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred outflows of resources or a deferred inflows of resources. For the years ended August 31, 2025 and 2024 the cumulative unamortized deferred outflows of resources amounted to \$128 and \$147, respectively. The deferred amount resulted from refunding of debt in 2011 and 2020 for the period ending August 31, 2021 and refunding of debt in 2011 and 2015 for period ending August 31, 2020.

Annual requirements to retire revenue bonds outstanding including interest at August 31, 2025 are:

	Revenue Bonds		Direct Placement Bonds	
	Principal	Interest	Principal	Interest
2026	\$ 3,310	\$ 818	\$ 1,980	\$ 1,355
2027	3,415	710	2,035	1,300
2028	3,510	581	2,090	1,242
2029	3,630	462	2,145	1,182
2030	3,745	351	790	1,138
2031-2035	9,655	541	6,400	8,032
2036-2040	-	-	7,955	7,606
2041-2045	-	-	9,700	5,735
2046-2050	-	-	11,960	3,332
2051-2053	-	-	8,530	592
Total	<u>\$ 27,265</u>	<u>\$ 3,463</u>	<u>\$ 53,585</u>	<u>\$ 31,514</u>

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Arbitrage Rebate Requirement:

When investment earnings on bond proceeds exceed the cost of those bonds, there is an arbitrage gain. Federal law requires that arbitrage gains on tax-exempt bonds be rebated back to the United States Treasury. At August 31, 2025 and 2024, the BRA's arbitrage liability was \$118 and \$0, respectively.

Contracts Payable:

There were no additions to Contracts Payable in FY 2025 and 2024.

Contracts Payable consists of the following at August 31, 2025:

	Balance at September 1, 2024	Retired	Balance at August 31, 2025	Amts Due Within One Year
\$7,383 to acquire water conservation storage space in the Somerville Reservoir; due in annual installments of principal and interest of \$266 through 2023 and \$253 from 2024 through 2027; interest at 2.74%	\$ 720	\$ (234)	\$ 486	\$ 240
\$15,178 to acquire water conservation storage space in the Granger Reservoir; due in annual installments of principal and interest of \$599 through 2041 and \$598 in 2042; interest at 3.25%	8,067	(337)	7,730	348
\$7,130 to acquire water conservation storage space in the Georgetown (formerly Northfork) Reservoir; due in annual installments of principal and interest ranging from \$285 through 2032 to \$135 in 2042; interest at 3.25%	3,294	(177)	3,117	183
\$5,439 to fund the required repair, replacement and rehabilitation of the Belton Reservoir, due in annual installments of principal and interest of \$311 through 2043; interest at 4.25%	3,455	(162)	3,293	171
Total	<u>\$ 15,536</u>	<u>\$ (910)</u>	<u>\$ 14,626</u>	<u>\$ 942</u>

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Contracts Payable consists of the following at August 31, 2024:

	Balance at September 1, 2023	Retired	Balance at August 31, 2024	Amts Due Within One Year
\$5,124 to acquire water conservation storage space in the Belton Reservoir; due in annual installments of principal and interest of \$170 through 2006 and \$126 from 2007 through 2024; interest at 2.50% to 2.54%	\$ 124	\$ (124)	\$ -	\$ -
\$7,383 to acquire water conservation storage space in the Somerville Reservoir; due in annual installments of principal and interest of \$266 through 2023 and \$253 from 2024 through 2027; interest at 2.74%	947	(227)	\$ 720	233
\$15,178 to acquire water conservation storage space in the Granger Reservoir; due in annual installments of principal and interest of \$599 through 2041 and \$598 in 2042; interest at 3.25%	8,393	(326)	\$ 8,067	337
\$7,130 to acquire water conservation storage space in the Georgetown (formerly Northfork) Reservoir; due in annual installments of principal and interest ranging from \$285 through 2032 to \$135 in 2042; interest at 3.25%	3,466	(172)	\$ 3,294	178
\$5,439 to fund the required repair, replacement and rehabilitation of the Belton Reservoir, due in annual installments of principal and interest of \$311 through 2043; interest at 4.25%	3,612	(157)	3,455	164
Total	\$ 16,542	\$ (1,006)	\$ 15,536	\$ 912

Annual requirements to retire contracts payable outstanding, including interest at August 31, 2025, were:

	Contracts Payable		
	Principal	Interest	Total
2026	\$ 942	\$ 506	\$ 1,448
2027	973	475	1,448
2028	752	443	1,195
2029	779	417	1,196
2030	805	389	1,194
2031-2035	4,396	1,504	5,900
2036-2040	4,580	703	5,283
2041-2042	1,399	69	1,468
Total	\$ 14,626	\$ 4,506	\$ 19,132

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Subscription Based Information Technology Arrangements (SBITA):

Subscription liabilities payable at August 31, 2025 are detailed as follows:

	Balance at September 1, 2024	Additions	Retirements	Balance at August 31, 2025	Amts Due Within One Year
TruePoint utility billing system, expiration date December 31, 2026, incremental borrowing rate 0.39%	\$ 51	\$ -	\$ (25)	\$ 26	\$ 26
Encompassing Vision job evaluation system, expiration date December 31, 2026, incremental borrowing rate 1.24%	36	-	(18)	18	18
My COI, expiration date September 10, 2033, incremental borrowing rate 5.56%	119	-	(9)	110	10
Tyer Technologies, expiration date November 28, 2033, incremental borrowing rate 4.21%	-	244	(55)	189	57
Telemedia, expiration date December 13, 2029, incremental borrowing rate 4.42%	-	170	(35)	135	30
International Database Corp, expiration February 2, 2028, incremental borrowing rate 4.28%	-	25	(8)	17	8
Microsoft, expiration date June 30, 2028, incremental borrowing rate 4.24%	-	737	(256)	481	236
				-	
Total	\$ 206	\$ 1,176	\$ (406)	\$ 976	\$ 385

Subscription liabilities payable at August 31, 2024 are detailed as follows:

	Balance at September 1, 2023	Additions	Retirements	Balance at August 31, 2024	Amts Due Within One Year
Microsoft, expiration date June 30, 2025, incremental borrowing rate 3.05%	\$ 246	\$ -	\$ (246)	\$ -	\$ -
TruePoint utility billing system, expiration date December 31, 2026, incremental borrowing rate 0.39%	76	-	(25)	51	26
Encompassing Vision job evaluation system, expiration date December 31, 2026, incremental borrowing rate 1.24%	53	-	(17)	36	17
My COI, expiration date September 10, 2033, incremental borrowing rate 5.56%	-	134	(15)	119	9
				-	
Total	\$ 375	\$ 134	\$ (303)	\$ 206	\$ 52

Annual requirements to retire subscription liabilities outstanding, including interest at August 31, 2025, were:

	Principal	Interest	Total
2026	\$ 385	\$ 41	\$ 426
2027	360	26	386
2028	116	11	127
2029	51	6	57
2030	14	4	18
2031-2033	50	3	53
Total	\$ 976	\$ 91	\$ 1,067

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Allens Creek Contingent Compensation Liability:

As part of the Allens Creek Reservoir Project (The Project) comprehensive settlement agreement between the City of Houston and the BRA, effective May 2, 2022, where the City of Houston agreed to grant, sell, transfer and convey to the BRA all of the City’s rights and interest in any documents, reports and other personal property applicable to the water use permit, the project, the water yield and the reservoir site, the BRA will owe the City an additional amount of \$15 million dollars when the United States Army Corps of Engineers issues the Section 404 Permit, for the project, to the BRA. This liability has no payment schedule or interest requirements and the balance will remain at \$15 million until the 404 Permit is approved.

Other Noncurrent Liabilities:

Other noncurrent liability activity for the years ended August 31, 2025 and 2024 was as

	Balance at September 1, 2024	Additions	Reductions	Balance at August 31, 2025	Amounts Due Within One Year
Other Liabilities:					
Texas Water Development Board	\$ 210	\$ -	\$ -	\$ 210	\$ -
Compensated Absences*	1,368	107	-	1,475	122
Due to Jonah SUD	934	813	840	907	-
Trans TX Phase II	45	2	-	47	-
Total	<u>\$ 1,319</u>	<u>\$ 922</u>	<u>\$ 840</u>	<u>\$ 2,639</u>	<u>\$ 122</u>

follows:

	Balance at September 1, 2023	Additions	Reductions	Balance at August 31, 2024	Amounts Due Within One Year
Other Liabilities:					
Texas Water Development Board	\$ 210	\$ -	\$ -	\$ 210	\$ -
Compensated Absences*	917	451	-	1,368	9
Due to Jonah SUD	933	837	836	934	-
Trans TX Phase II	42	3	-	45	-
Total	<u>\$ 2,102</u>	<u>\$ 1,291</u>	<u>\$ 836</u>	<u>\$ 2,557</u>	<u>\$ 9</u>

*Implementation of GASB Statement No. 101 resulted in a change in liability recognition for Compensated Absences from current to noncurrent. The Compensated Absences are reporting on the accounts payable line item on the Statement of Net Position.

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7. NET POSITION

Details of Net Position of investment in capital assets:

	2025	2024
Net capital assets	\$ 372,132	\$ 351,185
Deferred outflows of resources	128	147
Revenue bonds payable - current & noncurrent	(82,045)	(87,564)
Contracts payable & subscription payable - current & noncurrent	(15,602)	(15,742)
Allens Creek contingent compensation liability	(15,000)	(15,000)
Unspent bond proceeds for construction	-	450
Construction contracts payable	-	(171)
Total Net Position of investment in capital assets	<u>\$ 259,613</u>	<u>\$ 233,305</u>

8. RETIREMENT PLANS

The BRA contributes to two employee retirement plans, the Retirement Plan for Employees of Brazos River Authority and the Texas County and District Retirement System. As of August 31, 2025, and 2024. The BRA had the following balances related to its pension accounts:

	BRA Plan	TCDRS Plan	2025 Total
Net Pension Liability	\$ 5,106	\$ -	\$ 5,106
Net Pension Asset	-	2,315	2,315
Deferred Outflows of Resources	-	1,458	1,458
Deferred Inflows of Resources	842	42	884
Pension Expense	70	1,470	1,540

	BRA Plan	TCDRS Plan	2024 Total
Net Pension Liability	\$ 6,614	\$ -	\$ 6,614
Net Pension Asset	-	915	915
Deferred Outflows of Resources	-	2,382	2,382
Deferred Inflows of Resources	388	71	459
Pension Expense	64	1,261	1,325

Retirement Plan for Employees of Brazos River Authority (Plan):

Plan Description

The Plan, a single employer plan, was established in 1959 by the BRA, a governmental agency of the State of Texas, and was amended and restated effective September 1, 1997. Prior to the revision, the Plan was an exclusive defined benefit structure. Effective September 1, 1997, the Plan was changed to a combination defined benefit and defined contribution structure (Internal Revenue Code Section 401 (a) plan) for all eligible employees who first become participants (or who reenter plan participation) on or after September 1, 1997. Employees who were active plan participants on August 31, 1997 made a one-time irrevocable election to

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choose either to remain under the benefit provisions of the prior plan as it existed August 31, 1997 or to have benefits determined under the new benefit provisions effective September 1, 1997. On July 16, 2007, the Board of Directors of the BRA adopted a resolution to freeze the Plan as of September 30, 2007. The resolution amended the Plan by closing the Plan to new entrants, freezing benefit accrual service, limiting compensation and service contributions to the defined contribution component of the Plan. On October 18, 2010, the Board of Directors of the BRA approved a resolution to amend and restate substantially the form of the Plan effective November 30, 2010. The resolution spun-off the defined contribution portion into its own plan and at the same time made effective November 30, 2010 the termination of the Defined Contribution Plan for Employees of Brazos River Authority. The Plan is administered by a Retirement Committee appointed by the BRA's Board of Directors and has a fiscal year end of the last day in February.

Copies of the Plan's audited annual financial report may be obtained from the BRA's office: P.O. Box 7555, Waco, TX 76714-5555 or on the BRA's website at www.brazos.org.

Benefits Provided

Eligible employees of the BRA, those hired before September 30, 2007, are covered by the Plan, which provides retirement, death and disability benefits. Provided, however, compensation for calendar years beginning on or after January 1, 2008 shall not be included in the determination of average monthly compensation. Effective September 1, 1997, the Plan was amended and the structure of benefits was changed. Employees who were active Plan participants on August 31, 1997 made a one-time irrevocable election to choose either to remain under the benefit provisions of the prior plan as it existed August 31, 1997 or to have benefits determined under the new benefit provisions effective September 1, 1997.

If electing the provisions prior to August 31, 1997, the participant was classified as a Prior Plan Electing Participant. The pension participant's retirement benefit under the Prior Plan Electing Participant status is determined by the following Formula A or Formula B (whichever produces the greater amount):

- (1) Formula A: The sum of (i) 1.75 percent of average monthly compensation multiplied by the participant's years of benefit accrual service, plus (ii) .52 percent of that portion, if any, of average monthly compensation that is in excess of monthly covered compensation multiplied by the participant's years of benefit accrual service up to a maximum of 35 years.
- (2) Formula B: The sum of (i) 2.70 percent of average monthly compensation multiplied by the participant's years of benefit accrual service up to a maximum of 22 years, plus (ii) 0.52 percent of average monthly compensation multiplied by the participant's years of benefit accrual service in excess of 22 years (up to a maximum of six years), plus (iii) 0.52 percent of that portion, if any, of average monthly compensation that is in excess of monthly covered compensation multiplied by the participant's years of benefit accrual service up to a maximum of 28 years.

If electing the provisions after August 31, 1997 the participant's benefit shall be determined by taking 1% of average monthly compensation multiplied by the participant's years of benefit accrual service.

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Employees covered by the Plan

Participation in the Plan, as of the beginning of the year evaluation date, March 1, 2025, and March 1, 2024, is composed of the following:

Group	2025	2024
Retirees and beneficiaries currently receiving benefits	134	135
Terminated Plan members entitled to but not yet receiving benef	100	98
Beneficiaries	36	35
Active Plan members	43	46
Total	313	314

Contributions

The BRA's employees were not required or allowed to contribute to the Plan. The BRA intends to make, but does not guarantee, annual contributions in amounts at least equal to the amounts that would be required to meet the minimum funding requirements of Section 412 of the Code. The actuarial valuations for the Plan for the valuation date of March 1, 2025 and March 1, 2024 were performed by The Howard E. Nyhart Company, Inc. A copy of the assumptions used and methods of determining the actuarial determined contribution for the fiscal years commencing September 1, 2024 and 2023 can be obtained by contacting the Chief Human Resource Officer at 254-761-3119. The BRA made the minimum funding requirement for the plan years ending February 28, 2025 and February 29, 2024.

Net Pension Liability

The BRA's net pension liability was measured as of March 1, 2025 and March 1, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates.

Actuarial assumptions. The total pension liability in the March 1, 2025 and March 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Information		
	2025	2024
Actuarial valuation date	March 1, 2025	March 1, 2024
Actuarial cost method	Entry age	Entry age

Actuarial Assumptions		
Investment return*	6.5%	6.5%
Projected salary increases	N/A**	N/A**
Inflation	2.5%	2.5%

*Includes inflation at the stated rate

** Not applicable due to the amendment to freeze the Plan to new entrants as of 2007

The schedules of the BRA's net pension liability, presented as required supplementary information ("RSI") following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the plan fiduciary net position.

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The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

The mortality rates were based on the Pub-2010 General Table, Fully Generational with Scale MP-2021 for the 2025 and 2024 evaluation.

Long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimated ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of the Plan's fiscal year February 28, 2025 and February 29, 2024 are summarized in the following tables:

Target Allocation

<u>Asset Class</u>	<u>2025 and 2024</u>
Domestic equities	40%
International equity	15%
Domestic fixed income	25%
GTТА	10%
Real estate investment trusts	10%
Cash	0%

Long-Term Expected Real Rate of Return

<u>Asset Class</u>	<u>2025 and 2024</u>
Domestic equities	7.50%
International equity	8.50%
Domestic fixed income	2.50%
GTТА fixed income	5.50%
Real estate investment trusts	4.50%
Global Tactical Assets	7.80%
Cash	0.00%

Discount rate

The discount rate used to measure the total pension liability was 6.5 % for both years. The projection of cash flows used to determine the discount rate assumed the contributions from the BRA will meet the minimum funding requirements as supplied by the actuarially determined computation. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Sensitivity in the discount rate

The following presents the net pension liability of the BRA calculated using the discount rate of 6.5 percent, as well as what the BRA's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Net Pension Liability		
	1 % Decrease (5.5%)	Current Discount Rate (6.5%)	1 % Decrease (7.5%)
August 31, 2025	\$ 7,892	\$ 5,106	\$ 2,712
August 31, 2024	\$ 9,498	\$ 6,614	\$ 4,144

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 1, 2024	\$ 30,387	\$ 23,773	\$ 6,614
Changes for the year:			
Service cost	14	-	14
Interest	1,901	-	1,901
Differences between expected and actual experience	178	-	178
Change in assumptions	-	-	-
Benefit payment, including refunds of employee contributions	(2,319)	(2,319)	-
Employer contributions	-	1,125	(1,125)
Net investment income	-	2,567	(2,567)
Administrative expenses	-	(91)	91
Other	-	-	-
Net changes	(226)	1,282	(1,508)
Balances at August 31, 2025	\$ 30,161	\$ 25,055	\$ 5,106

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	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 1, 2023	\$ 30,920	\$ 21,750	\$ 9,170
Changes for the year:			
Service cost	18	-	18
Interest	1,936	-	1,936
Differences between expected and actual experience	(187)	-	(187)
Change in assumptions	-	-	-
Benefit payment, including refunds of employee contributions	(2,300)	(2,300)	-
Employer contributions	-	1,197	(1,197)
Net investment income	-	3,209	(3,209)
Administrative expenses	-	(83)	83
Other	-	-	-
Net changes	(533)	2,023	(2,556)
Balances at August 31, 2024	\$ 30,387	\$ 23,773	\$ 6,614

Plan Fiduciary Net Position

The plan fiduciary net position reported above is the same as reported by the Plan. Detailed information about the plan fiduciary net position is available in the Plan's separately issued audited financial statements, which are reported using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Investments are reported at fair value, the price that would be recognized to sell an asset in an orderly transaction between market participants at the measurement date.

Pension expense and deferred outflows of resources and deferred inflows of resources related to pension

Pension expense:

For the years ended August 31, 2025 and 2024, the Employer GASB 68 pension expense and the components of the expense were as follows:

	2025	2024
Service Cost	\$ 14	\$ 18
Interest	1,901	1,936
Amortization of differences between expected and actual experience	178	(171)
Amortization of changes of assumptions	-	-
Projected earnings on pension plan investments	(1,504)	(1,375)
Amortization of differences between projected and actual earnings	(610)	(428)
Pension plan administrative expenses	91	84
Total	\$ 70	\$ 64

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Deferred outflows and deferred inflows of resources

For the years ended August 31, 2025 and 2024, the BRA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources: The BRA made no contributions subsequent to the measurement date for the Plan. Employer contributions to the plan occur once a year on September 1st.

August 31, 2025	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 842
Total	\$ -	\$ 842

August 31, 2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 388
Total	\$ -	\$ 388

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31, 2025	
2026	\$ (61)
2027	11
2028	(579)
2029	(213)
2030	-
Thereafter	-
Total	\$ (842)

Texas County and District Retirement System:

Plan Description

The BRA participates in the Texas County and District Retirement System (TCDRS), an agent, multiple-employer plan. TCDRS is a non-profit public trust providing pension, disability, and death benefits for the eligible employees of participating counties and districts. TCDRS was established by legislative act in 1967 under authority of Article XVI of the Texas Constitution. The TCDRS Act (Subtitle F, Title 8, and Texas Government Code) is the basis for TCDRS administration. TCDRS issues a publicly available annual financial report that includes

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financial statements and required supplementary information for the plan. That annual report may be downloaded at <https://www.tcdrs.org>.

Benefits Provided

The BRA provides retirement, disability, and death benefits for all of its employees through a nontraditional defined benefit pension plan in the statewide TCDRS. A percentage of each employee’s paycheck is deposited into his or her TCDRS account. That percentage has been set by the BRA at 6% and the BRA has elected a matching rate of \$2 to \$1. The employees’ savings grow at a rate of 7%, as set by state law, compounded annually. At retirement, the employee’s account balance is combined with the BRA’s matching and converted into a lifetime monthly benefit. Employees earn one month of service credit for each month that they make a deposit into their account. The amount of service an employee needs to earn a future benefit is called the vesting requirement. When an employee is vested, he or she has the right to a monthly benefit, which includes the employer matching contribution, at age 60 or older.

The plan provisions are adopted by the Board of Directors, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages sixty and above with eight or more years of service, with thirty years of service regardless of age, or when the sum of their age and years of service equals eighty or more. Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the BRA. The plan offers no post-employment benefits.

Any TCDRS member who is a vested member under Section 844.207 (d) may retire and receive a disability retirement annuity if he or she is certified as disabled, as defined by the plan.

Any TCDRS member who has four or more years of service credit with the BRA is eligible for purpose of the Survivor Annuity Death Benefit.

Employees covered by the Plan

Participation in the Plan, as of the evaluation date December 31, 2024 and December 31, 2023, is composed of the following:

Group	2024	2023
Retirees and beneficiaries currently receiving benefits	123	116
Terminated Plan members entitled to but not yet receiving benefits	212	204
Active Plan members	257	246
Total	592	566

Contributions

As an agent, multiple-employer plan, each participating employer in the TCDRS system funds its plan independently. A combination of three elements funds each employer’s plan: employee deposits, employer contributions and investment income.

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Pursuant to State law, employers participating in the system must pay 100% of their actuarially determined required contributions on an annual basis.

The BRA has elected the annually determined contribution rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer, based on the covered payroll of employee members. Under the TCDRS Act, the annual employer contribution rate for calendar years 2025 and 2024 was 8.81% and 8.78% respectively. The required contribution rate payable by the employee members is 6.0% as adopted by the Board of Directors. The employee and employer contribution rates may be changed by the BRA's Board of Directors within the options available in the TCDRS Act.

Net Pension Liability

The BRA's net pension liability was measured as of December 31, 2024 and December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates.

Actuarial assumptions. The total pension liability in the December 31, 2024 and the December 31, 2023 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Information		
	2025	2024
Actuarial valuation date	December 31, 2024	December 31, 2023
Actuarial cost method	Entry age	Entry age
Actuarial Assumptions		
Investment return	7.5%	7.5%
Projected salary increases	2.0%	2.0%
Inflation	2.5%	2.5%

Long-term expected rate of return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2025 and January 2024 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice.

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Long-term Expected rate of return by Asset Class
Actuarial Valuation December 31, 2024
Based on January 2025 information for a 10-year time horizon

Asset Class	Target Allocation	Geometric Real Rate of Return
US Equities	13.00%	5.35%
Global Equities	4.00%	5.15%
International Equities- Developed	6.00%	4.75%
International Equities- Emerging	0.00%	4.75%
Investment-Grade Bonds	3.00%	2.55%
Strategic Credit	9.00%	3.70%
Direct Lending	16.00%	6.85%
Distressed Debt	4.00%	6.80%
REIT Equities	2.00%	3.95%
Master Limited Partnerships	2.00%	4.95%
Commodities	2.00%	1.00%
Private Real Est. Partnerships	6.00%	5.75%
Private Equities	25.00%	8.15%
Hedge Funds	6.00%	3.60%
Cash	2.00%	1.10%

Long-term Expected rate of return by Asset Class
Actuarial Valuation December 31, 2023
Based on January 2024 information for a 10-year time horizon

Asset Class	Target Allocation	Geometric Real Rate of Return
US Equities	11.50%	4.75%
Global Equities	2.50%	4.75%
International Equities- Developed	5.00%	4.75%
International Equities- Emerging	6.00%	4.75%
Investment-Grade Bonds	3.00%	2.35%
Strategic Credit	9.00%	3.65%
Direct Lending	16.00%	7.25%
Distressed Debt	4.00%	6.90%
REIT Equities	2.00%	4.10%
Master Limited Partnerships	2.00%	5.20%
Private Real Est. Partnerships	6.00%	5.70%
Private Equities	25.00%	7.75%
Hedge Funds	6.00%	3.25%
Cash	2.00%	.60%

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Discount rate

The discount rate used to measure the total pension liability as of December 31, 2024 and December 31, 2023 was 7.6%, which is the long-term assumed rate of return on assets for funding purposes of 7.5%, net of all expenses, increased by .10% to be gross of administrative expenses. The projection of cash flows used to determine the discount rate assumed the contributions from the BRA will meet the minimum funding requirements as supplied by the actuarially determined computation. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity in the discount rate

The following presents the net pension liability/(asset) of the BRA calculated using the discount rate of 7.6% for August 31, 2025 and 2024, as well as what the BRA's net pension (asset)/liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	TCDRS net pension liability/(net pension asset)		
	1% Decrease	Discount Rate	1% Increase
	(6.6%)	(7.6%)	(8.6%)
August 31, 2025	\$ 6,006	\$ (2,315)	\$ (9,317)
August 31, 2024	\$ 6,616	\$ (915)	\$ (7,252)

Changes in the Net Pension Liability/(Asset)

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a) - (b)
Balances at September 1, 2024	\$ 53,845	\$ 54,760	\$ (915)
Changes for the year:			
Service cost	2,579	-	2,579
Interest	4,232	-	4,232
Effect of economic/demographic gains or losses	576		576
Benefit payment, including refunds of employee contributions	(1,513)	(1,513)	-
Employer contributions	-	1,843	(1,843)
Member contributions	-	1,259	(1,259)
Net investment gains	-	5,615	(5,615)
Administrative expenses	-	(34)	34
Other	-	104	(104)
Net changes	5,874	7,274	(1,400)
Balances at August 31, 2025	\$ 59,719	\$ 62,034	\$ (2,315)

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	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/ Asset (a) - (b)
Balances at September 1, 2023	\$ 48,664	\$ 47,841	\$ 823
Changes for the year:			
Service cost	2,427	-	2,427
Interest	3,832	-	3,832
Effect of economic/demographic gains or losses	287	-	287
Benefit payment, including refunds of employee contributions	(1,365)	(1,365)	-
Employer contributions	-	1,751	(1,751)
Change in assumptions	-	-	-
Member contributions	-	1,190	(1,190)
Net investment loss	-	5,273	(5,273)
Administrative expenses	-	(28)	28
Other	-	98	(98)
Net changes	5,181	6,919	(1,738)
Balances at August 31, 2024	\$ 53,845	\$ 54,760	\$ (915)

Plan Fiduciary Net Position

The plan fiduciary net position reported above is the same as reported by the plan. Detailed information about the plan fiduciary net position is available in the plan's separately issued audited financial statements, which are reported using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Investments are reported at fair value, the price that would be recognized to sell an asset in an orderly transaction between market participants at the measurement date.

Pension expense and deferred outflows/inflows of resources related to pension

Pension expense:

For the years ended August 31, 2025 and 2024, the Employer GASB 68 pension expense and the components of the expense were as follows:

	2025	2024
Service cost	\$ 2,579	\$ 2,427
Interest	4,232	3,832
Member contributions	(1,259)	(1,190)
Amortization of differences between expected and actual experience	227	153
Amortization of changes of assumptions	505	505
Projected earnings on pension plan investments	(4,224)	(3,697)
Amortization of differences between projected and actual earnings	(520)	(699)
Pension plan administrative expenses	34	28
Other *	(104)	(98)
Total pension expense	<u>\$ 1,470</u>	<u>\$ 1,261</u>

* Relates to allocation of system-wide items.

BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024 (in thousands)

Deferred outflows and inflows of resources:

For the years ended August 31, 2025 and 2024, the BRA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

August 31, 2025	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 576	\$ 42
Change in assumption	13	-
Net difference between projected and actual earnings on pension plan investments	(481)	-
BRA's contributions subsequent to the measurement date *	1,350	-
Total	\$ 1,458	\$ 42

August 31, 2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 256	\$ 71
Change in assumption	519	-
Net difference between projected and actual earnings on pension plan investments	391	-
BRA's contributions subsequent to the measurement date *	1,216	-
Total	\$ 2,382	\$ 71

*For Fiscal Years ending August 31, 2025 and 2024, a total of \$1,350 and \$1,216 was contributed subsequent to the measurement date of the net pension liability, respectively. The amounts will be recognized as a reduction of the net pension liability in the subsequent fiscal period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31, 2025	
2026	\$ (61)
2027	11
2028	(579)
2029	(213)
Thereafter	-
Total	\$ (842)

BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024 (in thousands)

9. CONDUIT DEBT

The BRA has also entered into an inter-local agreement with a utility district (contracting party) for the issuance of tax-exempt debt for the benefit of the contracting party to provide for construction of sewerage treatment and water supply systems. The contracting party then makes payments to the BRA in amounts sufficient to service the debt. Those amounts are deposited and invested in accordance with the BRA’s adopted investment policy. The BRA has no liabilities for repayment of the bonds. The contracting party is liable for the repayments of the bonds and has pledged revenues from the project as security for the bondholders. The following is a schedule of the debt issued and outstanding for the contracting party:

Contracting Party	Date of Issue	Original Amount	Date of Maturity	Interest Rate	Balance at August 31, 2025	Balance at August 31, 2024
Jonah Water SUD	2007	\$ 3,170	2009-2028	4.0% to 4.5%	\$ 660	\$ 860
Jonah Water SUD	2008	\$ 2,630	2010-2029	3.0% to 5.0%	725	885
Jonah Water SUD	2012	\$ 5,090	2015-2032	3.0% to 5.0%	2,395	2,685
Total					\$ 3,780	\$ 4,430

10. RISK MANAGEMENT

The BRA is exposed to various risks of loss related to torts, theft of, damage to and destruction of *assets; errors and omissions, natural disasters, and job-related injuries or illnesses to employees* for which the BRA carries commercial insurance or participates in the Texas Municipal League Intergovernmental Risk Pool (Pool). These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded commercial liability in any of the past three years. There were no significant reductions in coverage compared to the prior year. The BRA’s relationship with the Pool parallels that with a commercial insurance company. The Pool has the responsibility to defend any suit seeking damages on account of any liability up to the applicable limits of the agreement. The BRA has the responsibility to notify the Pool of all potential claims and pay for any amounts up to the agreement’s deductible. The Schedule of Insurance can be found on Pages 128 to 129 of this report.

11. COMMITMENTS & CONTINGENCIES

Deferred Compensation Plans

The BRA offers its employees a Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The BRA’s Board of Directors has the authority to establish or amend this plan. The plan is available to all regular full-time and part-time BRA employees; the plan permits employees to defer a portion of their salary until future years. Participation in the plan is optional.

Investments are managed by the plan’s administrator under various participant-directed investment options. The choice of the investment option(s) is made by the participant. In accordance with GASB Statement 32, this plan is not reported because the assets are not held by the BRA in a trustee capacity or as an agent for the participant.

BRA’s 401(a) plan

In addition, the BRA also contributes to a 401(a) plan. All regular full-time and part-time employees who contribute to the 457 Deferred Compensation Plan are eligible for employer contributions to the 401(a) plan. The employer contribution is based on 50% of the

BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024 (in thousands)

employee’s 457 semi-monthly deferral (maximum employer contribution is 3% of the employee’s semi-monthly gross compensation). Employees are vested in the employer contribution and related investment earnings (losses) after completing five or more years of BRA service. Non-vested employer contributions are deposited into the Mass Mutual Sagic Diversified II Fund until vesting occurs. The balances in the non-vested account for the twelve months ended August 31, 2025 and August 31, 2024 were \$159 and \$123, respectively.

Other

The BRA has participated in a number of State and Federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as the result of these audits is not believed to be material.

The BRA is subject to various other claims and lawsuits which may arise in the ordinary course of business. After consulting with counsel representing the BRA in connection with such claims and lawsuits, it is the opinion of management that the disposition or ultimate determination of such claims and lawsuits will not have a material effect on the financial position of the BRA.

Construction Projects

The BRA has several construction contracts related to the capital improvement plan, approved by the Board of Directors. As of August 31, 2025, the BRA had approximately \$70,243 in open contract commitments, including change orders. The BRA has recorded construction in progress (CIP) related to these contracts totaling \$65,604. The following identifies some of those projects and selected details regarding the commitments.

Name	Construction In Progress at August 31, 2025	Total Project Budgeted Cost	Estimated Project Comp. Date
Lake Limestone Improvement Projects	\$ 23,728	\$ 83,949	2030+
DeCordova Bend Dam Low Flow Facility	7,058	7,885	2026
Lake Belton-Belhouse Drought Preparedness	2,800	106,919	2029
Lake Granbury Improvement Projects	3,003	3,871	2028
East Williamson Expansion Project	12,166	158,742	2028
Possum Kingdom Lake Improvement Projects	1,001	4,152	2026
Williamson County Raw Water Line Projects	1,568	61,396	2028
Allens Creek Reservoir	4,152	700,326	2030+
Central Office Environmental Services Building	9,898	13,592	2026
Risk-Based Capital Planning	230	1,915	2026
Total	\$ 65,604	\$1,142,747	

**BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024 (in thousands)**

12. BOARD DESIGNATED RESERVES

On April 25, 2005, the Board of Directors of the BRA approved and adopted a contingency reserves policy and incorporated such policy into Section 4.06, “Contingency Reserve” of the BRA Operations Policies Manual. Total Board Designated Reserves is the sum of Total Current Assets Unrestricted less the Total Current Liabilities Unrestricted on the Statement of Net Position.

The balances of those reserves at August 31, 2025 and 2024 are represented as follows:

	2025	2024
Working Capital Reserve	\$ 15,200	\$ 13,639
Contingency Reserve Fund	5,500	5,500
Self Insurance Fund	500	500
Rate Stabilization Reserve Fund	100,195	101,837
Total	<u>\$ 121,395</u>	<u>\$ 121,476</u>

13. RECENTLY ISSUED GASB STATEMENTS

Upcoming GASB Standards:

GASB has approved GASB Statement No. 103, *Financial Reporting Model Improvements*, Statement No. 104, *Disclosure of Certain Capital Assets*, and Statement No. 105, *Subsequent Events*. When they become effective, application of these standards may restate portions of these financial statements.

14. SUBSEQUENT EVENT DISCLOSURE

On November 25, 2025, the BRA finalized the purchase of a two-story office building located on Lake Shore Drive in Waco, Texas. The purchase price of the building was \$2,550,000. The BRA paid \$2,050,000 in cash and the balance of \$500,000 was paid as a contribution by Data Systems of Texas. Data Systems of Texas was the prior tenant of the office building, and the company’s lease terminated upon the purchase by the BRA. There was no debt issued for the purchase. The building will be used to expand the Central Office operations and growth.

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***Required
Supplemental Information***

RETIREMENT PLAN FOR EMPLOYEES OF BRAZOS RIVER AUTHORITY
(in thousands) (Unaudited)

**SCHEDULE OF CHANGES IN THE NET PENSION (ASSET)/LIABILITY AND
RELATED RATIOS LAST 10 YEARS**

	<u>8/31/2025</u>	<u>8/31/2024</u>	<u>8/31/2023</u>	<u>8/31/2022</u>
Measurement Date	2/28/2025	2/29/2024	2/28/2023	2/28/2022
Total pension liability				
Service cost	\$ 14	\$ 18	\$ 14	\$ 24
Interest	1,901	1,936	1,948	2,030
Differences between expected and actual experience	178	(187)	184	(777)
Change of assumptions	-	-	-	(201)
Benefit payment, including refunds of member contributions	(2,319)	(2,300)	(2,335)	(2,310)
Net change in total pension liability	<u>(226)</u>	<u>(533)</u>	<u>(189)</u>	<u>(1,234)</u>
Total pension liability --beginning	<u>30,387</u>	<u>30,920</u>	<u>31,109</u>	<u>32,343</u>
Total pension liability --ending (a)	<u>\$ 30,161</u>	<u>\$ 30,387</u>	<u>\$ 30,920</u>	<u>\$ 31,109</u>
Plan fiduciary net position				
Employer contributions	\$ 1,125	\$ 1,197	\$ 1,165	\$ 1,379
Net investment income	2,567	3,209	(1,407)	1,860
Benefit payment, including refunds of member contributions	(2,319)	(2,300)	(2,336)	(2,310)
Administrative expenses	(91)	(83)	(79)	(78)
Other	-	-	(7)	(8)
Net change in plan fiduciary net position	<u>1,282</u>	<u>2,023</u>	<u>(2,664)</u>	<u>843</u>
Plan fiduciary net position -- beginning	<u>23,773</u>	<u>21,750</u>	<u>24,414</u>	<u>23,571</u>
Plan fiduciary net position -- ending (b)	<u>\$ 25,055</u>	<u>\$ 23,773</u>	<u>\$ 21,750</u>	<u>\$ 24,414</u>
BRA's net pension liability -- (a) - (b)	<u>\$ 5,106</u>	<u>\$ 6,614</u>	<u>\$ 9,170</u>	<u>\$ 6,695</u>
Plan fiduciary net position as a percentage of the total pension liability	83.07%	78.23%	70.34%	78.48%
Covered payroll	\$ 6,265	\$ 6,203	\$ 5,990	\$ 6,103
Net pension liability as a percentage of covered payroll	81.50%	106.63%	153.09%	109.70%

Notes to schedule:

Changes in assumptions. Effective May 18, 2015, May 1, 2019, and in September 27, 2021 the Retirement Committee of the BRA voted and approved the change in the mortality table used in the actuary's assumptions.

<u>8/31/2021</u>	<u>8/31/2020</u>	<u>8/31/2019</u>	<u>8/31/2018</u>	<u>8/31/2017</u>	<u>8/31/2016</u>
2/28/2021	2/29/2020	2/28/2019	2/28/2018	2/28/2017	2/29/2016
\$ 35	\$ 46	\$ 66	\$ 76	\$ 106	\$ 127
2,006	2,068	1,956	1,934	1,892	1,902
617	(861)	(16)	550	689	228
-	-	1,939	-	-	(593)
<u>(2,250)</u>	<u>(2,148)</u>	<u>(2,260)</u>	<u>(2,137)</u>	<u>(1,892)</u>	<u>(1,713)</u>
408	(895)	1,685	423	795	(49)
31,935	32,830	31,145	30,722	29,927	29,976
<u>\$ 32,343</u>	<u>\$ 31,935</u>	<u>\$ 32,830</u>	<u>\$ 31,145</u>	<u>\$ 30,722</u>	<u>\$ 29,927</u>
\$ 1,391	\$ 1,425	\$ 1,138	\$ 1,018	\$ 911	\$ 827
4,049	1,414	676	1,256	2,972	(2,201)
(2,250)	(2,148)	(2,260)	(2,137)	(1,892)	(1,713)
(75)	(79)	(137)	(84)	(80)	(81)
(8)	-	-	(256)	-	-
<u>3,107</u>	<u>612</u>	<u>(583)</u>	<u>(203)</u>	<u>1,911</u>	<u>(3,168)</u>
20,464	19,852	20,435	20,638	18,727	21,895
<u>\$ 23,571</u>	<u>\$ 20,464</u>	<u>\$ 19,852</u>	<u>\$ 20,435</u>	<u>\$ 20,638</u>	<u>\$ 18,727</u>
<u>\$ 8,772</u>	<u>\$ 11,471</u>	<u>\$ 12,978</u>	<u>\$ 10,710</u>	<u>\$ 10,084</u>	<u>\$ 11,200</u>
72.88%	64.08%	60.47%	65.61%	67.18%	62.58%
\$ 6,604	\$ 7,130	\$ 7,026	\$ 7,405	\$ 7,674	\$ 7,990
132.83%	160.88%	184.71%	144.63%	131.40%	140.18%

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
(in thousands) (Unaudited)

**SCHEDULE OF CHANGES IN THE NET PENSION (ASSET)/LIABILITY AND RELATED RATIOS
LAST 10 YEARS**

	<u>8/31/2025</u>	<u>8/31/2024</u>	<u>8/31/2023</u>	<u>8/31/2022</u>
Measurement Date	12/31/2024	12/31/2023	12/31/2022	12/31/2021
Total pension liability				
Service cost	\$ 2,579	\$ 2,427	\$ 2,233	\$ 2,159
Interest	4,232	3,832	3,491	3,170
Effect of plan changes	-	-	-	-
Differences between expected and actual experience	576	287	(64)	(82)
Change of assumptions	-	-	-	69
Benefit payment, including refunds of member contributions	<u>(1,513)</u>	<u>(1,365)</u>	<u>(1,368)</u>	<u>(973)</u>
Net change in total pension liability	5,874	5,181	4,292	4,343
Total pension liability --beginning	<u>53,845</u>	<u>48,664</u>	<u>44,372</u>	<u>40,029</u>
Total pension liability --ending (a)	<u>\$ 59,719</u>	<u>\$ 53,845</u>	<u>\$ 48,664</u>	<u>\$ 44,372</u>
Plan fiduciary net position				
Employer contributions	\$ 1,843	\$ 1,751	\$ 1,694	\$ 1,268
Member contributions	1,259	1,190	1,091	1,005
Net investment income	5,615	5,273	(3,006)	8,748
Benefit payment, including refunds of member contributions	(1,513)	(1,365)	(1,368)	(973)
Administrative expenses	(34)	(28)	(28)	(27)
Other	<u>104</u>	<u>98</u>	<u>241</u>	<u>49</u>
Net change in plan fiduciary net position	7,274	6,919	(1,376)	10,070
Plan fiduciary net position -- beginning	<u>54,760</u>	<u>47,841</u>	<u>49,217</u>	<u>39,147</u>
Plan fiduciary net position -- ending (b)	<u>\$ 62,034</u>	<u>\$ 54,760</u>	<u>\$ 47,841</u>	<u>\$ 49,217</u>
BRA's net pension (asset) / liability -- (a) - (b)	<u>\$ (2,315)</u>	<u>\$ (915)</u>	<u>\$ 823</u>	<u>\$ (4,845)</u>
Plan fiduciary net position as a percentage of the total pension liability	103.88%	101.70%	98.31%	110.92%
Covered payroll	\$ 20,981	\$ 19,829	\$ 18,178	\$ 16,751
Net pension (asset) / liability as a percentage of covered payroll	-11.03%	-4.61%	4.53%	-28.92%

(1) Reflects new annuity purchase rates applicable to all TCDRS employers effective January 1, 2018

<u>8/31/2021</u>	<u>8/31/2020</u>	<u>8/31/2019</u>	<u>8/31/2018</u>	<u>8/31/2017</u>	<u>8/31/2016</u>
12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
\$ 1,903	\$ 1,840	\$ 1,829	\$ 1,841	\$ 1,921	\$ 1,682
2,834	2,517	2,227	1,958	1,640	1,511
-	-	-	-	-	(326) (1)
204	252	114	31	(153)	(1,320)
2,455	-	-	33	-	164
<u>(894)</u>	<u>(610)</u>	<u>(607)</u>	<u>(442)</u>	<u>(349)</u>	<u>(254)</u>
6,502	3,999	3,563	3,421	3,059	1,457
<u>33,527</u>	<u>29,528</u>	<u>25,965</u>	<u>22,544</u>	<u>19,485</u>	<u>18,028</u>
<u>\$ 40,029</u>	<u>\$ 33,527</u>	<u>\$ 29,528</u>	<u>\$ 25,965</u>	<u>\$ 22,544</u>	<u>\$ 19,485</u>
\$ 1,218	\$ 1,108	\$ 1,075	\$ 1,028	\$ 1,002	\$ 1,010
975	932	893	871	843	827
3,545	4,630	(494)	3,314	1,448	(418)
(894)	(610)	(607)	(442)	(349)	(254)
(29)	(26)	(22)	(18)	(16)	(13)
42	54	43	19	184	(24)
4,857	6,088	888	4,772	3,112	1,128
<u>34,290</u>	<u>28,202</u>	<u>27,314</u>	<u>22,542</u>	<u>19,430</u>	<u>18,302</u>
<u>\$ 39,147</u>	<u>\$ 34,290</u>	<u>\$ 28,202</u>	<u>\$ 27,314</u>	<u>\$ 22,542</u>	<u>\$ 19,430</u>
<u>\$ 882</u>	<u>\$ (763)</u>	<u>\$ 1,326</u>	<u>\$ (1,349)</u>	<u>\$ 2</u>	<u>\$ 55</u>
97.80%	102.28%	95.51%	105.20%	99.99%	99.72%
\$ 16,247	\$ 15,539	\$ 14,873	\$ 14,524	\$ 14,049	\$ 13,783
5.43%	-4.91%	8.92%	-9.29%	0.01%	0.40%

**Retirement Plan for Employees of
Brazos River Authority**

**SCHEDULE OF BRA'S CONTRIBUTIONS
Last Ten Years (Unaudited)**

Year Ended August 31	Actuarially determined contribution (a)	Contributions in relation to the actuarially determined contribution (b)	Contribution deficiency (excess) (b-a)	Covered payroll	Contributions as a percentage of covered payroll
2025	\$1,124,997	\$1,124,997	-	\$6,318,618	17.80%
2024	\$1,197,007	\$1,197,007	-	\$6,160,709	19.43%
2023	\$1,164,997	\$1,164,997	-	\$5,989,876	19.45%
2022	\$1,377,143	\$1,379,022	(1,879)	\$5,997,939	22.99%
2021	\$1,390,930	\$1,390,930	-	\$6,248,217	22.26%
2020	\$1,425,166	\$1,425,166	-	\$7,013,273	20.32%
2019	\$1,137,903	\$1,137,903	-	\$7,031,535	16.18%
2018	\$1,018,208	\$1,018,208	-	\$7,255,347	14.03%
2017	\$911,424	\$911,424	-	\$7,412,926	12.30%
2016	\$826,368	\$826,368	-	\$7,887,499	10.48%

**Texas County and District Retirement System
Brazos River Authority**

**SCHEDULE OF BRA'S CONTRIBUTIONS
Last Ten Years (Unaudited)**

Year Ended August 31	Actuarially determined contribution (a)	Contributions in relation to the actuarially determined contribution (b)	Contribution deficiency (excess) (b-a)	Covered payroll	Contributions as a percentage of covered payroll
2025	\$1,975,826	\$1,975,826	-	\$22,451,368	8.80%
2024	\$1,823,122	\$1,823,122	-	\$20,725,359	8.80%
2023	\$1,739,548	\$1,739,548	-	\$19,346,102	8.99%
2022	\$1,533,032	\$1,533,032	-	\$17,525,268	8.75%
2021	\$1,238,772	\$1,238,772	-	\$16,414,120	7.55%
2020	\$1,191,350	\$1,191,350	-	\$16,145,852	7.38%
2019	\$1,087,874	\$1,087,874	-	\$15,187,265	7.16%
2018	\$1,061,610	\$1,061,610	-	\$14,785,789	7.18%
2017	\$1,014,973	\$1,014,973	-	\$14,302,486	7.10%
2016	\$1,004,040	\$1,004,040	-	\$13,952,415	7.20%

**Retirement Plan for Employees of
Brazos River Authority**

**SCHEDULE OF INVESTMENT RETURNS
Last Ten Years (Unaudited)**

Fiscal Year Ended	Annual Money- Weighted Rate of Return, Net of Investment Expenses
February 28, 2025	11.10%
February 29, 2024	14.75%
February 28, 2023	-6.33%
February 28, 2022	8.10%
February 28, 2021	20.37%
February 29, 2020	7.30%
February 28, 2019	3.44%
February 28, 2018	6.05%
February 28, 2017	15.83%
February 29, 2016	-10.70%

The money-weighted average rate of return expresses investment performance, net of investment expenses, reflecting the estimated effect of the contributions received and the benefits paid during the year.

Notes to Schedule of Employer Contributions and Net Pension Liability

NOTE A – DESCRIPTION OF CHANGES IN THE BRA’S NET PENSION LIABILITY FOR THE RETIREMENT PLAN FOR EMPLOYEES OF BRAZOS RIVER AUTHORITY

The comparability of trend information is affected by changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies and other changes. Those changes usually affect trends in contribution requirements and in ratios that use the total pension liability as a factor. Isolated analysis of the dollar amounts of actuarial value of assets, total pension liability, and net pension liability can be misleading. The plan fiduciary net position as a percentage of the total pension liability provides an indication of the Plan’s funding status on a going-concern basis. Analysis of this percentage over time indicates whether the Plan is becoming financially stronger or weaker. Generally, the greater the percentage, the stronger the public employee retirement system.

Additional information as of the two most recent actuarial valuation dates as of March 1, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Actuarial cost method	Entry age method	Entry age method
Amortization method	closed 20-year period	closed 20-year period
Payroll growth rate for amortization	N/A	N/A
Remaining amortization period	N/A	N/A
Asset valuation method (Fair value)	gains and losses smoothed over a 5- year period	gains and losses smoothed over a 5- year period
Actuarial Assumptions:		
Investment rate of return	6.5%*	6.5%*
Projected salary increases	N/A**	N/A**
Cost-of-living adjustments	N/A**	N/A**
* Includes inflation at	2.5%	2.5%

** Not applicable due to the amendment to freeze the Plan in 2007

Effective with the March 1, 2022 report, the actuarial assumption for termination rates was updated from the SarasonT-7 table to the 2003 Society of Actuaries Pension Plan Turnover Study table for small pension plans, and the mortality improvement scale was updated from MP-2018 to MP-2021.

Notes to Schedule of Employer Contributions and Net Pension Liability

NOTE B – DESCRIPTION OF CHANGES IN THE BRA’S NET PENSION LIABILITY FOR THE TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

Actuarial Methods and Assumptions Used

Following are the key assumptions and methods used in these schedules:

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry age actuarial cost method, level percent of payroll
Amortization Method	
Recognition of economic/ demographic gains and losses	Straight-line amortization over expected working life
Recognition of assumption changes or inputs	Straight-line amortization over expected working life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.5%
Salary Increases	3.00% (made up of 2.50% inflation and .05% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.7% per year for a career employee.
Investment Rate of Return	7.6% (2)
Cost-of-Living Adjustments	Cost-of-living adjustments for BRA are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments are included in the GASB calculations. No assumption for future cost-of-living adjustments are included in the funding valuation.

Note to schedule:

- (1) Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation.
- (2) Return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 7.6%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.5%, net of all expenses, increased by 0.1% to be gross of administrative expenses.

**BRAZOS RIVER AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
AUGUST 31, 2025 AND 2024**

Notes to Schedule of Employer Contributions and Net Pension Liability

**NOTE B – DESCRIPTION OF CHANGES IN THE BRA’S NET PENSION (ASSETS)/LIABILITY
FOR THE TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM (Continued)**

Demographic Assumptions

<u>Age</u>	Retirement age Annual Rates of Service Retirement *				
	<u>Active Svc < 15</u>	<u>Active Svc 15-24</u>	<u>Active Svc 25-29</u>	<u>Active Svc 30+</u>	<u>Deferred All Svc</u>
40-49	5.3%	6.3%	7.7%	8.8%	0.0%
50	5.6	6.8	8.3	9.4	0.0
51	5.6	6.8	8.3	9.4	0.0
52	6.0	7.2	8.8	10.0	0.0
53	6.0	7.2	8.8	10.0	0.0
54	6.8	8.1	9.9	11.3	0.0
55	6.8	8.1	9.9	11.3	0.0
56	6.8	8.1	9.9	11.3	0.0
57	7.5	9.0	11.0	12.5	0.0
58	7.5	9.0	11.0	12.5	0.0
59	7.5	9.0	11.0	12.5	0.0
60	9.0	10.8	13.2	15.0	12.0
61	9.0	10.8	13.2	15.0	12.0
62	13.5	16.2	19.8	22.5	18.0
63	11.3	13.5	16.5	18.8	15.0
64	11.3	13.5	16.5	18.8	15.0
65	22.5	22.5	27.5	27.5	25.0
66	22.5	22.5	27.5	27.5	25.0
67	21.6	21.6	26.4	26.4	24.0
68	18.9	18.9	23.1	23.1	21.0
69	18.9	18.9	23.1	23.1	21.0
70	20.7	20.7	25.3	25.3	23.0
71	20.7	20.7	25.3	25.3	23.0
72	20.7	20.7	25.3	25.3	23.0
73	20.7	20.7	25.3	25.3	23.0
74	20.7	20.7	25.3	25.3	23.0
75& Above	100.0	100.0	100.0	100.0	100.0

* For all eligible members ages 75 and later, retirement is assumed to occur immediately.

Other Terminations of Employment - The rate of assumed future termination from active participation in the plan for reasons other than death, disability or retirement vary by length of service, entry - age group (age at hire), and sex. No termination after eligibility for retirement is assumed.

**BRAZOS RIVER AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
AUGUST 31, 2025 AND 2024**

Notes to Schedule of Employer Contributions and Net Pension Liability

**NOTE B – DESCRIPTION OF CHANGES IN THE BRA’S NET PENSION (ASSETS)/LIABILITY
FOR THE TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM (Continued)**

Withdrawals - Members who terminate may either elect to leave their account with TCDRS or withdraw their funds. The probability that a member elects a withdrawal varies by length of service and vesting schedule. Rates applied to the BRA’s plan are shown in the table below. For non-depositing members who are not vested, 100% are assumed to elect a withdrawal.

Probability of Withdrawal*

Years of Service	Probability	Years of Service	Probability
0-1	100%	16	25
2	100	17	24
3	100	18	23
4	100	19	22
5	100	20	21
6	100	21	20
7	100	22	19
8	34	23	19
9	33	24	18
10	32	25	18
11	31	26	17
12	30	27	17
13	29	28	16
14	27	29	16
15	26		

*Members with more than 29 years of service are not assumed to refund and the probability is 16%.

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Supplemental Information

**BRAZOS RIVER AUTHORITY
SUPPLEMENTAL INFORMATION
COMPARISON OF BUDGETED REVENUES AND EXPENSES TO ACTUAL
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED AUGUST 31, 2025 (in thousands)**

	2025 Budget Unaudited	2025 Actual	Variance	
OPERATING REVENUES:				
Water Supply System:				
Raw water sales	\$ 56,436	\$ 58,738	\$ 2,302	1
Treated water	9,532	10,377	845	
Wastewater treatment	5,134	4,331	(803)	
Lake operations	555	558	3	
Other	693	1,011	318	
Cost Reimbursable Operations:				
Water conveyance	5,651	4,844	(807)	
Water treatment	3,084	2,089	(995)	
Wastewater treatment	9,450	7,581	(1,869)	2
TOTAL OPERATING REVENUES	<u>90,535</u>	<u>89,529</u>	<u>(1,006)</u>	
OPERATING EXPENSES:				
Personnel services	34,306	29,837	4,469	3
Materials and supplies	5,094	3,659	1,435	
Utilities	4,201	3,108	1,093	
Depreciation and amortization	-	9,145	(9,145)	4
Outside services	14,678	14,764	(86)	5
Repair and maintenance	4,404	3,834	570	
Landfill & sludge hauling	2,265	1,696	569	
Purchased water	2,993	2,548	445	
Other	9,577	3,295	6,282	6
TOTAL OPERATING EXPENSES	<u>77,518</u>	<u>71,886</u>	<u>5,632</u>	
NON-OPERATING REVENUES (EXPENSES):				
Investment income	4,936	8,685	3,749	7
Grants	1,835	2,253	418	
Interest expense	(2,817)	(2,465)	352	
Other expenses	-	(26)	(26)	
Gain/(loss) on sale of capital assets	-	117	117	
Capital Contributions	5,042	743	(4,299)	
Debt service - principal	(6,132)	-	6,132	8
TOTAL NET NON-OPERATING REVENUES	<u>2,864</u>	<u>9,307</u>	<u>6,443</u>	
CHANGE IN NET POSITION	<u>\$ 15,881</u>	<u>\$ 26,950</u>	<u>\$ 11,069</u>	

1 Interruptible Water Sales are not included in the budget

2 Delay in completing capital projects at wastewater plants due to a number of factors, including supply chain issues

3 Lag salaries in nearly all departments and lower than anticipated benefits costs

4 Depreciation and amortization are not budgeted expenditures

5 Delays in spending on several grant projects and lower than anticipated Corps of Engineers O&M billings

6 Capital Outlay items are not GAAP expenditures

7 Investment Income was higher due to higher than expected interest rates on deposits

8 Debt service principal payments are not GAAP expenditures



Statistical Section

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**BRAZOS RIVER AUTHORITY
STATISTICAL SECTION**

This part of the BRA's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the Management's Discussion and Analysis, financial statements and note disclosures says about the BRA's overall financial health.

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain information to assist the reader in obtaining a better understanding of how the BRA's financial performance and well-being have changed over	107-109
Revenue Capacity These schedules contain information to assist the reader in obtaining a better understanding of the BRA's significant revenue sources, water sales and cost reimbursable operations.	110-114
Debt Capacity These schedules present information to help the reader assess the affordability of the BRA's current levels of outstanding debt, the BRA's ability to issue additional debt in the future, and to provide information to comply with the continuing disclosure requirements of	115-118
Demographic and Economic information These schedules offer demographic and economic indicators to help the reader understand the environment within which the BRA operates and the geographic regions the BRA manages, each with distinctive climate, topography and water needs.	119-125
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the BRA's financial report relates to the services the BRA provides and the activities it performs.	126-130

Sources: Unless otherwise noted, the information in these schedules are derived from the Annual Comprehensive Financial Reports for the relevant year.

BRAZOS RIVER AUTHORITY
CHANGES IN NET POSITION (in thousands)
LAST TEN FISCAL YEARS (unaudited)
(accrual basis of accounting)

	FISCAL YEAR			
	2025	2024	2023	restated 2022
OPERATING REVENUES:				
Water Supply System:				
Raw water	\$ 58,738	\$ 55,158	\$ 49,776	\$ 52,382
Treated water	10,377	7,410	6,304	5,419
Wastewater treatment	4,331	4,725	3,986	3,841
Lake operations	558	567	601	538
Grants	-	-	-	-
Other	1,011	1,112	1,006	979
Cost Reimbursable Operations:				
Water conveyance	4,844	5,513	5,279	5,763
Water treatment	2,089	2,419	2,669	2,226
Wastewater treatment	7,581	8,413	6,480	5,877
TOTAL OPERATING REVENUES	89,529	85,317	76,101	77,025
OPERATING EXPENSES:				
Personnel services	29,837	27,519	26,088	21,686
Materials and supplies	3,659	3,857	3,737	2,948
Utilities	3,108	3,159	3,852	4,894
Depreciation and amortization	9,145	9,218	9,618	9,294
Outside services	14,764	10,686	10,180	10,785
Repair and maintenance	3,834	3,755	3,028	3,473
Landfill and sludge hauling	1,696	2,032	1,536	1,706
Purchased water	2,548	2,487	2,521	2,414
Other	3,295	4,824	3,562	3,205
TOTAL OPERATING EXPENSES	71,886	67,537	64,122	60,405
OPERATING INCOME	17,643	17,780	11,979	16,620
NON-OPERATING REVENUES (EXPENSES):				
Investment income	8,685	8,937	4,315	636
Grants	2,253	881	1,471	1,623
Interest expense	(2,465)	(2,819)	(1,555)	(1,767)
Other expenses	(26)	(382)	(244)	(15)
Gain/(Loss) on sale of capital assets (a),(b)	117	168	433	233
TOTAL NET NON-OPERATING REVENUES (EXPENSES)	8,564	6,785	4,420	710
INCOME (LOSS) BEFORE CONTRIBUTIONS & SPECIAL ITEMS:	26,207	24,565	16,399	17,330
CAPITAL CONTRIBUTIONS	743	-	1,333	-
CHANGE IN NET POSITION	\$ 26,950	\$ 24,565	\$ 17,732	\$ 17,330

a During Fiscal Year 2016, BRA sold the West Central Brazos Water Distribution System to the West Central Texas Municipal Water District. In addition, the BRA sold the remaining PK residential and commercial leased properties held in the FERC project area.

b During Fiscal Year 2018, as a result of successful negotiations with the City of Graham, the BRA sold the Flood Control Project to the City of Graham.

restated						
2021	2020	2019	2018	2017	2016	
\$ 48,125	\$ 49,468	\$ 41,629	\$ 40,285	\$ 39,074	\$ 35,209	
5,213	4,168	3,028	3,071	2,862	2,388	
3,589	4,019	3,447	2,123	2,119	2,108	
568	487	529	590	523	663	
-	-	-	-	1,055	644	
838	923	820	1,145	1,044	997	
4,343	3,070	3,107	3,828	2,794	2,394	
2,115	2,177	1,528	1,277	1,208	1,232	
5,399	4,953	5,937	9,986	9,285	8,982	
<u>70,190</u>	<u>69,265</u>	<u>60,025</u>	<u>62,305</u>	<u>59,964</u>	<u>54,617</u>	
21,252	22,674	22,808	21,120	20,346	19,881	
2,576	2,383	2,340	2,334	2,198	2,130	
3,429	2,667	1,951	3,479	2,589	2,606	
9,146	8,965	8,768	8,657	8,362	8,279	
8,836	9,970	7,564	6,105	5,489	4,610	
2,769	3,279	2,760	2,372	2,198	2,207	
1,757	1,951	1,229	2,579	2,366	2,561	
2,287	2,279	2,272	2,271	2,267	2,423	
2,449	2,333	2,939	2,724	2,112	2,100	
<u>54,501</u>	<u>56,501</u>	<u>52,631</u>	<u>51,641</u>	<u>47,927</u>	<u>46,797</u>	
<u>15,689</u>	<u>12,764</u>	<u>7,394</u>	<u>10,664</u>	<u>12,037</u>	<u>7,820</u>	
929	2,529	3,114	1,830	975	660	
1,021	1,251	904	1,083			
(2,432)	(3,429)	(3,842)	(3,945)	(4,020)	(4,167)	
(238)	(220)	(126)	(15)	(153)	(371)	
(163)	20	(21)	(6,469)	65	10,272	
<u>(883)</u>	<u>151</u>	<u>29</u>	<u>(7,516)</u>	<u>(3,133)</u>	<u>6,394</u>	
14,806	12,915	7,423	3,148	8,904	14,214	
	-	500	-	-	415	
<u>\$ 14,806</u>	<u>\$ 12,915</u>	<u>\$ 7,923</u>	<u>\$ 3,148</u>	<u>\$ 8,904</u>	<u>\$ 14,629</u>	

BRAZOS RIVER AUTHORITY
NET POSITION BY COMPONENTS (in thousands)
LAST TEN FISCAL YEARS (unaudited)
(accrual basis of accounting)

Fiscal Year	Net Invested in Capital Assets	Restricted For Construction and Debt Service	Restricted for Pension Assets	Unrestricted	Total Net Position
8/31/2016	a \$ 189,894	\$ 8,697	\$ -	\$ 63,345	\$ 261,936
8/31/2017	\$ 191,280	\$ 7,667	\$ -	\$ 71,893	\$ 270,840
8/31/2018	\$ 183,910	\$ 7,856	\$ 1,349	\$ 80,873	\$ 273,988
8/31/2019	\$ 186,540	\$ 7,524	\$ -	\$ 87,847	\$ 281,911
8/31/2020	\$ 184,113	\$ 8,444	\$ 763	\$ 101,506	\$ 294,826
8/31/2021	\$ 184,238	\$ 8,505	\$ -	\$ 116,889	\$ 309,632
8/31/2022	b \$ 257,417	\$ 8,644	\$ 4,845	\$ 56,056	\$ 326,962
8/31/2023	c \$ 225,000	\$ 8,509	\$ -	\$ 111,185	\$ 344,694
8/31/2024	\$ 233,305	\$ 12,150	\$ 915	\$ 122,889	\$ 369,259
8/31/2025	\$ 259,613	\$ 15,510	\$ 2,315	\$ 118,771	\$ 396,209

a During Fiscal Year 2016, the BRA sold the remaining PK residential and commercial leased properties held in the FERC project area. The successful sale and disposition of the legislatively mandated properties was completed in March, of 2016 resulting in additional revenue of \$10,179 from the sale. In addition to the sale of leased properties, the BRA sold the West Central Brazos Water Distribution System to the West Central Texas Municipal Water District for \$1,200, in January of 2016.

b During Fiscal Year 2022, the BRA finalized the purchase of the City of Houston's 70% share of the Allens Creek Reservoir Project where the City agreed to grant, sell, transfer and convey to the BRA all of the City's rights and interest in any documents, reports and other personal property applicable to the water use permit, the project, the water yield and the reservoir site. The BRA invested over \$70,000 to finalize the complete purchase of the Project.

c During Fiscal Year 2023, the BRA entered into an agreement for \$46,000 to reimburse itself for the funds used in Fiscal Year 2022 to purchase the City of Houston's 70% share of the Allens Creek Reservoir Project. Under Federal tax law, an entity can reimburse itself, from tax-exempt debt proceeds, but must be within 18 months from the expenditure date. The BRA was approved for reimbursement treatment for financing with the TWDB. A short-term financing agreement with PNC Bank was needed to bridge the gap between the expenditure reimbursement date requirement and the BRA's closing date with the TWDB.

**BRAZOS RIVER AUTHORITY
BUDGETED LONG TERM WATER SUPPLY REVENUES BY CONTRACT TYPE
LAST TEN FISCAL YEARS (unaudited)**

Year	System Rate			Agriculture			Two-Tier			Other Fixed			Colorado Basin Water			Utilities			Total	
	Acre Feet	Avg Price	Avg Price	Acre Feet	Avg Price	Avg Price	Acre Feet	Avg Price	Avg Price	Acre Feet	Avg Price	Avg Price	Acre Feet	Avg Price	Avg Price	Acre Feet	Avg Price	Avg Price	Acre Feet	Avg Price
2016	320,785	70.50	70.50	10,285	49.35	49.35	98,999	17.32	17.32	33,778	18.87	18.87	25,000	88.61	88.61	25,000	180,447	a	12.61	669,294
2017	371,422	72.00	72.00	10,285	50.40	50.40	98,999	17.25	17.25	33,778	18.96	18.96	25,000	79.72	79.72	25,000	97,000	b	18.58	636,484
2018	364,572	74.00	74.00	10,285	51.80	51.80	98,999	17.37	17.37	33,778	19.02	19.02	21,528	77.95	77.95	21,528	97,000		18.84	626,162
2019	371,712	76.50	76.50	10,285	53.55	53.55	98,999	17.54	17.54	33,778	19.06	19.06	21,528	83.33	83.33	21,528	97,000		19.28	633,302
2020	467,974	79.00	79.00	12,385	55.30	55.30	98,999	17.89	17.89	21,336	23.71	23.71	21,528	83.33	83.33	21,528	97,000		19.28	719,222
2021	469,300	79.00	79.00	12,106	55.30	55.30	98,999	17.98	17.98	23,530	19.42	19.42	23,328	81.19	81.19	23,328	97,000		19.28	724,263
2022	483,285	83.00	83.00	12,031	58.10	58.10	98,999	18.15	18.15	9,505	24.89	24.89	23,328	84.38	84.38	23,328	97,000		19.28	724,148
2023	477,494	88.00	88.00	11,911	61.60	61.60	98,999	18.69	18.69	9,231	25.78	25.78	23,328	84.38	84.38	23,328	97,000		19.28	717,963
2024	477,643	93.50	93.50	11,911	65.45	65.45	98,999	19.55	19.55	8,957	26.88	26.88	24,700	85.07	85.07	24,700	97,000		21.70	719,210
2025	481,740	99.50	99.50	15,661	69.65	69.65	98,999	19.54	19.54	8,683	19.76	19.76	24,700	103.83	103.83	24,700	97,000		21.70	726,783 e

Source: Brazos River Authority Annual Operating Plan.

- a - Twenty-five thousand acre-feet, consisting of a Utility Contract, expired and was contracted under a System Rate contract.
- b - Eighty-three thousand acre-feet, consisting of a Utility Contract, expired and a portion was contracted under a System Rate contract.
- c - After over 15 years of diligent efforts, the System Operations Permit was approved, making available approximately 100,000 acre-feet of water available for sale.
- d - Fourteen-thousand acre-feet of Other Fixed water contracts expired and was contracted under System Rate contracts.
- e - The billed volume is 726,783 acre-feet for long-term water supply contracts, which includes a few special commitments and retail customers. Total currently committed across all long-term water supply contracts is 750,938

Information provided to comply with continuing disclosure requirements of SEC Rule 15c2-12

	FY 2025	
	Current Commitments to Long-Term Contracts	Long-Term Water Available for New Contracts
Aquilla River System (Lake Aquilla)	11,403	-
Little River System (Lakes Proctor, Belton, Stillhouse Hollow, Georgetown, Granger)	251,143	-
Other System (Lakes Possum Kingdom, Granbury, Whitney, Limestone, Somerville)	488,392	-
Total Acre-Feet	750,938	-

BRAZOS RIVER AUTHORITY
MAJOR CUSTOMERS
ALL OPERATIONS
LAST TEN FISCAL YEARS (unaudited) (in thousands)

Fiscal Year 2025		
Customer	Revenues	% of Total Operating Revenues
Gulf Coast Water Authority	\$ 8,462	9.45
City of Georgetown	8,126	9.08
TXU / Luminant Generation Co.	7,131	7.97
City of Round Rock	6,787	7.58
City of Sugar Land	6,000	6.70
Jonah Water S. U. D.	5,679	6.34
City of Temple	5,041	5.63
NRG Texas Power, LLC	4,433	4.95
City of Taylor	3,797	4.24
City of Leander	3,202	3.58
	\$ 58,658	65.52

Fiscal Year 2024		
Customer	Revenues	% of Total Operating Revenues
City of Georgetown	\$ 8,717	10.22
Gulf Coast Water Authority	7,672	8.99
City of Round Rock	7,018	8.23
TXU / Luminant Generation Co.	6,703	7.86
City of Sugar Land	6,284	7.37
City of Temple	4,789	5.61
NRG Texas Power, LLC	4,256	4.99
Jonah Water S. U. D.	3,979	4.66
Dow Chemical Company	3,199	3.75
City of Taylor	3,052	3.58
	\$ 55,669	65.26

Fiscal Year 2023		
Customer	Revenues	% of Total Operating Revenues
City of Georgetown	\$ 8,119	10.67
Gulf Coast Water Authority	7,289	9.58
City of Round Rock	6,814	8.95
TXU / Luminant Generation Co.	6,314	8.30
City of Sugar Land	5,110	6.71
City of Round Rock	4,672	6.14
NRG Texas Power, LLC	4,060	5.34
Jonah Water S. U. D.	3,379	4.44
City of Leander	2,731	3.59
City of Taylor	2,721	3.58
	\$ 51,209	67.30

Fiscal Year 2022		
Customer	Revenues	% of Total Operating Revenues
Gulf Coast Water Authority	\$ 7,335	9.52
City of Georgetown	6,884	8.94
TXU / Luminant Generation Co.	5,948	7.72
City of Sugar Land	5,652	7.34
City of Round Rock	5,600	7.27
Dow Chemical Company	4,564	5.92
City of Temple	4,369	5.67
NRG Texas Power, LLC.	3,497	4.54
Jonah Water S. U. D.	3,379	4.39
City of Leander	3,056	3.97
	\$ 50,284	65.28

Fiscal Year 2021		
Customer	Revenues	% of Total Operating Revenues
Gulf Coast Water Authority	\$ 7,120	10.14
TXU / Luminant Generation Co.	5,684	8.10
City of Georgetown	5,484	7.81
City of Round Rock	5,480	7.81
City of Sugar Land	5,143	7.33
City of Temple	4,729	6.74
Dow Chemical Company	3,386	4.82
Jonah Water S. U. D.	3,261	4.65
City of Leander	2,821	4.02
City of Hutto	2,355	3.35
	\$ 45,463	64.77

Fiscal Year 2020		
Customer	Revenues	% of Total Operating Revenues
Gulf Coast Water Authority	\$ 7,038	10.16
City of Georgetown	5,947	8.59
City of Round Rock	5,782	8.35
TXU / Luminant Generation Co.	5,509	7.95
City of Sugar Land	4,346	6.28
Dow Chemical Company	4,310	6.22
City of Temple	3,660	5.28
Jonah Water S. U. D.	2,858	4.13
Bell County Water C.I.D. #1	2,127	3.07
City of Taylor	1,998	2.88
	\$ 43,575	62.91

Fiscal Year 2019		
Customer	Revenues	% of Total Operating Revenues
City of Georgetown	\$ 5,919	9.71
TXU / Luminant Generation Co.	5,495	9.02
City of Round Rock	5,466	8.97
Gulf Coast Water Authority	5,012	8.23
City of Sugar Land	3,891	6.39
NRG Texas Power, LLC	3,611	5.93
Dow Chemical Company	2,943	4.83
City of Temple	2,691	4.42
Jonah Water S.U.D.	2,226	3.65
Bell County Water C.I.D. #1	2,088	3.43
	\$39,342	64.58

Fiscal Year 2018		
Customer	Revenues	% of Total Operating Revenues
City of Round Rock	\$ 8,463	13.35
TXU / Luminant Generation Co.	5,956	9.40
City of Georgetown	5,602	8.84
Gulf Coast Water Authority	5,357	8.45
NRG Texas Power, LLC	4,001	6.31
Dow Chemical Company	2,950	4.65
City of Temple	2,886	4.55
City of Sugar Land	2,628	4.15
Jonah Water S. U. D.	2,282	3.60
Bell County Water C.I.D. #1	2,045	3.23
	\$ 42,170	66.53

Fiscal Year 2017		
Customer	Revenues	% of Total Operating Revenues
City of Round Rock	\$ 8,496	14.17
City of Georgetown	5,561	9.27
Gulf Coast Water Authority	5,163	8.61
NRG Texas Power, LLC.	5,145	8.58
City of Temple	3,066	5.11
Dow Chemical Company	2,985	4.98
City of Sugar Land	2,960	4.94
Luminant (TXU/Oakgrove)	2,908	4.85
Bell County Water C.I.D. #1	2,615	4.36
Jonah Water S.U.D.	2,076	3.46
	\$40,975	68.33

Fiscal Year 2016		
Customer	Revenues	% of Total Operating Revenues
City of Round Rock	\$ 9,303	16.94
City of Georgetown	5,333	9.71
Gulf Coast Water Authority	4,929	8.97
NRG Texas Power, LLC.	3,375	6.14
City of Temple	3,114	5.67
Dow Chemical Company	2,845	5.18
City of Sugar Land	2,529	4.60
Luminant (TXU/Oakgrove)	2,216	4.03
Bell County Water C.I.D. #1	1,981	3.61
Jonah Water S.U.D.	1,612	2.94
	\$ 37,237	67.79

Information provided to comply with continuing disclosure requirements of SEC Rule 15c2-12
Source: Brazos River Authority Billing System

**BRAZOS RIVER AUTHORITY
MAJOR CUSTOMERS
WATER SUPPLY SYSTEM
LAST TEN FISCAL YEARS (unaudited) (in thousands)**

Fiscal Year 2025		
Customer	Revenues	% of Total WSS Revenues
Gulf Coast Water Authority	\$ 8,462	9.91
TXU / Luminant Generation Co.	7,131	8.35
City of Sugar Land	6,000	7.03
Jonah Water S. U. D.	4,917	5.76
City of Round Rock	4,661	5.46
NRG Texas Power, LLC	4,433	5.19
City of Taylor	3,797	4.45
City of Georgetown	3,567	4.18
Dow Chemical Company	2,885	3.38
Bell County Water C.I.D. #1	2,519	2.95
	\$ 48,372	56.64

Fiscal Year 2024		
Customer	Revenues	% of Total WSS Revenues
Gulf Coast Water Authority	\$ 7,672	9.84
TXU / Luminant Generation Co.	6,703	8.60
City of Sugar Land	6,284	8.06
City of Round Rock	4,269	5.48
NRG Texas Power, LLC	4,256	5.46
City of Georgetown	3,363	4.31
Jonah Water S. U. D.	3,217	4.13
Dow Chemical Company	3,199	4.10
City of Taylor	3,052	3.92
Bell County Water C.I.D. #1	2,424	3.11
	\$ 44,439	57.01

Fiscal Year 2023		
Customer	Revenues	% of Total WSS Revenues
Gulf Coast Water Authority	\$ 7,289	10.88
TXU / Luminant Generation Co.	6,314	9.43
City of Sugar Land	5,110	7.63
City of Round Rock	4,107	6.13
NRG Texas Power LLC	4,060	6.06
City of Georgetown	3,186	4.76
City of Taylor	2,721	4.06
Jonah Water SUD	2,573	3.84
Bell County Water C.I.D. #1	2,332	3.48
Dow Chemical Company	1,851	2.76
	\$ 39,543	59.05

Fiscal Year 2022		
Customer	Revenues	% of Total WSS Revenues
Gulf Coast Water Authority	\$ 7,335	11.68
TXU / Luminant Generation Co.	5,948	9.47
City of Sugar Land	5,353	8.52
City of Round Rock	4,563	7.26
NRG Texas Power LLC	3,951	6.29
Dow Chemical Company	3,497	5.57
Jonah Water SUD	3,379	5.38
City of Georgetown	3,025	4.81
City of Taylor	2,316	3.69
Bell County Water C.I.D. #1	2,251	3.58
	\$ 41,618	66.25

Fiscal Year 2021		
Customer	Revenues	% of Total WSS Revenues
Gulf Coast Water Authority	\$ 7,120	12.28
TXU / Luminant Generation Co.	5,684	9.80
City of Sugar Land	5,143	8.87
City of Round Rock	3,928	6.78
NRG Texas Power LLC	3,424	5.91
Dow Chemical Company	3,386	5.84
Jonah Water SUD	3,261	5.62
City of Georgetown	2,911	5.02
City of Taylor	2,333	4.02
Bell County Water C.I.D. #1	2,162	3.73
	\$ 39,352	67.87

Fiscal Year 2020		
Customer	Revenues	% of Total WSS Revenues
Gulf Coast Water Authority	\$ 7,038	11.98
TXU / Luminant Generation Co.	5,509	9.37
City of Sugar Land	4,346	7.40
Dow Chemical Company	4,310	7.33
City of Round Rock	3,606	6.13
Jonah Water SUD	2,858	4.86
City of Georgetown	2,788	4.74
Bell County Water C.I.D. #1	2,127	3.62
City of Taylor	1,998	3.40
NRG Texas Power LLC	1,948	3.31
	\$ 36,528	62.14

Fiscal Year 2019			Fiscal Year 2018		
Customer	Revenues	% of Total WSS Revenues	Customer	Revenues	% of Total WSS Revenues
TXU / Luminant Generation Co.	\$ 5,495	10.91	TXU / Luminant Generation Co.	\$ 5,956	12.46
Gulf Coast Water Authority	5,012	9.95	Gulf Coast Water Authority	5,357	11.20
City of Sugar Land	3,891	7.73	NRG Texas Power, LLC	4,001	0.37
NRG Texas Power LLC	3,611	7.17	City of Round Rock	3,484	7.29
City of Round Rock	3,555	7.06	City of Georgetown	3,382	7.07
City of Georgetown	3,497	6.94	Dow Chemical Company	2,950	6.17
Dow Chemical Company	2,943	5.84	City of Sugar Land	2,628	5.50
Bell County Water C.I.D. #1	2,088	4.15	Bell County Water C.I.D. #1	2,045	4.28
City of Taylor	1,599	3.18	City of Taylor	1,599	3.34
Jonah Water SUD	1,429	2.84	Jonah Water S. U. D.	1,472	3.08
	\$ 33,120	65.77		\$ 32,874	60.76

Fiscal Year 2017			Fiscal Year 2016		
Customer	Revenues	% of Total WSS Revenues	Customer	Revenues	% of Total WSS Revenues
Gulf Coast Water Authority	\$ 5,163	11.17	Gulf Coast Water Authority	\$ 4,929	11.92
Luminant (TXU/Oakgrove)	5,145	11.13	City of Round Rock	3,431	8.30
City of Round Rock	3,468	7.50	NRG Texas Power LLC	3,375	8.16
City of Georgetown	3,291	7.12	City of Georgetown	3,222	7.79
NRG Texas Power LLC	2,985	6.46	Dow Chemical Company	2,845	6.88
Bell County Water C.I.D. #1	2,960	6.40	City of Sugar Land	2,529	6.11
Dow Chemical Company	2,908	6.29	Bell County Water C.I.D. #1	2,216	5.36
City of Sugar Land	2,615	5.66	Luminant (TXU/Oakgrove)	1,981	4.79
City of Taylor	1,599	3.46	City of Taylor	1,599	3.87
Jonah Water SUD	1,264	2.73	City of Cleburne	1,058	2.56
	\$ 31,398	67.92		\$ 27,185	65.74

Information provided to comply with continuing disclosure requirements of SEC Rule 15c2-12
Source: Brazos River Authority Billing System

BRAZOS RIVER AUTHORITY
WATER SUPPLY REVENUE BOND DEBT
SERIES 2009, SERIES 2015, SERIES 2023 (in thousands)
AMORTIZATION SCHEDULE (unaudited)

Fiscal Year Ended August 31	Series 2009		Series 2015		Series 2023B		Series 2023C		Outstanding Bonds		Total Debt Service Requirements	% Of Principal Retired
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST		
2026	\$ 1,275	\$ 125	\$ 855	\$ 283	\$ 705	\$ 1,229	\$ -	\$ -	\$ 2,835	\$ 1,637	\$ 4,472	
2027	1,310	92	875	260	725	1,207	-	-	2,910	1,559	4,469	
2028	1,345	56	900	233	745	1,185	-	-	2,990	1,474	4,464	
2029	1,380	19	930	206	765	1,162	-	-	3,075	1,387	4,462	
2030			960	177	790	1,138	-	-	1,750	1,315	3,065	21.40
2031			985	148	810	1,114	-	-	1,795	1,262	3,057	
2032			1,015	118	835	1,088	615	590	2,465	1,796	4,261	
2033			1,050	87	860	1,061	475	734	2,385	1,882	4,267	
2034			1,080	53	885	1,033	495	715	2,460	1,801	4,261	
2035			1,120	18	915	1,003	510	696	2,545	1,717	4,262	39.79
2036					945	970	530	675	1,475	1,645	3,120	
2037					975	935	555	652	1,530	1,587	3,117	
2038					1,010	898	575	628	1,585	1,526	3,111	
2039					1,050	859	600	601	1,650	1,460	3,110	
2040					1,085	816	630	572	1,715	1,388	3,103	52.35
2041					1,130	771	655	542	1,785	1,313	3,098	
2042					1,175	723	685	510	1,860	1,233	3,093	
2043					1,220	674	715	477	1,935	1,151	3,086	
2044					1,265	623	750	442	2,015	1,065	3,080	
2045					1,320	569	785	405	2,105	974	3,079	67.66
2046					1,370	512	820	365	2,190	877	3,067	
2047					1,430	453	860	324	2,290	777	3,067	
2048					1,485	391	900	281	2,385	672	3,057	
2049					1,550	326	945	235	2,495	561	3,056	
2050					1,610	259	990	187	2,600	446	3,046	86.54
2051					1,680	188	1,040	137	2,720	325	3,045	
2052					1,750	115	1,090	84	2,840	199	3,039	
2053					1,825	40	1,145	28	2,970	68	3,038	100.00
Total	\$ 5,310	\$ 294	\$ 9,770	\$ 1,583	\$ 31,910	\$ 21,342	\$ 16,365	\$ 9,879	\$ 63,355	\$ 33,098	\$ 96,452	

Source: Combined Bond Resolutions

Information provided to comply with continuing disclosure requirements of SEC Rule 15c2-12

**BRAZOS RIVER AUTHORITY
WATER SUPPLY SYSTEM
CONDENSED SUMMARY OF OPERATING RESULTS
(CALCULATION BASED ON BOND RESOLUTION REQUIREMENTS)
AUGUST 31, 2025 (unaudited) (in thousands)**

	Fiscal Year Ended August 31				
	2025	2024	2023	2022	2021
Gross Revenues:					
Raw water	\$ 58,738	\$ 55,158	\$ 49,776	\$ 52,382	\$ 48,125
Treated water	10,377	7,410	6,292	5,419	5,213
Wastewater treatment	4,331	4,725	3,986	3,841	3,589
Lease income	558	567	614	538	568
Other	783	836	785	873	481
Interest	8,135	8,530	4,044	604	922
Grants	2,253	881	1,471	1,623	1,021
TOTAL GROSS REVENUES	\$ 85,175	\$ 78,107	\$ 66,968	\$ 65,280	\$ 59,919
Operation & Maintenance Expenses:					
Personnel services	\$ 27,582	\$ 24,186	\$ 23,052	\$ 19,164	\$ 18,673
Materials, supplies & services	2,394	2,475	2,513	1,986	1,774
Utilities	1,182	1,068	1,063	1,580	1,289
Outside services	14,154	8,499	9,255	9,887	7,971
Repair and maintenance	2,255	2,687	2,163	2,696	2,102
Landfill and sludge hauling	798	921	520	715	667
Purchased water	2,548	2,372	2,424	2,315	2,183
Other	1,890	1,656	1,406	1,696	1,146
Other non-operating	26	746	-	14	173
Program and project expenditures		-	-	-	-
Other debt service (1)	1,448	1,574	1,587	7,587	2,229
TOTAL OPERATION & MAINTENANCE	\$ 54,277	\$ 46,184	\$ 43,983	\$ 47,640	\$ 38,207
NET REVENUES AVAILABLE TO PAY DEBT SERVICE	\$ 30,898	\$ 31,923	\$ 22,985	\$ 17,640	\$ 21,712
DEBT SERVICE WATER SUPPLY SYSTEM BONDS	\$ 4,473	\$ 4,625	\$ 2,658	\$ 2,538	\$ 2,536
COVERAGE PERCENTAGE	6.91	6.90	8.65	6.95	8.56

(1) Debt service related to the purchase of water storage rights in the Federal Reservoirs

Information provided to comply with continuing disclosure requirements of SEC Rule 15c2-12

**BRAZOS RIVER AUTHORITY
WATER SUPPLY REVENUE BONDS
SERIES 2009, SERIES 2015, SERIES 2023B and SERIES 2023C
COVERAGE AND ACCOUNT BALANCES
AUGUST 31, 2025 (unaudited) (in thousands)**

Average Annual Principal and Interest Requirements, 2026 - 2053	\$ 3,445
Coverage of Average Requirements by August 31, 2025 Net Revenues	8.97
Maximum Principal and Interest Requirements, 2026	\$ 4,473
Coverage of Maximum Requirements by August 31, 2025 Net Revenues	6.91
System Revenue Bonds Outstanding, August 31, 2025	\$ 63,355
Interest and Sinking Account Balance, August 31, 2025	\$ 1,424 ¹
Reserve Account Balance, August 31, 2025	\$ 4,591 ²

1 Funds are transferred to the Interest and Sinking Fund in equal monthly installments sufficient to make the next debt service payment when due.

2 At August 31, 2025, all reserve account balances met all coverage requirements.

Information provided to comply with continuing disclosure requirements of SEC Rule 15c2-12

**BRAZOS RIVER AUTHORITY
SCHEDULE OF DEBT BY TYPE
LAST TEN FISCAL YEARS
AUGUST 31, 2025 (unaudited) (in thousands)**

Fiscal Year	Water Supply Revenue Bonds	Contract Revenue Bonds (1)	US Army Corps of Engineers Contracts Payable	Right to Use Assets (SBITAS)	Net Premium/(Discount) on Revenue Bonds Payable	Total
2016	\$ 37,895	\$ 31,932	\$ 23,819	\$ -	\$ 648	\$ 94,294
2017	36,210	31,104	22,659	-	560	90,533
2018	34,485	30,240	21,465	-	500	86,690
2019	32,720	29,345	20,356	-	441	82,862
2020	30,915	27,575	19,412	-	1,796 ^a	79,698
2021	29,060	26,640	18,485	-	2,899	77,084
2022	21,150 ^b	24,460	17,529	653	2,409	66,201
2023	65,185 ^c	22,205	16,542	374	1,962	106,268
2024	66,120	19,885	15,536	206	1,559	103,306
2025	63,355	17,495	14,625	976	1,195	97,646

a. During FY 2020, the BRA refunded the Series 1999 State Participation Loan and refinanced it with the Series 2019 Revenue bonds in the amount of \$14,955 and \$14,095 respectively.

b. During FY 2022, the BRA paid off the Series 2002 State Participation Loan debt of \$6,000 owed to the Texas Water Development Board for the Allens Creek Project.

c. On August 15, 2023, the BRA entered into an agreement for short-term taxable bonds with PHNC Bank N.A. (the "Lender") for \$46,000. This short-term financing was needed to bridge the gap between the expenditure reimbursement date requirement and the BRA's closing date with the TWDB.

(1) Contract Revenue Bonds are payable from revenue derived from various contracts between the BRA and the parties securing payments to the BRA for debt service payments on the bonds. Debt coverage is 100% for these bonds. Each customer is billed monthly for 1/6th of the next debt payment due. Each contract revenue bond is insured or credit rated based on the financial strength of the contracting parties

**BRAZOS RIVER AUTHORITY
 MISCELLANEOUS DEMOGRAPHIC AND ECONOMIC INFORMATION
 AUGUST 31, 2025 (unaudited)**

BRA was created under Acts 1929, 41st Legislature, 2nd C.S., Spec. Leg. Page 22, Ch. 13. as amended

Year created: 1929
Domicile: Waco, Texas
Last revision of Enabling Act: 2001
Last revision of Bylaws: September 27, 2021
Population of District: 4,784,990 (Texas Water Development Board 2023)
Area of District: 42,865 square miles

Brazos River

Total River Miles 840 miles
 Average Discharge 6,074,000 acre-feet

Average annual rainfall in the Basin ranges from:

West - 26 inches
 Southeast - 32 inches

Number of employees: 273 Full-time, 17 Part-time
 (per Fiscal Year 2025 Annual Operating Plan)

Offices:

Central Office	Waco, Texas
Regional Office	Georgetown, Texas
Operations Office	Belton, Texas
Operations Office	Clute, Texas
Operations Office	Lake Granbury, Texas
Operations Office	Lake Limestone, Texas
Operations Office	Waco, Texas
Operations Office	Leander, Texas
Operations Office	Possum Kingdom Lake, Texas
Operations Office	Sugar Land, Texas
Operations Office	Taylor, Texas
Operations Office	Temple, Texas
Operations Office	Hutto, Texas

**BRAZOS RIVER AUTHORITY
 MISCELLANEOUS DEMOGRAPHIC AND ECONOMIC INFORMATION
 AUGUST 31, 2025 (unaudited)**

Brazos River Authority Operating Statistics: (water/wastewater treated in thousands of gallons)	Years Ended August 31	
	2025	2024
Temple Belton Wastewater Treatment Plant	3,052,000	2,900,000
Sugar Land Regional Sewerage System	3,852,000	3,577,000
Hutto Wastewater System	917,000	790,000
Clute/Richwood Regional Sewerage System	946,000	950,000
Sandy Creek Regional Water Treatment Plant	1,535,000	1,840,000
East Williamson County Water Treatment System	3,313,000	2,400,000
Doshier Farm Wastewater Treatment Plant	1,023,000	950,000

Brazos River Authority Dams and Reservoirs:	
Possum Kingdom (TWDB Survey December 2016)	
Capacity	556,340 acre-feet
Surface Area	18,568 acres
Top of Conservation Pool Elevation	1,000.0 ft-msl
Permitted Yield	230,750 acre-feet
Limestone (TWDB Survey June 2014)	
Capacity	203,780 acre-feet
Surface Area	12,486 acres
Top of Conservation Pool Elevation	363 ft-msl
Permitted Yield	65,074 acre-feet
Granbury (TWDB Survey July 2016)	
Capacity	136,326 acre-feet
Surface Area	8,282 acres
Top of Conservation Pool Elevation	693.0 ft-msl
Permitted Yield	64,712 acre-feet

**BRAZOS RIVER AUTHORITY
MISCELLANEOUS DEMOGRAPHIC AND ECONOMIC INFORMATION
AUGUST 31, 2025 (unaudited)**

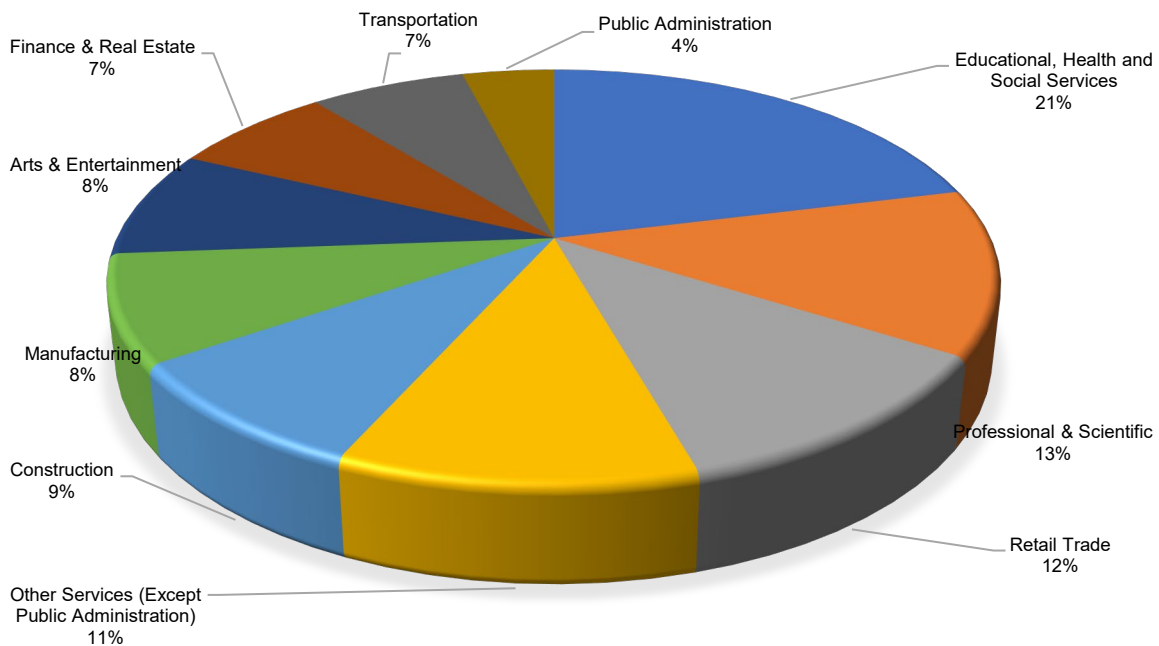
U. S. Army Corps of Engineers Dams and Reservoirs		
Aquilla	Conservation Pool	Flood Control Pool
Capacity	43,293 acre-feet	135,636 acre-feet
Surface Area	3,085 acres	6,999 acres
Elevation	537.5 ft-msl	556.0 ft-msl
Permitted Yield	13,896 acre-feet	TWDB Survey July 2014
Belton	Conservation Pool	Flood Control Pool
Capacity	432,631 acre-feet	1,072,631 acre-feet
Surface Area	12,445 acres	23,605 acres
Elevation	594.0 ft-msl	631.0 ft-msl
Permitted Yield	100,257 acre-feet	TWDB Survey October 2015
Georgetown	Conservation Pool	Flood Control Pool
Capacity	38,068 acre-feet	131,793 acre-feet
Surface Area	1,307 acres	3,220 acres
Elevation	791.0 ft-msl	834.0 ft-msl
Permitted Yield	13,610 acre-feet	TWDB Survey January 2016
Granger	Conservation Pool	Flood Control Pool
Capacity	51,822 acre-feet	230,481 acre-feet
Surface Area	4,159 acres	11,040 acres
Elevation	504.0 ft-msl	528.0 ft-msl
Permitted Yield	19,840 acre-feet	TWDB Survey March 2013
Proctor	Conservation Pool	Flood Control Pool
Capacity	54,762 acre-feet	369,500 acre-feet
Surface Area	4,615 acres	14,010 acres
Elevation	1,162.0 ft-msl	1,197.0 ft-msl
Permitted Yield	19,658 acre-feet	TWDB Survey February 2012
Somerville	Conservation Pool	Flood Control Pool
Capacity	150,293 acre-feet	494,500 acre-feet
Surface Area	11,395 acres	24,400 acres
Elevation	238.0 ft-msl	258.0 ft-msl
Permitted Yield	48,000 acre-feet	TWDB Survey April 2012
Stillhouse Hollow	Conservation Pool	Flood Control Pool
Capacity	229,881 acre-feet	624,581 acre-feet
Surface Area	6,429 acres	11,830 acres
Elevation	622.0 ft-msl	666.0 ft-msl
Permitted Yield	67,768 acre-feet	TWDB Survey December 2015
Waco	Conservation Pool	Flood Control Pool
Capacity	189,773 acre-feet	518,895 acre-feet
Surface Area	8,190 acres	19,440 acres
Elevation	462.0 ft-msl	500.0 ft-msl
Permitted Yield	104,100 acre-feet	TWDB Survey May 2011
Whitney	Conservation Pool	Flood Control Pool
Capacity	617,194 acre-feet	1,989,664 acre-feet
Surface Area	23,215 acres	49,820 acres
Elevation	533.0 ft-msl	571.0 ft-msl
Permitted Yield	18,336 acre-feet	Volumetric Survey March 2019

Source: Brazos River Authority Water Services Department

**BRAZOS RIVER AUTHORITY
 MISCELLANEOUS DEMOGRAPHIC AND ECONOMIC INFORMATION
 AUGUST 31, 2025 (unaudited)**

**Brazos Basin Geographic Area
 Ten Largest Industries**

Industry	Percentage of Entities in Category
Educational, Health and Social Services	21.10%
Professional & Scientific	12.90%
Retail Trade	11.60%
Other Services (Except Public Administration)	11.10%
Construction	8.70%
Manufacturing	8.40%
Arts & Entertainment	8.30%
Finance & Real Estate	7.10%
Transportation	6.80%
Public Administration	4.00%

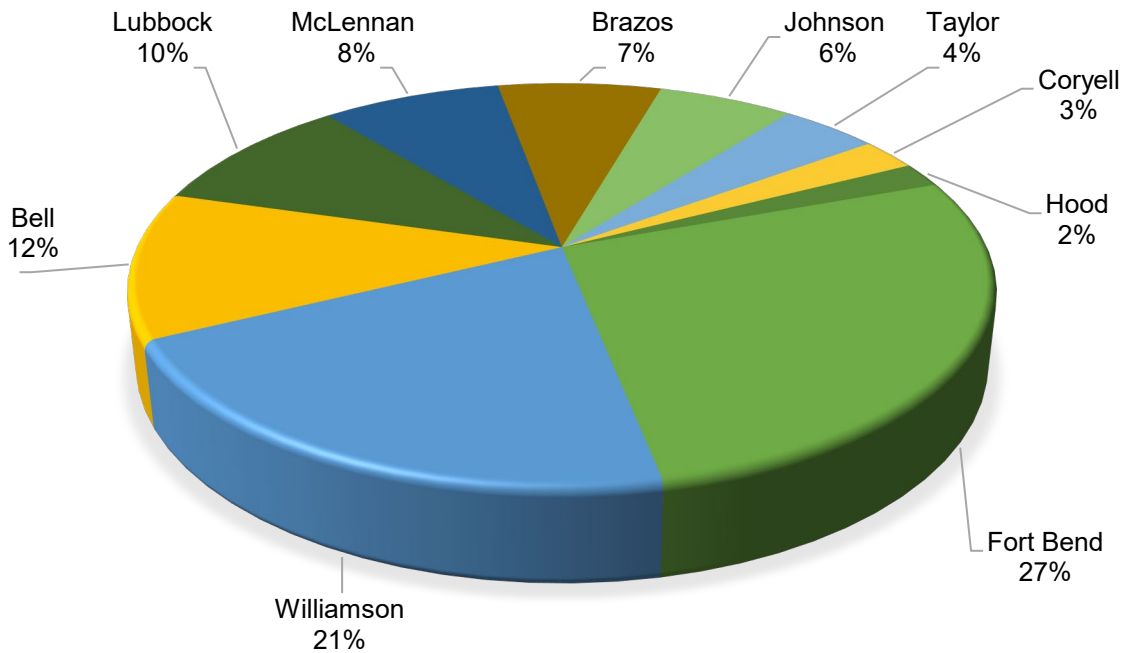


Source: U.S. Census Bureau, 2022 American Community Survey 1-Year Estimates

**BRAZOS RIVER AUTHORITY
 MISCELLANEOUS DEMOGRAPHIC AND ECONOMIC INFORMATION
 AUGUST 31, 2025 (unaudited)**

**Brazos River Basin Population
 by County (Largest)**

County	Population
Fort Bend	916,778
Williamson	697,191
Bell	393,193
Lubbock	320,940
McLennan	268,583
Brazos	244,703
Johnson	202,906
Taylor	146,836
Coryell	84,878
Hood	66,373

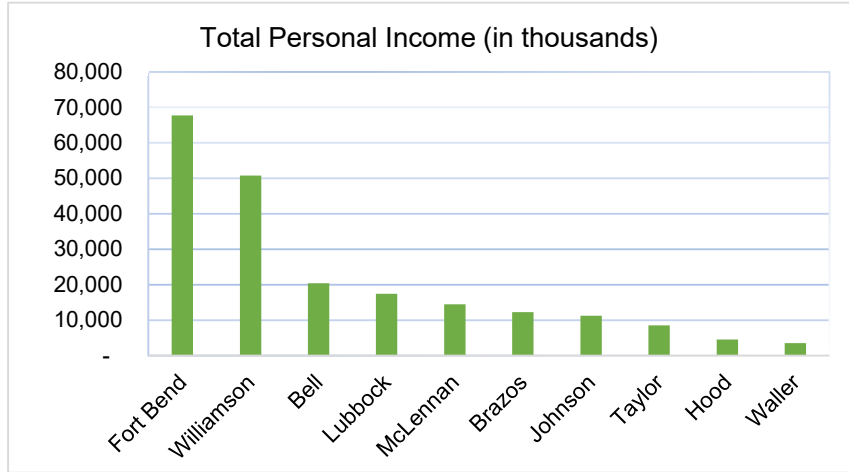


Source: 2022 Bureau of Economic Analysis CAINC1 Population November 16, 2023 release

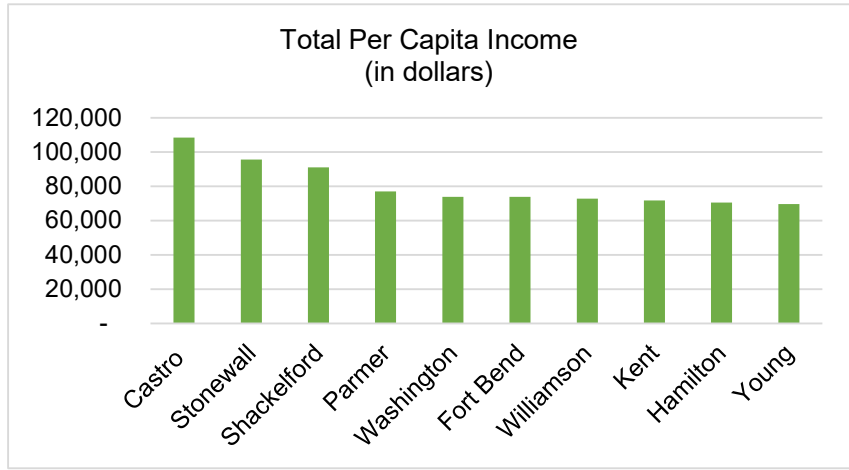
**BRAZOS RIVER AUTHORITY
 MISCELLANEOUS DEMOGRAPHIC AND ECONOMIC INFORMATION
 AUGUST 31, 2025 (unaudited)**

Top Ten Counties Statistics

County	Total Personal Income (in thousands)
Fort Bend	67,708
Williamson	50,775
Bell	20,405
Lubbock	17,431
McLennan	14,487
Brazos	12,292
Johnson	11,258
Taylor	8,543
Hood	4,508
Waller	3,524



County	Total Per Capita Income (in dollars)
Castro	108,479
Stonewall	95,644
Shackelford	91,109
Parmer	77,006
Washington	73,880
Fort Bend	73,855
Williamson	72,828
Kent	71,715
Hamilton	70,580
Young	69,691



Source: 2022 Bureau of Economic Analysis CAINC5N Population November 16, 2023 release

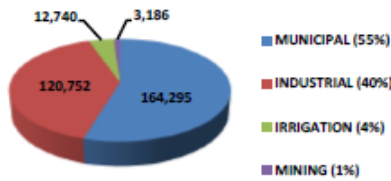
BRAZOS RIVER AUTHORITY
MISCELLANEOUS DEMOGRAPHIC AND ECONOMIC INFORMATION
AUGUST 31, 2025 (unaudited)

**Brazos River Authority 2024
 Customer Water Use and
 Reservoir Accounting Summary**



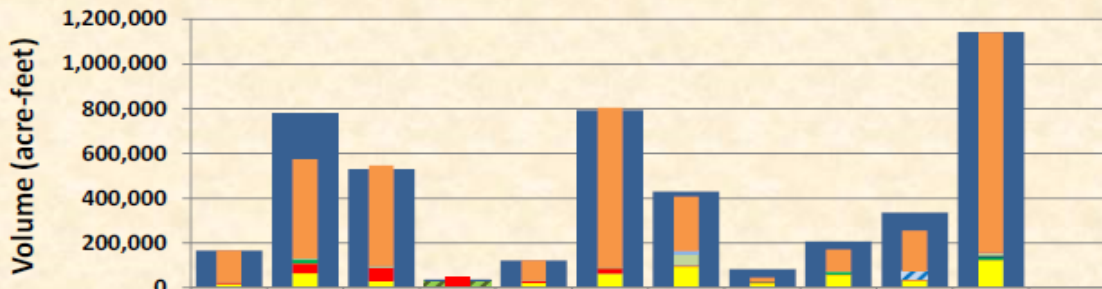
2024 TOTAL WATER USE
 300,973 Acre-Feet

2024 WATER USE BY TYPE



- AQ=Lake Aquilla
- BE=Lake Belton
- GB=Lake Granbury
- GT=Lake Georgetown
- GG=Lake Granger
- LS=Lake Limestone
- PK=Possum Kingdom Lake
- PR=Lake Proctor
- SV=Lake Somerville
- SH=Stillhouse Hollow Lake
- WH=Lake Whitney

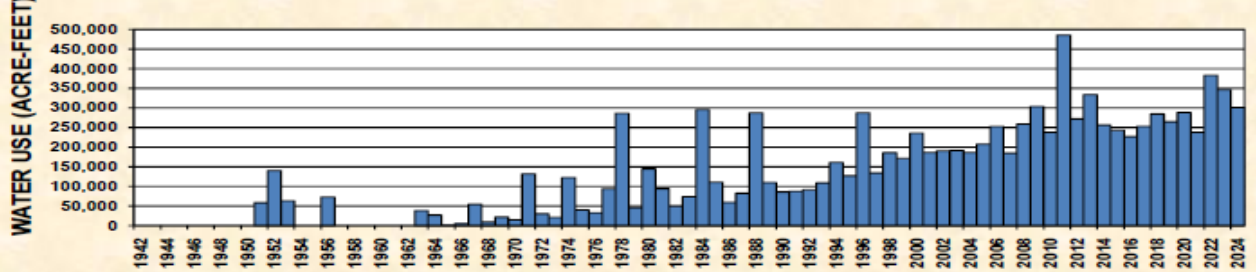
Brazos River Authority 2024 Reservoir Accounting (acre-feet)



	AQ	BE	GB	GT	GG	LS	PK	PR	SV	SH	WH	TOTAL
Inflow	166,884	779,856	530,219	6,282	121,560	793,897	429,229	83,587	207,045	335,871	1,143,169	4,597,599
Pumped in from Stillhouse				29,988								29,988
Flood Release	141,562	440,953	448,746		89,909	712,939	239,872	14,124	96,913	180,791	982,890	3,348,699
Pumped out to Georgetown										29,988		29,988
Balancing Release to GB							14,333					14,333
Hydro Electric Release											2,561	2,561
Senior Water Rights Pass-through								572				572
Undedicated Release (Leakage and/or Environmental Release)*	1,349	5,419	7,327		1,524	1,852	50,203		413	589	11,719	80,395
Undedicated Release used for Water Supply		244	337			1,199	1,277				6,380	9,437
Water Supply Release**		19,472				694		3,580	12,633			12,387
Water Supply Release Pass-Through												0
Lakeside Water Use	6,469	43,508	60,862	44,152	9,043	25,337	5,320	4,610	3,241	9,969	441	212,952
Evaporation	16,804	64,548	29,062	4,588	21,251	62,084	93,835	20,585	56,184	32,537	123,550	525,028

* Leakage has not been quantified by the US Army Corp of Engineers for Lakes Georgetown, Granger and Proctor.
 **12,500 acre-feet of the 19,472 acre-feet of water released for water supply from Lake Belton was for the City of Temple under its own water right. Therefore, this 12,500 acre-feet is not reflected in BRA's water use total for 2024.
 **16,605 acre-feet of water used under NRG's BRA contract was pumped at their downstream pumping point near the City of Richmond under the BRA's Excess Flows permit. Since water pumped under the Excess Flows permit is run-of-river water and not released from any of the BRA system reservoirs, it is not reflected in this reservoir accounting.
 NOTE: [Lakeside Water Use (212,952 acre-feet) + Water Supply Release (48,766 acre-feet) + Undedicated Release used for Water Supply (9,437 acre-feet) - Temple water right (12,500 acre-feet) + Excess Flows (16,605 acre-feet) + Water use from the Colorado Basin (3,117 acre-feet) + Run-of-River water use under System Operation Permit (22,596) = Total 2024 Water Use (300,973 acre-feet)]

HISTORICAL ANNUAL WATER USE



BRAZOS RIVER AUTHORITY
SCHEDULE OF CAPITAL ASSETS - NET ADDITIONS/(DELETIONS) BY OPERATIONS
AUGUST 31, 2025 (unaudited) (in thousands)
(accrual basis of accounting)

Last Ten Fiscal Years

Year	Water Supply	WCRRWL	TBRSS	BCRWS	Sandy Creek	Clute-Richwood	Total
2016	\$ (720)	\$ 231	\$ -	\$ -	\$ -	\$ -	\$ (489)
2017	21,470	-	-	59	-	-	21,529
2018	961	50	-	-	-	-	1,011
2019	4,184	-	-	(144)	-	-	4,040
2020	6,000	-	-	-	-	-	6,000
2021	1,966	6	-	-	-	-	1,972
2022	75,338	(5)	-	-	(18)	-	75,315
2023	3,582	-	-	-	-	-	3,582
2024	2,637	-	-	-	-	-	2,637
2025	6,228	-	-	-	-	-	6,228
	<u>\$ 121,646</u>	<u>\$ 282</u>	<u>\$ -</u>	<u>\$ (85)</u>	<u>\$ (18)</u>	<u>\$ -</u>	<u>\$ 121,825</u>

BRAZOS RIVER AUTHORITY
SCHEDULE OF CAPITAL ASSETS - NET ADDITIONS/(DELETIONS) BY CLASSIFICATION
AUGUST 31, 2025 (unaudited) (in thousands)
 (accrual basis of accounting)

	Last Ten Fiscal Years										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Land, storage and water rights	\$ (29)	\$ 16,660	\$ 6	\$ -	\$ -	\$ -	\$ 75,209	\$ -	\$ 1,646	\$ (33)	\$ 93,459
Reservoirs, water treatment and sewerage facilities	39	-	-	-	-	-	-	-	-	3,247	3,286
Building, structures and improvements	(10)	5,491	(36)	2,649	5,088	1,032	26	2,448	238	1,340	18,266
Vehicles, furniture and equipment	(489)	(622)	1,041	1,391	912	940	80	1,005	922	888	6,068
Right to use subscription-based assets	-	-	-	-	-	-	-	129	(169)	786	746
Total	\$ (489)	\$ 21,529	\$ 1,011	\$ 4,040	\$ 6,000	\$ 1,972	\$ 75,315	\$ 3,582	\$ 2,637	\$ 6,228	\$ 121,825

**BRAZOS RIVER AUTHORITY
SCHEDULE OF INSURANCE
AS OF AUGUST 31, 2025 (unaudited)**

Policy	Name of Company	Summary of Coverage	Limits of Liability	Coverage Period
Aircraft Liability	Texas Municipal League	Non-owned Aircraft Liability Deductible - \$2,500	\$10,000,000	10/1/2024 10/1/2025
Airport Liability	Texas Municipal League	Airport Liability Premises Products & Completed Operations Deductible - \$2,500	\$10,000,000 \$10,000,000	10/1/2024 10/1/2025
Automobile Liability & Physical Damage	Texas Municipal League	Automobile Liability & Medical Hired & Non-Owned Automobile Deductible - None Uninsured/Underinsured Motorist Automobile Physical Damage Deductible: \$ 250	\$5,000,000 \$1,000,000	10/1/2024 10/1/2025
Commercial Crime	Texas Municipal League	Public Employee Dishonesty Forgery or Alteration Computer Fraud Deductible: \$10,000 Theft, Disappearance & Destruction Deductible - None	\$1,000,000 \$100,000 \$10,000	10/1/2024 10/1/2025
General Liability	Texas Municipal League	General Aggregate Deductible - None	\$10,000,000	10/1/2024 10/1/2025
Marine and Hull/ Mobile Equipment	Texas Municipal League	Coverage for Boats, Motors and Mobile Equipment Deductible: \$10,000	As Scheduled	10/1/2024 10/1/2025
Law Enforcement Liability	Texas Municipal League	Annual Aggregate Deductible: \$2,500	\$10,000,000	10/1/2024 10/1/2025
Errors & Omissions Liability	Texas Municipal League	Annual Aggregate Deductible: \$25,000	\$10,000,000	10/1/2024 10/1/2025
Boiler and Machinery	Texas Municipal League	Annual Aggregate Deductible: \$50,000	\$100,000	10/1/2024 10/1/2025
Real & Personal Property	Texas Municipal League	Annual Aggregate Deductible: \$50,000	As Scheduled	10/1/2024 10/1/2025
Cyber Liability and Data Breach Response	Texas Municipal League	Annual Aggregate Deductible: \$50,000	As Scheduled	10/1/2024 10/1/2025

**BRAZOS RIVER AUTHORITY
SCHEDULE OF INSURANCE
AS OF AUGUST 31, 2025 (unaudited)**

Policy	Name of Company	Summary of Coverage	Limits of Liability	Coverage Period
Fiduciary and Employee Benefits	Great American Insurance	Annual Aggregate Per Occurrence Deductible: \$10,000	\$5,000,000 \$5,000,000	10/1/2024 10/1/2025
Public Officials Bond	Insurors of Texas/ C N A Surety Group	Board of Director's Bond Deductible - None	\$105,000	5/1/2025 5/1/2026
Public Officials Bond	Insurors of Texas/ Hartford Insurance Group	Govt, Federal & Public Official Bonds Deductible - None	\$12,000	2/1/2025 2/1/2026
Travel Accident	Insurors of Texas/ Hartford Life	Aggregate for Hazard Excludes Personal Aircraft Deductible - None	\$5,000,000	11/1/2024 11/1/2025
Workers' Compensation	Texas Water Conservation Association	Self-insured for first \$ 50,000 per occurrence	Aggregate Deduct \$150,000	7/1/2025 7/1/2026

**BRAZOS RIVER AUTHORITY
FULL -TIME EQUIVALENT
LAST TEN FISCAL YEARS (unaudited)**

Full-Time Equivalent Employees Per Annual Operating Plan										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Upper Basin										
Management	5	5	5	5	4	4	4	4	4	4
Possum Kingdom	47	46	45	45	45	45	44	44	42	44
Lake Granbury	21	19	19	19	18	18	17	17	15	15
Central Basin										
Management & Lab	21	21	21	21	24	24	27	28	24	24
Temple-Belton WWTP	13	13	13	13	13	13	13	13	16	16
Brushy Creek RWS	0	0	0	0	0	0	16	16	17	17
Sandy Creek WTP	5	5	5	5	5	4	4	4	4	4
Hutto WWS	4	4	3	3	2	2	2	2	2	2
East Williamson RWS	8	8	8	8	8	7	8	8	6	6
Lower Basin										
Lake Limestone	14	14	14	13	12	12	12	11	11	10
SLRSS	14	14	14	14	14	14	14	10	10	10
Clute	4	4	4	4	4	4	4	4	4	4
Central Office										
General Administration	4	3	3	3	3	3	2	2	2	2
Legal Services	7	7	7	7	7	4	4	4	4	4
Financial Services	17	17	16	16	15	15	15	15	15	15
Human Resources	8	8	7	5	5	5	5	5	5	5
Gov. Cus. Relations	7	7	6	7	6	7	6	6	7	7
Information Technology	15	15	15	13	13	13	14	14	14	14
Special Projects & Strategic Initiatives	3	3	3	2	1	1	1	1	2	2
Strategic Planning	0	0	0	0	0	0	0	0	0	0
Office of Security	3	3	3	6	5	4	0	0	0	0
Water Services	9	9	9	8	8	7	0	0	0	0
Environmental Services	21	20	20	18	16	18	0	0	0	0
Technical Services	23	23	21	22	20	22	47	47	46	43
	<u>273</u>	<u>268</u>	<u>261</u>	<u>257</u>	<u>248</u>	<u>246</u>	<u>259</u>	<u>255</u>	<u>250</u>	<u>248</u>

Source: Brazos River Authority Annual Operating Plan

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Back Photo - Lake Limestone's Sterling C. Robertson Dam



Brazos River Authority
4600 Cobbs Drive
Waco, Texas 76710

Brazos
★
RIVER AUTHORITY

