ANGELINA & NECHES
RIVER AUTHORITY

ANNUAL FINANCIAL REPORT FOR THE YEARS ENDED

AUGUST 31, 2025 AND 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Angelina & Neches River Authority
Lufkin, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Angelina & Neches River Authority (the "Authority"), which comprise the statements of net position as of August 31, 2025, and the related statements of revenues, expenditures, and changes in net position, and statements of cash flows for the year then ended, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listing in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of activities of the Angelina & Neches River Authority, as of August 31, 2025, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the Angelina & Neches River Authority for the year ended August 31, 2024, were audited by another auditor who expressed an unmodified opinion on those statements on December 2, 2024.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Authority ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 Authority'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 Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-7, and the Authority’s pension schedules be presented to supplement the basic financial statements. Such information, 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 and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Texas Commission on Environmental Quality (TCEQ) requires the Authority to include certain information, if applicable, in the Annual Financial Report. This information is identified in the table of contents as Texas supplementary information. The budgetary schedule, combining schedules, and Texas supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary schedule, combining schedules, and supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 budgetary schedule, combining schedules, and supplementary information are fairly stated in all material respects in relation to the basic financial statements as a whole.

The other information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2026, on our consideration of the Authority'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 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 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 Authority's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Lufkin, Texas
February 4, 2026

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Our discussion and analysis of the Angelina & Neches River Authority's (the Authority) financial performance provides an overview of the Authority's financial activities for the year ended August 31, 2025. This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements, which have the following components: (1) management's discussion and analysis (MD&A), (2) basic financial statements, (3) notes to the financial statements, (4) required supplementary schedules and (5) other supplemental schedules. Please read it in conjunction with the Authority's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

At August 31, 2025, the Authority's total combined net position was $10,455,770. During the year, the Authority had operating revenues of $4,634,728, operating expenses of $3,461,076 and net non-operating revenues of $1,560,900, resulting in an overall increase in net position of $2,734,552 for the year ended August 31, 2025.

The Authority's total cash and investments increased $10,671,935 from the previous year, largely due to grant funds deposited to Authority's investment account. The Authority will recognize grant revenue as the projects are completed and grant requirements are met.

The net book value of the Authority's fixed assets (net of accumulated depreciation) increased $2,029,356 during the year. The primary reason for the increase was the completion or a large wastewater treatment facility.

OVERVIEW OF THE FINANCIAL STATEMENTS

The MD&A is intended to serve as an introduction to the basic financial statements of the Authority. The basic financial statements are comprised of two components: 1) basic financial statements, and 2) notes to the financial statements. This report also contains other required supplementary information (RSI) in addition to the basic financial statements and additional supplemental schedules.

Basic Financial Statements

The basic financial statements include the Statement of Net Position, the Statement of Revenues, Expenditures, and Changes in Net Position, and the Statement of Cash Flows that present information for the Authority as a whole and provide an indication of the Authority's financial health. The financial statements are presented as a single Enterprise Fund using the accrual basis of accounting.

The Statement of Net Position reports the current and noncurrent assets and liabilities for the Authority as well as delineating the restricted assets from assets to be used for general purposes. The Statement of Revenue, Expenditures, and Changes in Net Position report all of the revenues and expenses during the time periods indicated. The Statement of Cash Flows reports the cash provided by and used by operating activities, as well as other cash sources such as investment income and cash payments for repayment of bonds and capital additions.

The Authority, as of August 31, 2025, has eight divisions – ANRA Operations, Holmwood Utilities, Lake Columbia, Neches Compost Facility, Redland Wholesale Utilities, Prairie Grove Utilities, Central Heights Utilities, and North Angelina County Regional Wastewater Facility. All of these divisions together comprise the Basic Financial Statements and none of the divisions independently depend on governmental funds as a major source of revenue. Therefore, all of the divisions are presented in a combined financial statement. The supplemental schedules portion of the report includes a Schedule of Net Position, Schedule of Revenue, Expenditures, and Changes in Net Position and Schedule of Cash Flows by division.

The Authority's combined net position was $10,140,142 as of August 31, 2025. The following table provides a summary of the Authority's net position.

Table I
Authority's Net Position

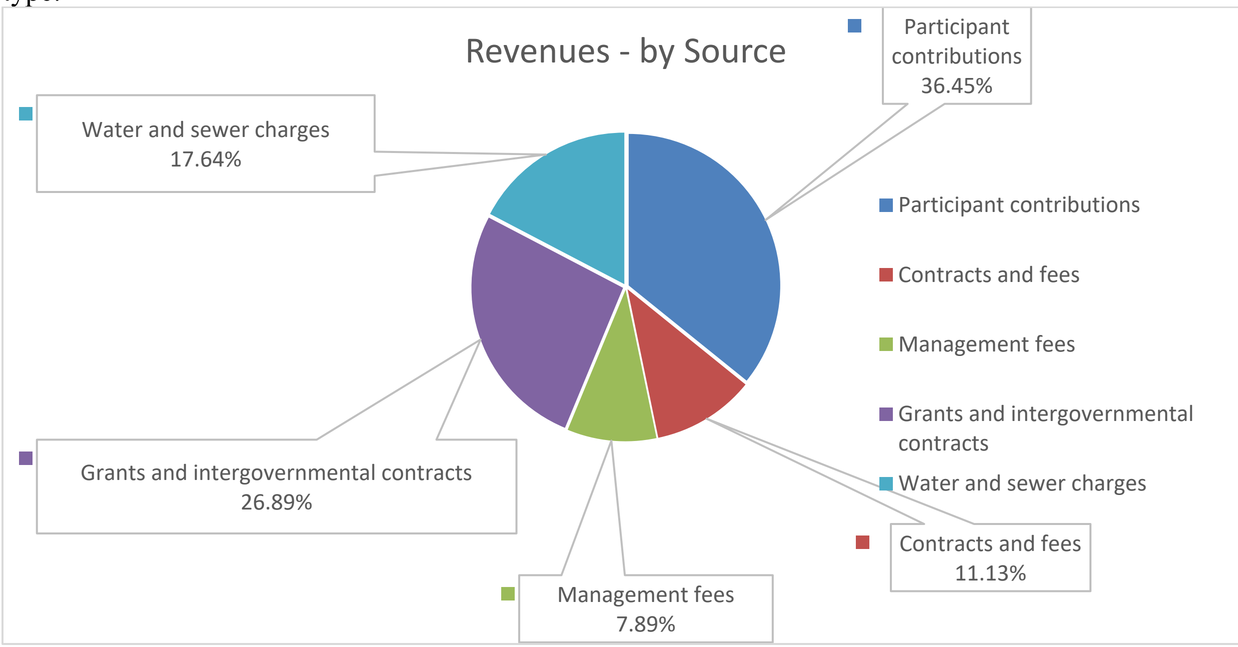
	2025	2024	2023	Analysis
Assets:				
Current Assets	$ 13,784,841	$ 3,161,410	3,210,788	Total assets increased approximately $12.4 million due to receipt of cash proceeds from construction grants.
Capital Assets, net	19,511,720	17,482,364	17,550,044	
Total Assets	33,296,561	20,643,774	20,760,832	
Deferred Outflows of Resources:				
Deferred Outflows	30,997	29,604	-	
Total deferred outflows	30,997	29,604	-	
Liabilities:				Total liabilities increased approximately $11.5 million due to receipt of cash proceeds from construction grants. These funds are recorded as unearned and will be recognized as revenues as construction progresses.
Current Liabilities	970,627	855,922	955,016	
Long-term Liabilities	21,898,166	10,626,628	10,881,489	
Total Liabilities	22,868,793	11,482,550	11,836,505	
Deferred Inflows of Resources:				
Deferred Inflows	2,995	1,469,610	1,503,301	
Total deferred inflows	2,995	1,469,610	1,503,301	
Net Position:				Deferred inflows of resources decreased approximately $1.5 million due to completion of construction that satisfied the TWDB loan forgiveness requirements
Invested in Capital Assets, net of related debt	9,620,390	5,508,906	5,178,268	
Restricted	1,190,471	2,793,933	2,838,308	
Unrestricted	(355,091)	(581,621)	(635,550)	
Total Net Position	$ 10,455,770	$ 7,721,218	$ 7,381,026	

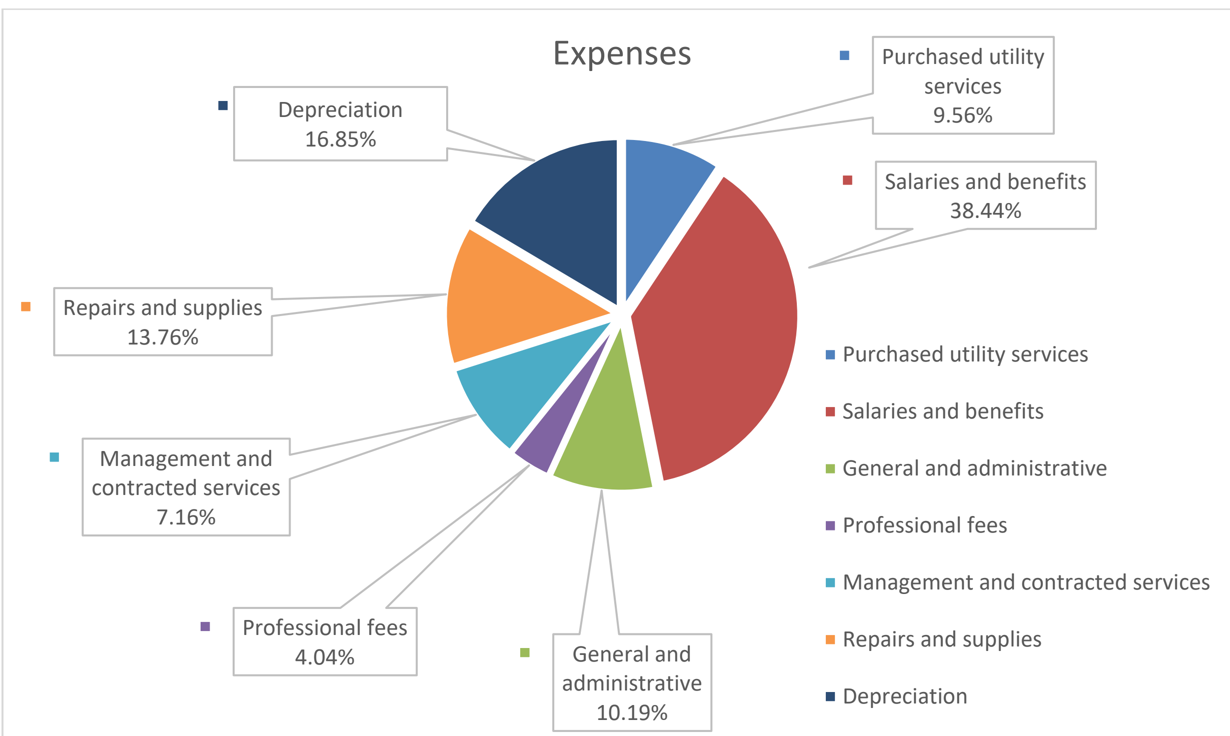
The following table provides a summary of the Authority's changes in net position

Table II
Change in Authority's Net Position

	2025	2024	2023	
Revenues:				
Charges for Services	$ 4,634,728	$ 3,615,079	3,343,867	Total revenues increased approximately $2.4 million from TWDB loan forgiveness and construction management income.
Investment income	460,485	135,005	99,040	
Other income	1,597,245	109,750	255,576	
Total Revenue	6,692,458	3,859,834	3,698,483	
Expenses:				
ANRA Operations	973,363	1,053,689	1,277,405	
Holmwood Utility	213,858	195,002	210,443	
Lake Columbia	98,027	99,770	103,820	
Neches Composting	799,367	696,323	757,490	
North Angelina County RWF	999,436	832,525	947,475	Total expenses increased approximately $330,000 from general maintenance costs increasing, and approvimately $125,000 due to grant issuance costs.
Redland Wholesale Utilities	179,471	207,481	167,132	
Prairie Grove Utilities	257,503	139,372	147,349	
Central Heights Utilities	436,881	275,757	3,224	
Total Expense	3,957,906	3,499,919	3,614,338	
Change in net position	2,734,552	359,915	245,496	
Beginning net position	7,721,218	7,381,026	7,135,530	
PPA (GASB 101)	-	(19,723)	-	
Ending net position	$ 10,455,770	$ 7,721,218	$ 7,381,026	

The charts below represent the Authority's operating revenues by source and operating expenditures by type:





BUDGETARY HIGHLIGHTS

Budget amendments, as needed, are presented to the board at regular meetings. Each amendment must have board approval. The analysis of the budget is reflected on the Budgetary Comparison Schedules following the Notes to the Financial Statements on page 28.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2025, the Authority had invested $27,028,183, less depreciation of $7,516,463 in a broad range of capital assets including land, treatment facilities, buildings and improvements, and machinery and equipment. The following table provides a summary of the Authority's capital assets, net of accumulated depreciation:

	2025	2024	2023
Land	$ 1,240,495	$ 1,240,495	$ 1,240,495
Treatment Facilities	6,377,158	5,745,072	6,138,087
Leased equipment	271,434	315,813	147,177
Machinery and equipment	131,054	113,961	162,724
Facilities & improvements	1,628,655	1,713,823	1,739,223
Construction in progress	9,862,924	8,353,200	8,122,338
Net capital assets	$ 19,511,720	$ 17,482,364	17,550,044

A large portion of the Authority's net position, 92.01%, reflects its investments in capital assets, less any debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services to customers; consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it is important to note that the funds needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to eliminate these liabilities.

Long-term Debt

The Authority's long-term debt at August 31, 2025, including the current portion, totaled $10,670,763 for leases payable, deferred interest, and revenue bonds. The current portion of the long-term debt was $498,790 at August 31, 2025. Long-term debt activity for the year consisted of principal and interest payments on existing bonds and capital leases and issuance of two equipment leases. Long term debt had a net decrease of $443,394 during the period. Detailed information is included in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Authority's officials considered many factors when setting the next fiscal year's budget. These factors included, but were not limited to, anticipated needs for general expenditures and the revenue sources to fund these expenditures. The Authority continues to seek and apply for grants to assist in research, development and planning for their facilities.

On September 1, 2025, the Authority assumed the operations of the Woodlawn Water Supply Corporation pursuant to an asset transfer agreement. Those operations are budgeted to produce approximately $466,000 in operating revenues and approximately $255,000 operating revenues before interdivision management fees based on the Authority's fiscal year 2026 budget.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Authority's finances and show the Authority's accountability for the funds it receives. If you have questions about this report or need additional financial information, contact the Authority's General Manager, Kelley Holcomb, (936) 632-7795.

ANGELINA & NECHES RIVER AUTHORITY
STATEMENTS OF NET POSITION
AUGUST 31, 2025 AND 2024

	2025	2024
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 579,153	$ 383,682
Restricted cash and cash equivalents	13,074,275	2,597,811
Accounts Receivable, net	131,413	179,917
Total current assets	13,784,841	3,161,410
Capital Assets:		
Land	1,240,495	1,240,495
Other capital assets, net of depreciation	8,408,301	7,888,669
Construction in progress	9,862,924	8,353,200
Total capital assets	19,511,720	17,482,364
Total Assets	33,296,561	20,643,774
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - TCDRS	30,997	29,604
Total Deferred Outflows of Resources	30,997	29,604
LIABILITIES		
Current Liabilities:		
Accounts payable	247,364	157,234
Accrued compensated absences	77,268	70,617
Accrued interest payable	49,776	52,267
Other accrued liabilities	49,604	44,730
Deposits payable	47,825	45,078
Leases payable - current	53,790	50,996
Bonds payable - current	445,000	435,000
Total current liabilities	970,627	855,922
Long-term Liabilities:		
Deferred interest	630,291	589,628
Leases payable - noncurrent	267,682	319,534
Bonds payable - noncurrent	9,274,000	9,719,000
Unearned revenues - grants	11,737,529	-
Net pension (asset) liability	(11,336)	(1,534)
Total long-term liabilities	21,898,166	10,626,628
Total Liabilities	22,868,793	11,482,550
DEFERRED INFLOWS OF RESOURCES		
Loan forgiveness - TWDB	-	1,466,998
Deferred gain on refunding	2,442	2,612
Deferred inflows - TCDRS	553	-
Total deferred inflows of resources	2,995	1,469,610
NET POSITION		
Invested in capital assets, net of related debt	9,620,390	5,508,906
Restricted for debt service	312,906	276,338
Restricted for capital projects	877,565	2,517,595
Unrestricted	(355,091)	(581,621)
Total Net Position	$ 10,455,770	$ 7,721,218

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

ANGELINA & NECHES RIVER AUTHORITY
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

	2025	2024
Operating Revenues:		
Participant contributions	$ 1,689,304	$ 1,588,658
Contracts and fees	515,987	703,177
Management fees	365,553	225,196
Grants and intergovernmental contracts	1,246,154	313,007
Water and sewer charges	817,730	785,041
Total Operating Revenues	4,634,728	3,615,079
Operating Expenditures:		
Purchased utility services	330,824	302,276
Salaries and benefits	1,330,308	1,337,154
General and administrative	352,662	306,902
Professional fees	139,706	54,259
Management and contracted services	247,859	181,206
Repairs and supplies	476,376	435,568
Depreciation	583,341	523,018
Total Operating Expenditures	3,461,076	3,140,383
Excess (deficiency) revenues over expenditures	1,173,652	474,696
Non-operating Revenues (Expenditures):		
Investment income	460,485	135,005
Interest expense	(331,868)	(346,789)
Grant issuance costs	(129,000)	(50)
Provision for loan forgiveness	1,466,998	33,521
Refunds and rebates	-	16,527
Pension expense - TCDRS	(35,962)	(12,697)
Other non-operating revenues (expenditures)	130,247	59,702
Total non-operating revenues (expenditures)	1,560,900	(114,781)
Change in net position	2,734,552	359,915
Net position, beginning	7,721,218	7,381,026
Prior period adjustment (GASB 101)	-	(19,723)
Net position, ending	$ 10,455,770	$ 7,721,218

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

ANGELINA & NECHES RIVER AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

	2025	2024
Cash Flows from Operating Activities:		
Cash received from customers	$ 4,675,675	$ 3,604,050
Cash paid to suppliers	(1,445,011)	(1,432,131)
Cash paid to employees	(1,329,414)	(1,367,890)
Net cash provided by operating activities	1,901,250	804,029
Cash Flows from Capital and Related Financing Activities:		
Purchase of capital assets	(2,612,699)	(455,338)
Proceeds from right-to-use leases	-	208,900
Proceeds from capital grants	11,735,368	-
Grant issuance costs and fees	(129,000)	(50)
Principal payments on long-term debt	(484,059)	(517,632)
Interest paid on long-term debt	(293,695)	(308,829)
Net cash provided (used) by capital and related financing activities	8,215,915	(1,072,949)
Cash Flows from Investing Activities:		
Interest from investments	460,485	135,005
Other income	94,285	47,005
Net cash provided by investing activities	554,770	182,010
Net increase (decrease) in cash and cash equivalents	10,671,935	(86,910)
Cash and cash equivalents, beginning of period	2,981,493	3,068,403
Cash and cash equivalents, end of period	$ 13,653,428	$ 2,981,493
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	$ 1,173,652	$ 474,696
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation	583,341	523,018
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	40,947	(11,029)
Deferred outflows	(1,393)	(29,604)
Increase (Decrease) in:		
Accounts payable	97,687	(183,498)
Accrued liabilities	16,435	32,150
Deferred inflows	383	(170)
Net pension liabilities	(9,802)	(1,534)
Net cash provided by operating activities	$ 1,901,250	$ 804,029

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

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Angelina & Neches River Authority (the "Authority") have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority applies all GASB pronouncements. The more significant of the Authority's accounting policies are described below.

Reporting Entity

The Authority (formerly the Sabine-Neches Conservation District and the Neches River Conservation District) was created as a governmental agency to construct, maintain, and operate, in the valley of the Neches River and its tributaries, all works essential to the control, storage, preservation, and distribution to all useful purposes of surface water in the Neches River (under the authority of Article 16, Sec. 59 of the Texas Constitution, by Acts 1939, Special Laws, p. 1080, Acts 1945, Ch. 287, Acts 1977, Ch. 394, Acts 1989, Ch. 1278, and Acts 2003, Ch. 1277). The Authority is governed by a nine-member board appointed by the Governor of Texas to six-year terms. The Directors are residents of the Neches River basin and one third of the Board is appointed every two years. The board sets policy, provides oversight, and employs a General Manager.

Management has determined that there are no other entities that meet the criteria for inclusion in the Authority's reporting entity. The Authority is a separate self-supporting governmental unit with no taxing powers covering all or a portion of the counties in the Neches Basin. The Authority is not included in any other governmental reporting entity. The Authority is in compliance with the requirements of Texas Water Codes 49.191, Duty to Audit, and 49.199, Policies and Audits of Districts.

Fund Financial Statements

GASB 34 requires special purpose governments engaged only in business-type activities to present only the financial statements required for Enterprise Funds. For these governments, basic financial statements and required supplementary information consist of a Management's Discussion and Analysis ("MD&A"), Enterprise Fund financial statements, notes to financial statements and required supplementary information other than MD&A, if applicable. Required fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenditures and Changes in Net Position, and a Statement of Cash Flows.

Basis of Accounting and Financial Statement Presentation

The Authority's basic financial statements are presented as a single Enterprise Fund. The Enterprise Fund accounts for the acquisition, operation and maintenance of the Authority's facilities and services and is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the Statements of Net Position. The Enterprise Fund is accounted for using the accrual basis of accounting. Its revenue is recognized when it is earned, and its expenses are recognized when they are incurred.

The Authority, as of August 31, 2025, has eight divisions – ANRA Operations, Holmwood Utilities, Lake Columbia, Neches Compost Facility, Redland Wholesale Utilities, Prairie Grove Utilities, Central Heights Utilities, and North Angelina County Regional Wastewater Facility. All of these divisions together comprise the Basic Financial Statements and none of the divisions independently depend on governmental funds as a major source of revenue. Therefore, all of the divisions are presented in a combined financial statement. The supplemental schedules portion of the report includes a Schedule of Net Position, Schedule of Revenue, Expenditures, and Changes in Net Position and Schedule of Cash Flows by division.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Authority distinguishes between operating and non-operating revenues and expenses consistently with the criteria used to identify cash flows from operating activities in the Statement of Cash Flows. Generally, the Authority classifies revenues generated from water sales, wastewater treatment services, and related activities and services as operating revenues. Operation & maintenance expense and depreciation are classified as operating expenses. All other income and expenses, including investment income, interest expense, gain/loss on the sale of capital assets, loan forgiveness, and impairment loss are considered non-operating activity.

Cash and Cash Equivalents

Cash and cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and so near maturity that there is no significant risk of changes in value due to changes in interest rates. Cash equivalents include investments with original maturities of three months or less. Cash equivalents are stated at cost which approximates fair value.

Investments

Investments with quoted fair values are carried at the reported sales price on the last day of the Authority's year and are recorded at fair value in the balance sheet. Certificates of deposit are stated at cost due to their short-term maturities. All investments, financial disclosures, quarterly reporting, and annual adoption are compliant with Texas Government Code, Title 10, Chapter 2256 (the Public Funds Investment Act).

Accounts Receivable

The Authority accounts for any losses on accounts receivable using the allowance method. Account balances are reviewed periodically by management and written off when they are considered uncollectible. Allowances for doubtful accounts was $13,699 and $10,927 at August 31, 2025 and 2024, respectively

Fixed Assets

Capital assets, which include property, plant, equipment, right-to-use leased assets, and infrastructure assets (e.g., water lines, sewer lines, and storm sewer), are reported in the financial statements. Moveable capital assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year are capitalized. Plant and property with a cost of greater than $25,000 are capitalized. Donated assets are recorded at estimated fair market value at the date of donation. The Authority applies Governmental Accounting Standards Board Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* which requires that interest costs incurred during the construction period be expensed in the period incurred, rather than capitalized. Major outlays for capital assets and improvements are capitalized as projects when constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful years:

Vehicle	5 years
Equipment	10-20 years
Treatment facilities	20-30 years

Leases

The Authority is the lessee for noncancelable leases of equipment. The Authority recognizes a lease liability and an intangible right-to-use lease asset in the proprietary fund financial statement and the government-wide financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Assets

The restricted assets consist of sinking funds on various contract revenue bonds and funds designated by the Board of Directors. The bond reserve and sinking funds are segregated as required by certain bond indentures.

Operating Revenues and Non-Operating Revenues

The Statement of Revenues, Expenses, and Changes in Net Position distinguishes between operating and non-operating revenues. For this purpose, operating revenues, such as participant contributions, contract revenues, management fees, and utility water and wastewater sales result from exchange transactions associated with the principal activities of the Authority. Non-operating revenues arise from exchange transactions not associated with the Authority's principal activities, such as investment income, loan forgiveness, and refunds and rebates, and all other non-exchange transactions.

Sick Leave and Vacation

Effective September 1, 2024, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. As a result, compensated absences liabilities, which previously only included vacation, now includes sick leave. The liability is measured based on the leave balances as of August 31, 2025, adjusted for expected usage and applicable compensation rates. Prior year data has been restated to include the liability at August 31, 2024, as required by GASB 101.

Use of Estimates

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

Budgets and Budgetary Accounting

The Authority prepares a budget in accordance with The Water Code, Chapter 49, Subchapter G, and Section 49.199 for use in planning and controlling costs. The budget and any changes are approved by the Board of Directors.

The budget is adopted on a basis consistent with generally accepted accounting principles. The General Manager is authorized by the Board to transfer budgeted amounts between accounts, but any revisions that alter the total expenses must be approved by the Board. Appropriate sections of the budget are approved by Neches Compost Facility Management Committee, which has limited authority, prior to final approval of the Authority Board of Directors.

Net Position

Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net positions are reported as restricted when there are limitations imposed on their use either through the enabling legislation governing the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first and then unrestricted resources as they are needed.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial 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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Pensions

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCDRS's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Subsequent Events

The Authority has evaluated subsequent events as of February 4, 2026, the date the financial statements were available to be issued.

Subsequent to year ended August 31, 2025, the Authority entered into an agreement with the Woodlawn Water Supply Corporation to transfer its water system to ANRA. ANRA formally took over operations on September 1, 2025.

NOTE 2 – DEPOSITS AND INVESTMENTS

Investment Policies. The Texas Public Funds Investment Act allows the Authority to invest its funds in direct or indirect obligations of the United States, the state, or any county, city, school district, or other political subdivision of the state. Funds may also be placed in certificates of deposit of state or national banks or savings and loan associations (depository institutions) domiciled within the state. Related state statutes and provisions included in the Authority's bond resolutions require that all funds invested in depository institutions be guaranteed by federal depository insurance and/or be secured in the manner provided by law for the security of public funds.

Interest Rate Risk. This is the risk that changes in the interest rates will adversely affect the fair value of the Authority's investments. The Authority's cash and cash equivalents are currently invested in short-term instruments such as money market funds and an interest-bearing checking account. The Authority was not exposed to interest rate risk at August 31, 2025.

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

*Credit Risk***.** This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. The Authority was not exposed to credit risk at August 31, 2025.

Custodial Credit Risk - Deposits. In the case of deposits, there is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of August 31, 2025, all of the Authority's deposit balances were collateralized with securities held by the pledging financial institution.

Concentration of Credit Risk - This is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. The Authority was not exposed to concentration of credit risk at August 31, 2025.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2025, was as follows:

	Balance 8/31/2024	Additions	Adjustments/ Deletions	Balance 8/31/2025
Capital assets				
Land	$ 1,240,495	$ -	$ -	$ 1,240,495
Treatment and distribution facilities	9,872,818	545,420	466,417	10,884,655
Right-to-use leased equipment	654,536	-	-	654,536
Machinery and equipment	1,549,056	89,313	-	1,638,369
Facilities & improvements	2,745,379	1,825	-	2,747,204
Construction in progress	8,353,200	1,976,141	(466,417)	9,862,924
Total assets at cost	24,415,484	2,612,699	-	27,028,183
Less accumulated depreciation	(6,933,120)	(583,343)	-	(7,516,463)
Total net capital assets	$ 17,482,364	$ 2,029,356	$ -	$ 19,511,720

Capital asset activity for the year ended August 31, 2024, was as follows:

	Balance 8/31/2023	Additions	Adjustments/ Deletions	Balance 8/31/2024
Capital assets				
Land	$1,240,495	$ -	$ -	$1,240,495
Treatment and distribution facilities	9,920,125	15,575	(62,882)	9,872,818
Right-to-use leased equipment	445,635	208,901	-	654,536
Machinery and equipment	1,549,056	-	-	1,549,056
Facilities & improvements	2,682,497	-	62,882	2,745,379
Construction in progress	8,122,338	230,862	-	8,353,200
Total assets at cost	23,960,146	455,338	-	24,415,484
Less accumulated depreciation	(6,410,102)	(523,018)	-	(6,933,120)
Total net capital assets	$17,550,044	($67,680)	$ -	$17,482,364

Total depreciation expense for the years ended August 31, 2025 and 2024 was $583,343 and $523,018, respectively.

NOTE 3 – CAPITAL ASSETS (continued)

Certain prior year amounts have been reclassified for consistency with the current year presentation. During the year ended August 31, 2025, the Authority identified general facilities improvements amounting to $62,882 that were included in the treatment and distribution facilities in the prior year. The Authority reclassified these assets to the proper category. These reclassifications had no effect on the reported results of operations.

NOTE 4 – LONG-TERM LIABILITIES

The following is a summary of changes in the Authority's long-term liabilities for the year ended August 31, 2025:

Division	Issue Date	Original Amount	Balance 8/31/2024	Additions	Retirements	Balance 8/31/2025	Current Portion
Right-to-Use (RTU) Leases Obligations							
ANRA Ops	2024	$ 82,270	$ 73,969	$ -	$ (15,045)	$ 58,924	$ 15,957
Neches Compost	2021	229,604	178,526	-	(18,165)	160,361	18,347
Neches Compost	2024	126,630	118,035	-	(15,848)	102,187	19,486
Total RTU Leases		438,504	370,530	-	(49,058)	321,472	53,790
Revenue Bonds							
ANRA Ops	2017	2,008,000	1,664,000	-	(101,000)	1,563,000	105,000
ANRA Ops	2018	300,000	165,000	-	(30,000)	135,000	30,000
Holmwood	2022	450,000	400,000	-	(25,000)	375,000	25,000
Prairie Grove	2023	200,000	191,000	-	(9,000)	182,000	10,000
Lake Columbia	2005	230,000	220,000	-	(10,000)	210,000	15,000
Lake Columbia	2009	734,000	734,000	-	-	734,000	-
Deferred Interest	2005	1,429,100	589,627	40,664	-	630,291	-
Lake Columbia	2005	800,000	765,000	-	(35,000)	730,000	40,000
North Angelina Co.	2014	205,000	25,000	-	(25,000)	-	-
North Angelina Co.	2016	1,820,000	1,775,000	-	(10,000)	1,765,000	30,000
North Angelina Co.	2017	1,400,000	1,370,000	-	(5,000)	1,365,000	5,000
North Angelina Co.	2020	2,700,000	2,100,000	-	(160,000)	1,940,000	160,000
North Angelina Co.	2021	795,000	745,000	-	(25,000)	720,000	25,000
Total Bonds		13,711,000	10,743,627	40,664	(435,000)	10,349,291	445,000
Total Debt		$13,509,604	$11,114,157	$40,664	$(484,058)	$10,670,763	$ 498,790

The following is a summary of changes in the Authority's long-term liabilities for the year ended August 31, 2024:

Division	Issue Date	Original Amount	Balance 8/31/2023	Additions	Retirements	Balance 8/31/2024	Current Portion
Right-to-Use (RTU) Leases Obligations							
ANRA Ops	2024	$82,270	$ -	82,270	$(8,301)	$73,969	$14,970
Neches Compost	2021	229,604	195,963	-	(17,437)	178,526	17,886
Neches Compost	2024	126,630	-	126,630	(8,595)	118,035	18,140
Total RTU Leases		438,504	195,963	208,900	(34,333)	370,530	50,996
Revenue Bonds							
ANRA Ops	2017	2,008,000	1,762,000	-	(98,000)	1,664,000	101,000
ANRA Ops	2018	300,000	195,000	-	(30,000)	165,000	30,000
Holmwood	2022	450,000	424,000	-	(24,000)	400,000	25,000
Prairie Grove	2023	200,000	200,000	-	(9,000)	191,000	9,000
Lake Columbia	2005	230,000	230,000	-	(10,000)	220,000	10,000
Lake Columbia	2009	734,000	734,000	-	-	734,000	-
Deferred Interest	2005	1,429,100	548,963	40,664	-	589,627	-
Lake Columbia	2005	800,000	800,000	-	(35,000)	765,000	35,000
North Angelina Co.	2014	205,000	45,000	-	(20,000)	25,000	25,000
North Angelina Co.	2016	1,820,000	1,785,000	-	(10,000)	1,775,000	10,000
North Angelina Co.	2017	1,400,000	1,375,000	-	(5,000)	1,370,000	5,000
North Angelina Co.	2020	2,700,000	2,260,000	-	(160,000)	2,100,000	160,000
North Angelina Co.	2021	795,000	770,000	-	(25,000)	745,000	25,000
Neches Compost	2014	446,900	50,300	-	(50,300)	-	-
Neches Compost	2014	67,500	7,000	-	(7,000)	-	-
Total Bonds		13,585,500	11,186,263	40,664	(483,300)	10,743,627	435,000
Total Debt		$14,024,004	$11,382,226	$249,564	($517,633)	$11,114,157	$485,996

Future payments on bonds are as follows (excludes deferred interest and loan forgiveness):

Year Ending August 31,	Bonds Payable Principal	Interest	Deferred	Total
2026	$ 455,000	$ 264,418	$ -	$ 719,418
2027	471,000	248,332	-	719,332
2028	551,000	231,193	-	782,193
2029	572,000	214,065	-	786,065
2030	543,000	194,702	-	737,702
2031-2035	3,037,000	687,924	-	3,724,924
2036-2040	1,626,000	246,131	-	1,872,131
2041-2045	1,839,000	807,779	630,291	3,277,070
2046-2050	565,000	10,663	-	575,663
2051-2052	60,000	-	-	60,000
Total	$9,719,000	$2,905,207	$630,291	$13,254,498

NOTE 4 – LONG-TERM LIABILITIES (continued)

Revenue bonds and deferred interest at year end were comprised of the following debt issues:

Description	Interest Rate	Balance at 8/31/2025	Balance at 8/31/2024
General Improvement Project Revenue Bond, Series 2017 (ANRA)	3.80%	1,563,000	$1,664,000
General Improvement Project Revenue Bond, Series 2018 (ANRA)	4.75%	135,000	165,000
Revenue Bonds, Series 2022 (Holmwood Utilities)	3.47%	375,000	400,000
Revenue Bonds, Series 2023 (Prairie Grove Utilities)	5.19%	182,000	191,000
Revenue Bonds, Series 2005 (Lake Columbia)	5.68%-5.83%	210,000	220,000
Revenue Bonds, Series 2005 (Lake Columbia)	5.54%	1,364,291	1,323,627
Revenue Bonds, Series 2005 (Lake Columbia - TWDB)	5.68%-5.83%	730,000	765,000
Revenue Bonds, Series 2014 (North Angelina County)	0.00%-2.05%	1,765,000	25,000
Revenue Bonds, Series 2016 (North Angelina County)	0.00%-2.36%	-	1,775,000
Revenue Bonds, Series 2017 (North Angelina County)	0.00%-2.03%	1,365,000	1,370,000
Revenue Bonds, Series 2020 (North Angelina County)	3.16%	1,940,000	2,100,000
Revenue Bonds, Series 2021 (North Angelina County)	0.00%	720,000	745,000
		$10,349,291	$10,743,627

The total net book value of the right-to-use leased equipment at August 31, 2025 was $280,933, including accumulated depreciation of $373,603. Future payments on right-to-use lease obligations are as follows:

Year Ending August 31,	Principal	Interest	Total
2026	53,854	13,786	67,640
2027	56,659	10,981	67,640
2028	59,831	7,809	67,640
2029	66,837	4,047	70,884
2030	20,251	2,093	22,344
Thereafter	64,040	2,992	67,032
Total	321,472	41,708	363,180

NOTE 5 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance. The Authority has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts for the past three fiscal years.

NOTE 6 – DEFINED BENEFIT PENSION PLAN

Plan Description. The Authority provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of approximately 850 nontraditional defined benefit pension plans.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (continued)

TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at age 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 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 their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Contributions. The deposit rate for employees is 4%, 5%, 6% or 7% of compensation, as adopted by the employer’s governing body. The Authority’s rate is currently 5%. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer’s plan. Employer contribution rates are determined annually and approved by the TCDRS Board of Trustees.

Under the state law governing TCDRS, the contribution rate for each county or district is determined annually by the actuary. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The contribution rates for the Authority was 4.16% and 4.26% for calendar years 2025 and 2024, respectively. The Authority’s contributions to TCDRS’s pension plan for the year ended August 31, 2025 was $45,096, which equaled the required contributions.

Net Pension Asset/Liability. The Authority’s Net Pension Asset/Liability (NPL) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the Net Pension Asset/Liability was determined by an actuarial valuation as of that date.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (continued)

Actuarial Assumptions. Total Pension Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

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 (level percent of pay)*
Asset Valuation Method	5-year smoothed market
Inflation	2.50% per year
Salary Increases	Varies by age and service. 4.7% average, including inflation
Investment Rate of Return	7.50%, net of administrative and investment expenses
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

**Individual entry age 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.*

Actuarial Methods and Assumptions Used for Funding Valuation. The following is a description of the assumptions used in the December 31, 2024 actuarial valuation analysis for the Authority. This information may also be found in the Authority's December 31, 2024 Summary Valuation Report provided by TCDRS.

Economic Assumptions:

TCDRS System-Wide Economic Assumptions:

Real rate of return	5.00%
Inflation	2.50%
Long-term investment return	7.50%

The assumed long-term investment return of 7.5% is net after investment and administrative expenses. It is assumed returns will equal the nominal annual rate of 7.5% for calculating the actuarial accrued liability and the normal cost contribution rate for the retirement plan of each participating employer.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (continued)

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.50% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.7% per year for a career employee.

Employer-Specific Economic Assumptions:

Growth in membership	0.00%
Payroll growth	0.00%

The payroll growth assumption is for the aggregate covered payroll of an employee.

Demographic Assumptions

TCDRS System-Wide Demographic Assumptions:

Former Employees Working for Another TCDRS Employer - Former employees who have left their accounts on deposit and are now active depositing members with another TCDRS employer are treated for valuation purposes as active members with no future member deposits.

Family Composition - For current retirees, beneficiary information is supplied by TCDRS. For purposes of calculating the Survivor Benefit for current depositing and non-depositing members, male members are assumed to have a female beneficiary who is three years younger. Female members are assumed to have a male beneficiary who is three years older.

Internal Revenue Code Section 415 Limit - The Internal Revenue Code Section 415 maximum benefit limitations are not reflected in the valuation for funding purposes. Any limitation is reflected in a member's benefit after retirement.

Internal Revenue Code Section 401(a)(17) - Compensation is limited under IRC Section 401(a)(17) and the limit is assumed to increase at the rate of inflation for valuation purposes.

Option Elected at Retirement - Future retired members are assumed to elect the standard (single life) retirement option with a monthly benefit for the retiree's lifetime only. Current retirees and beneficiaries are valued based on the option previously selected. All options include a cash refund feature which for valuation purposes is approximated by assuming monthly payments are received for a minimum of four years. This approximation applies for both current and future retirees.

Replacement of Terminated Members - New employees are assumed to replace any terminated members and have similar entry ages.

Disability - The rates of disability used in this valuation are illustrated in Table 2. Members who become disabled are eligible to commence benefit payments regardless of age. Rates of disability are in a custom table based on TCDRS experience.

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 information for a 10 year time horizon.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (continued)

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. Milliman relies on the expertise of Cliffwater in this assessment.

The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation*	Expected Real Rate of Return (Arithmetic)**
U.S. Equities	13.00%	5.35%
Global Equity	4.00%	5.15%
International Equities - Developing Markets	6.00%	4.75%
International Equities - Emerging Markets	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 Estate Partnerships	6.00%	5.75%
Private Equity	25.00%	8.15%
Hedge Funds	6.00%	3.60%
Cash Equivalents	2.00%	1.10%
Total	100.00%	

* Target asset allocation adopted at the March 2021 TCDRS Board meeting.

** Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.0%, per Cliffwater's 2021 capital market assumptions.

Depletion of Plan Assets / GASB Discount Rate. The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.

The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (continued)

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.

Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.

The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.

Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (continued)

Changes in the Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a)-(b)
Balance at 12/31/2023	$ 33,038	$ 34,572	$ (1,534)
Changes for the year:			
Service cost	91,832	-	91,832
Interest*	9,485	-	9,485
Effect of plan changes**	-	-	-
Effect of economic/demographic gains or losses	(664)	-	(664)
Effect of assumption changes	-	-	-
Refund of contributions	-	-	-
Benefit payments	(134)	(134)	-
Administrative expenses	-	(79)	79
Member contributions	-	53,688	(53,688)
Net investment income	-	5,628	(5,628)
Employer contributions	-	45,742	(45,742)
Other***	-	5,476	(5,476)
Net Changes	100,519	110,321	(9,802)
Balance at 12/31/2024	$ 133,557	$ 144,893	$ (11,336)

**Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.*
***No plan changes valued.*
****Relates to allocation of system-wide items.*

Sensitivity Analysis. Sensitivity of the net pension (asset) liability to changes in the discount rate: The following presents the net pension liability of the Authority, calculated using the discount rate of 7.60%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60%) or 1-percentage-point higher (8.60%) than the current rate.

	1% Decrease in Discount Rate (6.60%)	Discount Rate (7.60%)	1% Increase in Discount Rate (8.60%)
Total Pension Liability	$ 154,733	$ 133,557	$ 116,247
Fiduciary Net Position	144,892	144,893	144,893
Net Pension (Asset) Liability	$ 9,841	$ (11,336)	$ (28,645)

NOTE 6 – DEFINED BENEFIT PENSION PLAN (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension.

For the year ended August 31, 2025, the Authority recognized pension expense of $35,963.

At August 31, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	15	553
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	1,296	-
Contributions subsequent to measurement date	29,686	-
Total	30,997	553

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

	Net Deferred Outflows (Inflows) of Resources
2026	29,950
2027	264
2028	264
2029	72
2030	(106)
Thereafter	-
Total	30,444

The amount of $29,686 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending August 31, 2026.

NOTE 7 – ANGELINA COUNTY FRESH WATER SUPPLY DISTRICT NO. 1

The Authority serves as the manager and operator for Angelina County Fresh Water Supply District No. 1 (the “District”). As the manager and operator, the Authority bills and receives payments for all water and sewer charges of the District and deposits them into the bank account of the District. This bank account and receivables are assets of the District, a legally separate entity from ANRA. However, the Authority maintains all of the District’s utility operations records. In addition, the District has the sole responsibility for rate setting as it applies to the District. During the year ended August 31, 2018, the Authority established a separate division, Redland Wholesale Utilities, for the District in order to process and pay the District’s expenses. The District pays the Authority a monthly fee for these services.

NOTE 7 – ANGELINA COUNTY FRESH WATER SUPPLY DISTRICT NO. 1 (continued)

The original contract in 1996 between the Authority and the District was in place for an initial term of ten years, with additional ten year renewal options up to a total of 100 years. The current contract has a renewal date of 2026. On August 13, 2013, the contract was amended to include provisions which require the Authority to expand and construct the water and sewer systems necessary to serve the District's service area, to convert the 100-year term to a perpetual right to use the system, and to appoint the Authority to be the District's agent. The Authority will have an exclusive right, use, and control of the District's facilities and shall be entitled to all revenues derived by the facility operations. The Authority will also be responsible for all the costs and expenses of operating and maintaining the facilities during the contract term.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

The Authority is subject to various other claims and lawsuits which may arise in the ordinary course of business. After consulting with counsel representing the Authority in connection with such claims and lawsuits, it is the opinion of management and counsel that the disposition or ultimate determination of such claims and lawsuits will not have a material effect on the financial position of the Authority. No claim liabilities are reported at year end.

The Authority has incurred costs in connection with the Lake Columbia project, however the amount is not due and payable until the completion of the project and after the expenses are approved by the Texas Water Development Board (TWDB). The total costs incurred by the Authority as of August 31, 2025 was $4,983,503, and is included in capital assets on the accompanying Statements of Net Position.

The Authority has committed to purchase the TWDB's interest in the Lake Columbia project regardless of whether the project is ever completed. If the Authority fails to secure required permits for the construction of the lake, the Lake Columbia project will be determined to be infeasible, and the TWDB may not invest any additional funds. If the Lake Columbia project is determined infeasible, the Authority could choose one of the following actions: (1) continue to make scheduled bond payments, (2) purchase the TWDB interest as described in the master agreement, (3) negotiate with the TWDB to develop alternate repayment terms. The Authority has agreements in place with all Lake Columbia participants that require the participants to continue making the agreed-upon contributions regardless of the status of the project.

On March 2, 2020, the U.S. Army Corps of Engineers unilaterally withdrew the permit application for a Department of the Army Section 404 Permit that would allow the Authority to construct the dam for Lake Columbia within Jurisdictional Waters of the US. The withdrawal of the permit application is not a denial of the permit, nor does it prevent the Authority from submitting a new application for the Lake Columbia project at any time in the future. The Authority continues its efforts to develop the project elements required as part of a new permit application to be resubmitted at a future date.

NOTE 9 – AGREEMENTS TO ISSUE INDUSTRIAL DEVELOPMENT BONDS

During the year ended August 31, 2021, the Authority, with ANRA Industrial Development Corporation (ANRAIDC), a non-profit corporation, agreed to issue Industrial Development bonds as a conduit for other entities, not to exceed $250,000,000, for the purposes of acquiring and revitalizing the Aspen Power Plant and other facilities for the treating of sewage and the treating and disposing of solid waste, the development of a specialty packaging products and a specialty chemicals plant using electricity from the Aspen Power. the grantor, Jefferson Enterprise Energy, LLC, or one or more affiliates thereof, will be the initial owner and operator of the project.

The properties financed are pledged as collateral, and the bonds are payable solely from payments received from the private-sector entities on the underlying mortgage or promissory notes. In addition, no commitments beyond the collateral, the payments from the private-sector entities, and maintenance of the of the conduit debt obligation were extended by the Authority or ANRAIDC for any of those bonds.

All expenses funded by the Authority for the benefit of ANRAIDC have been recognized and reported in the records of the Authority. The Authority is not liable for the following conduit bonds:

Grantor*	Issue Date	Balance 9/1/2024	Increase/ (Decreases)	Balance 8/31/2025
Jefferson Enterprise Energy, LLC	December 18, 2021	$ 22,000,000	$ -	$ 22,000,000
Jefferson Enterprise Energy, LLC	June 11, 2024	35,000,000	-	35,000,000
Jefferson Enterprise Energy, LLC	June 11, 2024	30,000 000	-	30,000 000
Jefferson Enterprise Energy, LLC	June 11, 2024	35,000 000	-	35,000 000
		$122,000,000	$ -	$122,000,000

* *as listed on original issuance documents*

NOTE 10 - PRIOR PERIOD ADJUSTMENT

Effective September 1, 2024, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. As a result, compensated absences liabilities now include additional types of paid leave, when the leave has commenced. The liability at year-end is measured based on the leave balances as of August 31, 2025, adjusted for expected usage and applicable compensation rates. Adoption of GASB 101 required a prior period adjustment to report the effect retroactively. The amount of the prior period adjustment is ($19,723). The restated beginning net position at September 1, 2024 is $7,361,303. Prior year data has been restated to include the liability as measured at August 31, 2024.

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ANGELINA & NECHES RIVER AUTHORITY
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2025

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:				
Participant contributions	$ 1,693,682	$ 1,693,682	$ 1,689,304	$ (4,378)
Contracts and fees	751,193	751,193	515,987	(235,206)
Management fees	35,000	35,000	448,875	413,875
TCEQ contracts	214,046	214,046	1,246,154	1,032,108
Water and sewer charges	818,490	818,490	817,730	(760)
Total Operating Revenues	3,512,411	3,512,411	4,718,050	1,205,639
Operating Expenditures:				
Purchased utility services	253,273	253,273	330,824	(77,551)
Salaries and benefits	1,289,317	1,289,317	1,330,308	(40,991)
General and administrative	269,433	269,433	352,662	(83,229)
Professional fees	124,950	124,950	139,706	(14,756)
Management and contracted services	301,007	301,007	331,181	(30,174)
Repairs and supplies	456,439	456,439	476,376	(19,937)
Total Operating Expenditures	2,694,419	2,694,419	2,961,057	(266,638)
Excess (deficiency) revenues over expenditures before depreciation expense	817,992	817,992	1,756,993	939,001
Depreciation expense	-	-	583,341	(583,341)
Excess (deficiency) revenues over expenditures	817,992	817,992	1,173,652	355,660
Non-operating Revenues (Expenditures):				
Investment income	-	-	460,485	460,485
Interest expense	(785,050)	(785,050)	(331,868)	453,182
Bond issuance costs	-	-	(129,000)	(129,000)
Provision for loan forgiveness	-	-	1,466,998	1,466,998
Refunds and rebates	-	-	-	-
Pension expense - TCDRS			(35,962)	(35,962)
Other non-operating revenues (expenditures)	-	-	130,247	130,247
Total non-operating revenues (expenses)	(785,050)	(785,050)	1,560,900	2,345,950
Change in net position	32,942	32,942	2,734,552	2,701,610
Net position, beginning	7,721,218	7,721,218	7,721,218	-
Net position, ending	$ 7,754,160	$ 7,754,160	$ 10,455,770	$ 2,701,610

ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED AUGUST 31,

	FY 2025 Plan Yr 2024	FY 2024 Plan Yr 2023
TOTAL PENSION LIABILITY		
Service cost	91,832	30,685
Interest (on the Total Pension Liability)	9,485	2,332
Effect of Plan Changes	-	-
Effect of Assumption Changes or Inputs	-	-
Effect of Economic/Demographic (gains)/losses	(664)	21
Benefit payments, including refunds of employee contributions	(134)	-
Net Change in Total Pension Liability	100,519	33,038
Total Pension Liability - Beginning	33,038	-
Total Pension Liability - Ending (a)	133,557	33,038
PLAN FIDUCIARY NET POSITION		
Contributions:		
Employer	45,742	15,013
Employee	53,688	17,620
Net investment income	5,628	323
Benefit payments, including refund of employee contributions	(134)	-
Administrative expense	(79)	(18)
Other	5,476	1,634
Net Change in Plan Fiduciary Net Position	110,321	34,572
Plan Fiduciary Net Position - Beginning	34,572	-
Plan Fiduciary Net Position - Ending (b)	144,893	34,572
Net Pension (Asset)Liabilty - Ending (a) - (b)	(11,336)	(1,534)
Plan Fiduciary Net Position as a Percentage of Total Pension Asset/Liability	108.49%	104.64%
Covered Payroll	1,073,765	352,409
Net Pension Asset/Liability as a Percentage of Covered Payroll	1.06%	0.44%

NOTE: GASB 68, Paragraph 81 requires that the data in this schedule be data from the period corresponding with the periods covered as of the measurement dates of December 31, 2024 for fiscal year 2025 and December 31, 2023 for fiscal year 2024.

NOTE: In accordance with GASB 68, Paragraph 138, only two years of data are presented this reporting period. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF PENSION CONTRIBUTIONS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED AUGUST 31, 2025

Year Ending August 31,	Actuarially Determined Contribution*	Actual Employer Contribution*	Contribution Deficiency (Excess)	Pensionable Covered Payroll**	Actual Contribution as a % of Covered Covered Payroll
2016	-	-	-	-	0.00%
2017	-	-	-	-	0.00%
2018	-	-	-	-	0.00%
2019	-	-	-	-	0.00%
2020	-	-	-	-	0.00%
2021	-	-	-	-	0.00%
2022	-	-	-	-	0.00%
2023	-	-	-	-	0.00%
2024	15,013	15,013	-	352,409	4.26%
2025	45,742	45,742	-	1,073,765	4.26%

* - TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.

** - Payroll is calculated based on contributions reported to TCDRS.

ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF NET POSITION - BY DIVISION
AUGUST 31, 2025 AND 2024

	ANRA Operations	Holmwood Utilities	Lake Columbia	Neches Compost
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 92,357	$ 50,273	$ 2,157	$ 132,575
Restricted cash and cash equivalents	98,971	15,017	-	-
Accounts receivable, net	16,975	17,395	113	8,161
Interfund receivables	271,619	-	-	1,697
Total current assets	479,922	82,685	2,270	142,433
Capital Assets:				
Land	555,040	1,577	-	52,993
Other capital assets, net of depreciation	1,596,502	388,775	-	483,467
Construction in progress	-	-	4,983,503	-
Total capital assets	2,151,542	390,352	4,983,503	536,460
Total Assets	2,631,464	473,037	4,985,773	678,893
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - TCDRS	26,348	-	-	4,649
Total deferred outflows of resources	26,348	-	-	4,649
Total Deferred Outflows of Resources	26,348	-	-	4,649
LIABILITIES				
Current Liabilities:				
Accounts payable	39,348	6,046	-	13,903
Interfund payables	1,697	155	262,308	-
Accrued compensated absences	65,242	-	-	12,026
Accrued interest payable	5,716	5,390	2,405	249
Other accrued liabilities	39,255	-	-	6,926
Deposits payable	-	10,049	-	-
Leases payable - current	15,957	-	-	37,833
Bonds payable - current	135,000	25,000	55,000	-
Total current liabilities	302,215	46,640	319,713	70,937
Long-term Liabilities:				
Deferred interest	-	-	630,291	-
Leases payable - noncurrent	42,967	-	-	224,715
Bonds payable - noncurrent	1,563,000	350,000	1,619,000	-
Unearned revenues - grants	2,161	-	-	-
Net pension (asset) liability	(9,636)	-	-	(1,700)
Total long-term liabilities	1,598,492	350,000	2,249,291	223,015
Total Liabilities	1,900,707	396,640	2,569,004	293,952
DEFERRED INFLOWS OF RESOURCES				
Loan forgiveness - TWDB	-	-	-	-
Deferred amount on refunding	-	-	-	-
Deferred inflows - TCDRS	470			83
Total deferred inflows of resources	470	-	-	83
NET POSITION				
Invested in capital assets, net of related debt	453,542	162,373	3,309,503	273,912
Restricted for debt service	98,971	15,017	-	-
Restricted for capital projects	-	-	-	-
Unrestricted	204,122	(100,993)	(892,734)	115,595
Total Net Position	$ 756,635	$ 76,397	$ 2,416,769	$ 389,507

See independent auditor's report.

North Angelina County RWF	Redland Wholesale Utilities	Prairie Grove Utilities	Central Heights Utilities	Adjustments	Total 2025	Total 2024
$ 197,714	$ 10,136	$ 28,946	$ 64,995	$ -	$ 579,153	$ 383,682
722,699	-	7,785,712	4,451,876	-	13,074,275	2,597,811
35,714	-	17,132	35,923	-	131,413	179,917
-	-	-	-	(273,316)	-	-
956,127	10,136	7,831,790	4,552,794	(273,316)	13,784,841	3,161,410
617,026	-	13,859	-	-	1,240,495	1,240,495
5,232,901	-	206,956	499,700	-	8,408,301	7,888,669
4,560,918	-	176,385	142,118	-	9,862,924	8,353,200
10,410,845	-	397,200	641,818	-	19,511,720	17,482,364
11,366,972	10,136	8,228,990	5,194,612	(273,316)	33,296,561	20,643,774
-	-	-	-	-	30,997	29,604
-	-	-	-	-	30,997	29,604
-	-	-	-	-	30,997	29,604
145,956	4,986	6,178	30,947	-	247,364	157,234
888	7,812	183	273	(273,316)	-	-
-	-	-	-	-	77,268	70,617
32,137	-	3,879	-	-	49,776	52,267
-	-	-	3,423	-	49,604	44,730
-	-	9,316	28,460		47,825	45,078
-	-	-	-	-	53,790	50,996
220,000	-	10,000	-	-	445,000	435,000
398,981	12,798	29,556	63,103	(273,316)	970,627	855,922
-	-	-	-	-	630,291	589,628
-	-	-	-	-	267,682	319,534
5,570,000	-	172,000	-	-	9,274,000	9,719,000
-	-	7,431,928	4,303,440	-	11,737,529	-
-	-	-	-	-	(11,336)	(1,534)
5,570,000	-	7,603,928	4,303,440	-	21,898,166	10,626,628
5,968,981	12,798	7,633,484	4,366,543	(273,316)	22,868,793	11,482,550
-	-	-	-	-	-	1,466,998
2,442	-	-	-	-	2,442	2,612
					553	-
2,442	-	-	-	-	2,995	1,469,610
4,419,485	-	211,321	790,254	-	9,620,390	5,508,906
198,918	-	-	-	-	312,906	276,338
523,781		353,784	-	-	877,565	2,517,595
253,365	(2,662)	30,401	37,815	-	(355,091)	(581,621)
$ 5,395,549	$ (2,662)	$ 595,506	$ 828,069	$ -	$ 10,455,770	$ 7,721,218

ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION - BY DIVISION
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

	ANRA Operations	Holmwood Utilities	Lake Columbia	Neches Compost
Operating Revenues:				
Participant contributions	$ -	$ -	$ 102,102	$ 672,514
Contracts and fees	473,449	-	-	107,051
Management fees	1,127,424	-	-	-
Grants and intergovernmental contracts	310,523	-	-	-
Water and sewer charges	-	218,690	-	-
Total Operating Revenues	1,911,396	218,690	102,102	779,565
Operating Expenditures:				
Purchased utility services	4,162	34,182	-	-
Salaries and benefits	1,124,592	-	-	205,716
General and administrative	164,586	9,956	-	108,987
Professional fees	114,854	-	-	-
Management and contracted services	181,879	114,405	805	304,925
Repairs and supplies	165,968	10,337	-	79,722
Depreciation	113,835	33,785	-	79,749
Total Operating Expenditures	1,869,876	202,665	805	779,099
Excess (deficiency) revenues over expenditures	41,520	16,025	101,297	466
Non-operating Revenues (Expenditures):				
Investment income	71,601	-	-	-
Interest expense	(71,832)	(11,193)	(97,222)	(14,874)
Grant issuance costs and fees	-	-	-	-
Provision for loan forgiveness	-	-	-	-
Refunds and rebates	-	-	-	-
Pension expense - TCDRS	(30,568)	-	-	(5,394)
Other non-operating revenues (expenditures)	109,553	775	(509)	16,599
Total non-operating revenues (expenses)	78,754	(10,418)	(97,731)	(3,669)
Change in net position	120,274	5,607	3,566	(3,203)
Net position, beginning	636,361	70,790	2,413,203	392,710
Prior period adjustment (GASB 101)	-	-	-	-
Net position, ending	$ 756,635	$ 76,397	$ 2,416,769	$ 389,507

See independent auditor's report.

North Angelina County RWF	Redland Wholesale Utilities	Prairie Grove Utilities	Central Heights Utilities	Adjustments	Total 2025	Total 2024
$ 914,688	$ -	$ -	$ -	$ -	$ 1,689,304	$ 1,588,658
6,130	-	-	-	(70,643)	515,987	703,177
-	166,399	-	-	(928,270)	365,553	225,196
-	-	273,071	662,560	-	1,246,154	313,007
-	-	202,394	396,646	-	817,730	785,041
920,818	166,399	475,465	1,059,206	(998,913)	4,634,728	3,615,079
67,985	47,197	3,651	173,647	-	330,824	302,276
-	-	-	-	-	1,330,308	1,337,154
29,644	10,283	14,614	14,592	-	352,662	306,902
-	-	-	24,852	-	139,706	54,259
317,549	96,611	98,581	132,017	(998,913)	247,859	181,206
138,097	25,380	36,149	20,723	-	476,376	435,568
318,780	-	10,892	26,300	-	583,341	523,018
872,055	179,471	163,887	392,131	(998,913)	3,461,076	3,140,383
48,763	(13,072)	311,578	667,075	-	1,173,652	474,696
-	-	273,935	114,949	-	460,485	135,005
(127,381)	-	(9,366)	-	-	(331,868)	(346,789)
-	-	(84,250)	(44,750)	-	(129,000)	(50)
1,466,998	-	-	-	-	1,466,998	33,521
-	-	-	-	-	-	16,527
-	-	-	-	-	(35,962)	(12,697)
-	-	1,950	1,879	-	130,247	59,702
1,339,617	-	182,269	72,078	-	1,560,900	(114,781)
1,388,380	(13,072)	493,847	739,153	-	2,734,552	359,915
4,007,169	10,410	101,659	88,916	-	7,721,218	7,381,026
-	-	-	-	-	-	(19,723)
$ 5,395,549	$ (2,662)	$ 595,506	$ 828,069	$ -	$ 10,455,770	$ 7,721,218

ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF CASH FLOWS - BY DIVISION
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

	ANRA Operations	Holmwood Utilities	Lake Columbia	Neches Compost
Cash Flows from Operating Activities:				
Cash received from customers	$ 1,969,182	$ 218,563	$ 104,003	$ 782,814
Cash paid to suppliers	(627,672)	(169,321)	(805)	(498,519)
Cash paid to employees	(1,127,020)	-	-	(202,394)
Net cash provided by operating activities	214,490	49,242	103,198	81,901
Cash Flows from Capital and Related Financing Activities:				
Purchase of capital assets	(55,137)	-	-	(35,996)
Proceeds from right-to-use leases	-	-	-	-
Proceeds from capital grants	-	-	-	-
Grant issuance costs	-	-	-	-
Principal payments on long-term debt	(146,045)	(25,000)	(45,001)	(34,013)
Interest paid on long-term debt	(72,893)	(11,553)	(56,667)	(14,915)
Net cash provided (used) by capital and related financing activities	(274,075)	(36,553)	(101,668)	(84,924)
Cash Flows from Noncapital and Related Financing Activities:				
Transfers	-	-	-	-
Net cash provided(used) by noncapital and related financing activities	-	-	-	-
Cash Flows from Investing Activities:				
Interest from investments	71,601	-	-	-
Other income (expense)	78,985	775	(509)	11,205
Net cash provided (used) by investing activities	150,586	775	(509)	11,205
Net increase (decrease) in cash and cash equivalents	91,001	13,464	1,021	8,182
Cash and cash equivalents, beginning of period	100,327	51,826	1,136	124,393
Cash and cash equivalents, end of period	$ 191,328	$ 65,290	$ 2,157	$ 132,575
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating Income	$ 41,520	$ 16,025	$ 101,297	$ 466
Adjustments to reconcile operating income to cash provided (used) by operating activities:				
Depreciation	113,835	33,785	-	79,749
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	57,786	(127)	1,901	3,249
Deferred outflows	(1,184)	-	-	(209)
Increase (Decrease) in:				
Accounts payable	3,777	(193)	-	(4,885)
Accrued liabilities	6,618	(248)	-	4,918
Deferred inflows	470	-	-	83
Net pension liabilities	(8,332)	-	-	(1,470)
Net cash provided by operating activities	$ 214,490	$ 49,242	$ 103,198	$ 81,901

See independent auditor's report.

North Angelina County RWF	Redland Wholesale Utilities	Prairie Grove Utilities	Central Heights Utilities	Adjustments	Total 2025	Total 2024
$ 885,104	$ 181,525	$ 475,677	$ 1,057,720	$ (915,591)	$ 4,758,997	$ 3,604,050
(477,944)	(176,147)	(145,877)	(347,639)	915,591	(1,528,333)	(1,432,131)
-	-	-	-	-	(1,329,414)	(1,367,890)
407,160	5,378	329,800	710,081	-	1,901,250	804,029
(1,691,088)	-	(190,360)	(640,118)	-	(2,612,699)	(455,338)
-	-	-	-	-	-	208,900
-	-	7,431,928	4,303,440	-	11,735,368	-
-	-	(84,250)	(44,750)	-	(129,000)	(50)
(225,000)	-	(9,000)	-	-	(484,059)	(517,632)
(127,994)	-	(9,673)	-	-	(293,695)	(308,829)
(2,044,082)	-	7,138,645	3,618,572	-	8,215,915	(1,072,949)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	273,935	114,949	-	460,485	135,005
-	-	1,950	1,879	-	94,285	47,005
-	-	275,885	116,828	-	554,770	182,010
(1,636,922)	5,378	7,744,330	4,445,481	-	10,671,935	(86,910)
2,557,335	4,758	70,328	71,390	-	2,981,493	3,068,403
$ 920,413	$ 10,136	$ 7,814,658	$ 4,516,871	$ -	$ 13,653,428	$ 2,981,493
$ 48,763	$ (13,072)	$ 311,578	$ 667,075	$ -	$ 1,173,652	$ 474,696
318,780	-	10,892	26,300	-	583,341	523,018
(35,714)	15,126	212	(1,486)	-	40,947	(11,029)
-	-	-	-	-	(1,393)	(29,604)
75,501	3,324	5,067	15,096	-	97,687	(183,498)
-	-	2,051	3,096	-	16,435	32,150
(170)	-	-	-	-	383	(170)
-	-	-	-	-	(9,802)	(1,534)
$ 407,160	$ 5,378	$ 329,800	$ 710,081	$ -	$ 1,901,250	$ 804,029

ANGELINA & NECHES RIVER AUTHORITY
HOLMWOOD UTILITIES
TSI – 1 SERVICES AND RATES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

1. Service Provided by the District during the Fiscal Year:

_x_ Retail Water	___ Wholesale Water	___ Drainage
_x_ Retail Wastewater	___ Wholesale Wastewater	___ Irrigation
___ Parks/Recreation	___ Fire Protection	___ Security
___ Solid Waste/Garbage	___ Flood Control	___ Roads

___ Participates in joint venture, regional system, and/or wastewater service (other than emergency interconnect)
___ Other (specify):____

2. Retail Service Providers
(You may omit this information if your district does not provide retail services)

a. Retail Rates based on 3/4" meter:

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons Over Minimum	Usage Levels
Water:	$ 39.53	-	N	$2.75	1 to 5,000
				$3.25	5,001 to 10,000
				$3.50	10,001 and up
Waste:	$37.00	-	N	$3.50	1 to 5,000
				$3.75	5,001 to 10,000
				$3.75	10,001 and up

Flat Fee: $49.03 Sewer only
Service Fee
District employs winter averaging for wastewater usage? __ Yes _X_ No
Total water and sewer charges per 10,000 gallons usage (including surcharges) $139.03

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
≤ 3/4'"	169	158	X 1.0	158
1"	13	7	X 2.5	18
1 ½"	-	-	X 5.0	-
2"	-	-	X 8.0	-
3"	-	-	X 15.0	-
4"	-	-	X 25.0	-
Total Water	182	165		176
Total Wastewater	175	168	X 1.0	168

* Number of connections relates to water service, if provided. Otherwise, the number of wastewater connections should be provided.

3. Total Water Consumption during the Fiscal Year:
(You may omit this information if your district does not provide water)

Gallons pumped into system:	10,456,587	Water Accountability Ratio: (Gallons billed / Gallons pumped)
Gallons flushed from system:	106,607	
Gallons billed to customers:	8,175,406	79.2%

4. Standby Fees (authorized only under TWC Section 49.231)
(You may omit this information if your district does not levy standby fees)

Does the District have Debt Service standby fees? __ Yes _X_ No

If yes, Date of the most recent Commission Order: ____________

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

If yes, Date of the most recent Commission Order: ____________

5. Location of District (required for first audit year or when information changes, otherwise this information may be omitted)

County (ies) in which the District is located: Jasper County

Is the District located entirely within one county? _X_ Yes __ No

Is the District located within a city? ___ Entirely ___ Partly _X_ Not at all

City (ies) in which the District is located: None

Is the district located within a city's extra territorial jurisdiction (ETJ)?
_X_ Entirely ___ Partly ___ Not at all

ETJs in which the District is located: City of Jasper

Are Board members appointed by an office outside the district? _X_ Yes ___ No

If Yes, by whom? Governor

ANGELINA & NECHES RIVER AUTHORITY
PRAIRIE GROVE UTILITIES
TSI – 1 SERVICES AND RATES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

1. Service Provided by the District during the Fiscal Year:

_x_ Retail Water	___ Wholesale Water	___ Drainage
___ Retail Wastewater	___ Wholesale Wastewater	___ Irrigation
___ Parks/Recreation	___ Fire Protection	___ Security
___ Solid Waste/Garbage	___ Flood Control	___ Roads

___ Participates in joint venture, regional system, and/or wastewater service (other than emergency interconnect)

___ Other (specify):____

2. Retail Service Providers

(You may omit this information if your district does not provide retail services)

a. Retail Rates based on 3/4" meter:

	Minimum Charge	**Minimum Usage**	**Flat Rate Y/N**	**Rate per 1,000 Gallons Over Minimum**	**Usage Levels**
Water	$ 60.00	-	N	$3.25	1 to 10,000
				$3.75	10,001 to 20,000
				$4.00	20,000 and up
Waste	-	-			
Basic Service Fee	$0.00				

District employs winter averaging for wastewater usage? __ Yes _X_ No

Total water and sewer charges per 10,000 gallons usage (including surcharges) $92.50

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
≤ 3/4'"	236	223	X 1.0	223
1"	-	-	X 2.5	-
1 ½"	-	-	X 5.0	-
2"	-	-	X 8.0	-
3"	-	-	X 15.0	-
4"	-	-	X 25.0	-
Total Water	236	223		223
Total Wastewater	-	-	X 1.0	-

* Number of connections relates to water service, if provided. Otherwise, the number of wastewater connections should be provided.

3. Total Water Consumption during the Fiscal Year:
(You may omit this information if your district does not provide water)

Gallons pumped into system:	11,915,277	Water Accountability Ratio: (Gallons billed / Gallons pumped)
Gallons flushed from system:	43,162	
Gallons billed to customers:	11,486,335	96.8%

4. Standby Fees (authorized only under TWC Section 49.231)
(You may omit this information if your district does not levy standby fees)

Does the District have Debt Service standby fees? __ Yes _X_ No

If yes, Date of the most recent Commission Order: ________________________

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

If yes, Date of the most recent Commission Order: ________________________

5. Location of District (required for first audit year or when information changes, otherwise this information may be omitted)

County (ies) in which the District is located: Angelina County

Is the District located entirely within one county? _X_ Yes __ No

Is the District located within a city? ___ Entirely ___ Partly _X_ Not at all

City (ies) in which the District is located: None

Is the district located within a city's extra territorial jurisdiction (ETJ)?
_X_ Entirely ___ Partly ___ Not at all

ETJs in which the District is located: City of Diboll

Are Board members appointed by an office outside the district? _X_ Yes ___ No

If Yes, by whom? Governor

ANGELINA & NECHES RIVER AUTHORITY
CENTRAL HEIGHTS UTILITIES
TSI – 1 SERVICES AND RATES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

1. Service Provided by the District during the Fiscal Year:

_x_ Retail Water	___ Wholesale Water	___ Drainage
___ Retail Wastewater	___ Wholesale Wastewater	___ Irrigation
___ Parks/Recreation	___ Fire Protection	___ Security
___ Solid Waste/Garbage	___ Flood Control	___ Roads

___ Participates in joint venture, regional system, and/or wastewater service (other than emergency interconnect)
___ Other (specify):____

2. Retail Service Providers

(You may omit this information if your district does not provide retail services)

a. Retail Rates based on 3/4" meter:

	Minimum Charge	**Minimum Usage**	**Flat Rate Y/N**	**Rate per 1,000 Gallons Over Minimum**	**Usage Levels**
Water	$ 49.00	-	N	$4.50	1 to 5,000
				$5.00	5,001 to 10,000
				$5.50	10,000 and up
Waste	-	-			
Basic Service Fee	$0.00				

District employs winter averaging for wastewater usage? __ Yes _X_ No

Total water and sewer charges per 10,000 gallons usage (including surcharges) $94.00

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
≤ 3/4"'	391	335	X 1.0	335
1"	8	6	X 2.5	12
1 ½"	1	1	X 5.0	5
2"	5	3	X 8.0	30
3"	1	1	X 15.0	25
6"	1	1	X 25.0	50
Total Water	407	346		457
Total Wastewater	-	-	X 1.0	-

* Number of connections relates to water service, if provided. Otherwise, the number of wastewater connections should be provided.

ANGELINA & NECHES RIVER AUTHORITY
CENTRAL HEIGHTS UTILITIES
TSI – 1 SERVICES AND RATES (continued)
FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

3. **Total Water Consumption during the Fiscal Year:**
   (You may omit this information if your district does not provide water)

Gallons pumped into system:	26,547,128	Water Accountability Ratio: (Gallons billed / Gallons pumped)
Gallons flushed from system:	113,896	
Gallons billed to customers:	26,660,889	100.9%

4. **Standby Fees** (authorized only under TWC Section 49.231)
   (You may omit this information if your district does not levy standby fees)

   Does the District have Debt Service standby fees? __ Yes _X_ No

   If yes, Date of the most recent Commission Order: ____________________

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

   If yes, Date of the most recent Commission Order: ____________________

5. **Location of District** (required for first audit year or when information changes, otherwise this information may be omitted)

   County (ies) in which the District is located: Nacogdoches County

   Is the District located entirely within one county? _X_ Yes __ No

   Is the District located within a city? ___ Entirely ___ Partly _X_ Not at all

   City (ies) in which the District is located: None

   Is the district located within a city's extra territorial jurisdiction (ETJ)?
   _X_ Entirely ___ Partly ___ Not at all

   ETJs in which the District is located: City of Nacogdoches

   Are Board members appointed by an office outside the district? _X_ Yes ___ No

   If Yes, by whom? Governor

ANGELINA & NECHES RIVER AUTHORITY
TSI-5 - LONG TERM DEBT REQUIREMENTS
ALL BONDED DEBT SERIES - BY YEAR
FOR THE YEAR ENDED AUGUST 31, 2024

	Annual Debt Service Requirements - All Series Bonds			
Fiscal Year Ended	Principal	Interest	Deferred Interest	Total Debt Service
2026	455,000	264,418	-	719,418
2027	471,000	248,332	-	719,332
2028	551,000	231,193	-	782,193
2029	572,000	214,065	-	786,065
2030	543,000	194,702	-	737,702
2031	571,000	176,905	-	747,905
2032	593,000	157,897	-	750,897
2033	599,000	138,217	-	737,217
2034	631,000	118,135	-	749,135
2035	643,000	96,770	-	739,770
2036	437,000	74,894	-	511,894
2037	460,000	59,229	-	519,229
2038	319,000	45,240	-	364,240
2039	205,000	35,260	-	240,260
2040	205,000	31,507	-	236,507
2041	210,000	27,670	-	237,670
2042	215,000	23,691	-	238,691
2043	220,000	19,568	-	239,568
2044	230,000	15,299	-	245,299
2045	964,000	721,551	630,291	2,315,842
2046	240,000	6,455	-	246,455
2047	130,000	3,142	-	133,142
2048	135,000	1,066	-	136,066
2049	30,000	-	-	30,000
2050	30,000	-	-	30,000
2051	30,000	-	-	30,000
2052	30,000	-	-	30,000
	$ 9,719,000	$ 2,905,206	$ 630,291	$ 13,254,497

See independent auditor's report.

ANGELINA & NECHES RIVER AUTHORITY
TSI-5 - LONG TERM DEBT REQUIREMENTS
GENERAL IMPROVEMENT REVENUE REFUNDING BOND, SERIES 2017
ANGELINA & NECHES RIVER AUTHORITY
FOR THE YEAR ENDED AUGUST 31, 2025

	Annual Debt Service Requirements			
Fiscal Year Ended	Principal	Interest	Deferred Interest	Total Debt Service
2026	$ 105,000	$ 57,399	$ -	$ 162,399
2027	109,000	53,333	-	162,333
2028	113,000	49,115	-	162,115
2029	117,000	44,745	-	161,745
2030	122,000	40,204	-	162,204
2031	127,000	35,473	-	162,473
2032	132,000	30,552	-	162,552
2033	137,000	25,441	-	162,441
2034	142,000	20,140	-	162,140
2035	147,000	14,649	-	161,649
2036	153,000	8,949	-	161,949
2037	159,000	3,021	-	162,021
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
2049	-	-	-	-
2050	-	-	-	-
2051	-	-	-	-
2052	-	-	-	-
	$ 1,563,000	$ 383,021	$ -	$ 1,946,021

See independent auditor's report.

ANGELINA & NECHES RIVER AUTHORITY
TSI-5 - LONG TERM DEBT REQUIREMENTS
GENERAL IMPROVEMENT REVENUE REFUNDING BOND, SERIES 2018
ANGELINA & NECHES RIVER AUTHORITY
FOR THE YEAR ENDED AUGUST 31, 2025

	Annual Debt Service Requirements			
Fiscal Year Ended	Principal	Interest	Deferred Interest	Total Debt Service
2026	$ 30,000	$ 5,700	$ -	$ 35,700
2027	35,000	4,156	-	39,156
2028	35,000	2,494	-	37,494
2029	35,000	831	-	35,831
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
2049	-	-	-	-
2050	-	-	-	-
2051	-	-	-	-
2052	-	-	-	-
	$ 135,000	$ 13,181	$ -	$ 148,181

See independent auditor's report.

ANGELINA & NECHES RIVER AUTHORITY
TSI-5 - LONG TERM DEBT REQUIREMENTS
IMPROVEMENT AND REFUNDING BOND, SERIES 2022
HOLMWOOD UTILITIES
FOR THE YEAR ENDED AUGUST 31, 2025

Fiscal Year Ended	Annual Debt Service Requirements Principal	Interest	Deferred Interest	Total Debt Service
2026	$ 25,000	$ 14,063	$ -	$ 39,063
2027	26,000	13,125	-	39,125
2028	27,000	12,150	-	39,150
2029	28,000	11,138	-	39,138
2030	29,000	10,088	-	39,088
2031	31,000	9,000	-	40,000
2032	32,000	7,838	-	39,838
2033	33,000	6,638	-	39,638
2034	34,000	5,400	-	39,400
2035	35,000	4,125	-	39,125
2036	37,000	2,813	-	39,813
2037	38,000	1,425	-	39,425
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
2049	-	-	-	-
2050	-	-	-	-
2051	-	-	-	-
5052	-	-	-	-
	$ 375,000	$ 97,803	$ -	$ 472,803

See independent auditor's report.

ANGELINA & NECHES RIVER AUTHORITY
TSI-5 - LONG TERM DEBT REQUIREMENTS
WATER SYSTEM IMPROVEMENT REVENUE BOND
PRAIRIE GROVE UTILITY
FOR THE YEAR ENDED AUGUST 31, 2025

	Annual Debt Service Requirements			
Fiscal Year Ended	Principal	Interest	Deferred Interest	Total Debt Service
2026	$ 10,000	$ 9,186	$ -	$ 19,186
2027	11,000	8,641	-	19,641
2028	11,000	8,070	-	19,070
2029	12,000	7,474	-	19,474
2030	12,000	6,851	-	18,851
2031	13,000	6,202	-	19,202
2032	14,000	5,501	-	19,501
2033	14,000	4,775	-	18,775
2034	15,000	4,022	-	19,022
2035	16,000	3,218	-	19,218
2036	17,000	2,361	-	19,361
2037	18,000	1,453	-	19,453
2038	19,000	494	-	19,494
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
2049	-	-	-	-
2050	-	-	-	-
2051	-	-	-	-
2052	-	-	-	-
	$ 182,000	$ 68,248	$ -	$ 250,248

See independent auditor's report.

ANGELINA & NECHES RIVER AUTHORITY
TSI-5 - LONG TERM DEBT REQUIREMENTS
CONTRACT REVENUE REFUNDING BOND, SERIES 2005
LAKE COLUMBIA
FOR THE YEAR ENDED AUGUST 31, 2025

	Annual Debt Service Requirements			
Fiscal Year Ended	Principal	Interest	Deferred Interest	Total Debt Service
2026	$ 15,000	$ 12,088	$ -	$ 27,088
2027	10,000	11,236	-	21,236
2028	15,000	10,668	-	25,668
2029	15,000	9,809	-	24,809
2030	15,000	8,950	-	23,950
2031	15,000	8,090	-	23,090
2032	15,000	7,230	-	22,230
2033	15,000	6,371	-	21,371
2034	15,000	5,504	-	20,504
2035	20,000	4,637	-	24,637
2036	15,000	3,481	-	18,481
2037	20,000	2,614	-	22,614
2038	25,000	1,458	-	26,458
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
2049	-	-	-	-
2050	-	-	-	-
2051	-	-	-	-
5052	-	-	-	-
	$ 210,000	$ 92,136	$ -	$ 302,136

See independent auditor's report.

ANGELINA & NECHES RIVER AUTHORITY
TSI-5 - LONG TERM DEBT REQUIREMENTS
CONTRACT REVENUE REFUNDING BOND, SERIES 2005
LAKE COLUMBIA
FOR THE YEAR ENDED AUGUST 31, 2025

	Annual Debt Service Requirements			
Fiscal Year Ended	Principal	Interest	Deferred Interest*	Total Debt Service
2026	$ -	$ -	$ -	$ -
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	734,000	711,613	630,291	2,075,904
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
2049	-	-	-	-
2050	-	-	-	-
2051	-	-	-	-
5052	-	-	-	-
	$ 734,000	$ 711,613	$ 630,291	$ 2,075,904

* *Principal and interest are both deferred until 2045*

See independent auditor's report.

ANGELINA & NECHES RIVER AUTHORITY
TSI-5 - LONG TERM DEBT REQUIREMENTS
CONTRACT REVENUE REFUNDING BOND, SERIES 2005
LAKE COLUMBIA
FOR THE YEAR ENDED AUGUST 31, 2025

Fiscal Year Ended	Annual Debt Service Requirements: Principal	Interest	Deferred Interest	Total Debt Service
2026	$ 40,000	$ 42,024	$ -	$ 82,024
2027	45,000	39,752	-	84,752
2028	40,000	37,196	-	77,196
2029	50,000	34,904	-	84,904
2030	45,000	32,039	-	77,039
2031	55,000	29,461	-	84,461
2032	55,000	26,309	-	81,309
2033	55,000	23,157	-	78,157
2034	65,000	19,979	-	84,979
2035	60,000	16,222	-	76,222
2036	70,000	12,753	-	82,753
2037	75,000	8,708	-	83,708
2038	75,000	4,373	-	79,373
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
2049	-	-	-	-
2050	-	-	-	-
2051	-	-	-	-
5052	-	-	-	-
	$ 730,000	$ 326,877	$ -	$ $ 1,056,877

See independent auditor's report.

ANGELINA & NECHES RIVER AUTHORITY
TSI-5 - LONG TERM DEBT REQUIREMENTS
CONTRACT REVENUE BOND, SERIES 2016
NORTH ANGELINA COUNTY RWF
FOR THE YEAR ENDED AUGUST 31, 2025

	Annual Debt Service Requirements			
Fiscal Year Ended	Principal	Interest	Deferred Interest	Total Debt Service
2026	$ 30,000	$ 36,994	$ -	$ 66,994
2027	30,000	36,547	-	66,547
2028	75,000	35,703	-	110,703
2029	75,000	35,451	-	110,451
2030	75,000	33,135	-	108,135
2031	80,000	31,708	-	111,708
2032	80,000	30,184	-	110,184
2033	80,000	28,620	-	108,620
2034	85,000	26,965	-	111,965
2035	85,000	25,218	-	110,218
2036	85,000	23,429	-	108,429
2037	90,000	21,547	-	111,547
2038	90,000	19,576	-	109,576
2039	95,000	17,518	-	112,518
2040	95,000	15,380	-	110,380
2041	95,000	13,223	-	108,223
2042	100,000	10,990	-	110,990
2043	100,000	8,680	-	108,680
2044	105,000	6,292	-	111,292
2045	105,000	2,826	-	107,826
2046	110,000	1,298	-	111,298
2047	-	-	-	-
2048	-	-	-	-
2049	-	-	-	-
2050	-	-	-	-
2051	-	-	-	-
5052	-	-	-	-
	$ 1,765,000	$ 461,284	$ -	$ 2,226,284

See independent auditor's report.

ANGELINA & NECHES RIVER AUTHORITY
TSI-5 - LONG TERM DEBT REQUIREMENTS
CONTRACT REVENUE REFUNDING BOND, SERIES 2017
NORTH ANGELINA COUNTY RWF
FOR THE YEAR ENDED AUGUST 31, 2025

	Annual Debt Service Requirements			
Fiscal Year Ended	Principal	Interest	Deferred Interest	Total Debt Service
2026	$ 5,000	$ 25,660	$ -	$ 30,660
2027	5,000	25,610	-	30,610
2028	30,000	25,395	-	55,395
2029	30,000	24,999	-	54,999
2030	30,000	24,567	-	54,567
2031	30,000	24,107	-	54,107
2032	35,000	23,581	-	58,581
2033	35,000	22,991	-	57,991
2034	35,000	22,379	-	57,379
2035	35,000	21,749	-	56,749
2036	35,000	21,108	-	56,108
2037	35,000	20,461	-	55,461
2038	85,000	19,339	-	104,339
2039	85,000	17,742	-	102,742
2040	85,000	16,127	-	101,127
2041	90,000	14,447	-	104,447
2042	90,000	12,701	-	102,701
2043	95,000	10,888	-	105,888
2044	95,000	9,007	-	104,007
2045	95,000	7,112	-	102,112
2046	100,000	5,157	-	105,157
2047	100,000	3,142	-	103,142
2048	105,000	1,066	-	106,066
2049	-	-	-	-
2050	-	-	-	-
2051	-	-	-	-
2052	-	-	-	-
	$ 1,365,000	$ 399,335	$ -	$ 1,764,335

See independent auditor's report.

ANGELINA & NECHES RIVER AUTHORITY
TSI-5 - LONG TERM DEBT REQUIREMENTS
CONTRACT REVENUE REFUNDING AND IMPROVEMENT BOND, SERIES 2020
NORTH ANGELINA COUNTY RWF
FOR THE YEAR ENDED AUGUST 31, 2025

	Annual Debt Service Requirements			
Fiscal Year Ended	Principal	Interest	Deferred Interest	Total Debt Service
2026	$ 170,000	$ 61,304	$ -	$ 231,304
2027	175,000	55,932	-	230,932
2028	180,000	50,402	-	230,402
2029	185,000	44,714	-	229,714
2030	190,000	38,868	-	228,868
2031	195,000	32,864	-	227,864
2032	205,000	26,702	-	231,702
2033	205,000	20,224	-	225,224
2034	215,000	13,746	-	228,746
2035	220,000	6,952	-	226,952
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
2049	-	-	-	-
2050	-	-	-	-
2051	-	-	-	-
2052	-	-	-	-
	$ 1,940,000	$ 351,708	$ -	$ 2,291,708

See independent auditor's report.

ANGELINA & NECHES RIVER AUTHORITY
TSI-5 - LONG TERM DEBT REQUIREMENTS
CONTRACT REVENUE BOND, SERIES 2021
NORTH ANGELINA COUNTY RWF
FOR THE YEAR ENDED AUGUST 31, 2025

	Annual Debt Service Requirements			
Fiscal Year Ended	Principal	Interest	Deferred Interest	Total Debt Service
2026	$ 25,000	$ -	$ -	$ 25,000
2027	25,000	-	-	25,000
2028	25,000	-	-	25,000
2029	25,000	-	-	25,000
2030	25,000	-	-	25,000
2031	25,000	-	-	25,000
2032	25,000	-	-	25,000
2033	25,000	-	-	25,000
2034	25,000	-	-	25,000
2035	25,000	-	-	25,000
2036	25,000	-	-	25,000
2037	25,000	-	-	25,000
2038	25,000	-	-	25,000
2039	25,000	-	-	25,000
2040	25,000	-	-	25,000
2041	25,000	-	-	25,000
2042	25,000	-	-	25,000
2043	25,000	-	-	25,000
2044	30,000	-	-	30,000
2045	30,000	-	-	30,000
2046	30,000	-	-	30,000
2047	30,000	-	-	30,000
2048	30,000	-	-	30,000
2049	30,000	-	-	30,000
2050	30,000	-	-	30,000
2051	30,000	-	-	30,000
2052	30,000	-	-	30,000
	$ 720,000	$ -	$ -	$ 720,000

See independent auditor's report.

ANGELINA & NECHES RIVER AUTHORITY
TWDB INTEREST & SINKING FUND WORKSHEETS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

If the Texas Water Development Board (TWDB) serves as revenue bondholder for your entity, and the information requested here is not included in your annual audit, please complete and mail this worksheet to: Audit and Funds Management Division, TWDB, P.O Box 13231, Austin, Texas 78711-3231

ISSUER'S NAME: Angelina & Neches River Authority/North Angelina County Regional Waste Water Facility

FISCAL YEAR ENDING: August 31, 2025

The Required Ultimate Balances and the Required Present Balances shown below are per the current bond ordinances authorizing the currently outstanding First Lien and Junior Lien Revenue Bonds, respectively, in the fiscal year referenced above. The Actual Present Balances, which are maintained in separate accounts of the Issuer as per the bond covenants, appear as restricted cash and investments in the Issuer's audited financial statements for the fiscal year referenced above.

	INTEREST & SINKING FUND	RESERVE FUND
FIRST LIEN BONDS		
REQUIRED ULTIMATE BALANCE	$ 180,387	$ 20,837
REQUIRED PRESENT BALANCE (8/31/2025)	$ 180,387	$ 20,837
ACTUAL PRESENT BALANCE (8/31/2025)	$ 180,887	$ 20,837
JUNIOR LIEN BONDS		
REQUIRED ULTIMATE BALANCE	$ -	$ -
REQUIRED PRESENT BALANCE (8/31/2025)	$ -	$ -
ACTUAL PRESENT BALANCE (8/31/2025)	$ -	$ -

The above is true and correct to the best of my knowledge:______________________ . ____________

Preparer's Signature Date

cc: Carl, Riggs & Ingram

ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF BOARD MEMBERS AND KEY PERSONNEL
AUGUST 31, 2025
(UNAUDITED)

Board of Directors

Mr. Jody Anderson, President
361 Red Loving Road
Lufkin, Texas 75901
Term Ends: 9-5-2025

Mr. Thomas R "Tom" Murphy, Vice President
908 E. Mimosa Lane
Crockett, Texas 75835
Term Ends: 9-5-2025

Mr. Dale Morton, Secretary-Treasurer
289 CR 2093
Nacogdoches, Texas, 75965
Term Ends: 9-5-2027

Mrs. Francis G. Spruiell, Secretary Pro Tem
P.O. Box 631788
Nacogdoches, Texas, 75963
Term Ends: 9-5-2027

Mrs. Kimberly "Kim" Childs, Director
3290 Oak Creek Drive
Nacogdoches, Texas 75965
Term Ends: 9-5-2025

Mr. Robert E. "Eddie" Hopkins, Director
808 Oakwood Drive
Jasper, Texas, 75951
Term Ends: 9-5-2029

Mrs. Erin Holloway, Director
12644 FM 2607
Arp, Texas 75750
Term Ends: 9-5-2027

Mrs. Jennifer "Jenny" Sanders, Director
18800 North Hwy 94
Apple Springs, Texas 75926
Term Ends: 9-5-2029

Mrs. Coreen "Cory" Blaylock, Director
430 Cotton Thomas Road
Lufkin, Texas 75901
Term Ends: 9-5-2029

Key Personnel

Kelley Holcomb
General Manager
Telephone: (936) 633-7795
E-mail Address: kholcomb@anra.org

Jeremiah Poling
Deputy General Manager
Telephone: (936) 633-7551
E-mail Address: jpoling@anra.org

Kimberly Wagner
Executive Manager, Communications
Telephone: (936) 633-7507
E-mail Address: kwagner@anra.org

Executive staff mailing address is 2901 N John Redditt Dr., Lufkin, TX 75904

ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF INSURANCE IN FORCE
AUGUST 31, 2025
(UNAUDITED)

Name of Insurance Company	Policy Number	Policy Period	Details of Coverage	Per Occurance Limits of Liability
Texas Water Conservation Association	00042	7/1/25-7/1/26	Auto Liability	$ 1,000,000
Texas Water Conservation Association	00042	7/1/25-7/1/26	General Liability	$ 1,000,000
Texas Water Conservation Association	00042	7/1/25-7/1/26	Errors & Ommissions	$ 1,000,000
Texas Water Conservation Association	00042	7/1/25-7/1/26	Property Liabilty	$ 18,828,593
Texas Water Conservation Association	00042	7/1/25-7/1/26	Auto Physical Damage	As Scheduled
Texas Water Conservation Association	00042	7/1/25-7/1/26	Crime	$10,000/$25,000/ $50,000

CARR, RIGGS & INGRAM, L.L.C.

Carr, Riggs & Ingram, L.L.C.
1307 South 1st Street
Lufkin, TX 75901

936.634.6621
CRIadv.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Angelina & Neches River Authority
Lufkin, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Angelina & Neches River Authority (the "Authority"), as of and for the years ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 4, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as item 2025-01 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Angelina & Neches River Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying Schedule of Findings. The Authority's response, included in the accompanying Corrective Action Plan, was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Lufkin, Texas
February 4, 2026

ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2025

Finding 2025-01

Criteria: The Authority has adopted accounting policies consistent with generally accepted accounting principles in the United States of America.

Condition: For unearned revenue liabilities associated with grant proceeds received in advance of performance, liability relief activity was inconsistent with reported earned grant income.

Cause: The balances of unearned revenue liabilities and related grant income and expenditures were not reconciled for the year ended August 31, 2025.

Effect: Adjustments of final balances during the audit were required.

Recommendations: We recommend that grant award and expenditure records be reconciled to the activity in the unearned revenues and related grant income accounts at least annually as part of the

financial close and financial statement review process.

ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2025

There were no findings in the prior year.

ANGELINA & NECHES RIVER AUTHORITY
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2025

Corrective Action Plan: Grant award and expenditure records will be reconciled to the activity in the unearned revenues and related grant income accounts on a quarterly basis as part of the quarterly financial close and financial statement review process.

Responsible Party: Kelley Holcomb, General Manager

Due Date: These processes will be implemented immediately.