

# Edwards Aquifer Authority

Annual Financial Report  
December 31, 2025

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## Independent Auditor's Report

Board of Directors  
Edwards Aquifer Authority

### Opinion

We have audited the financial statements of Edwards Aquifer Authority (EAA), as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise EAA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Edwards Aquifer Authority as of December 31, 2025 and 2024, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about EAA's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditor's Responsibilities for the Audits 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 GAAS 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 audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 EAA'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 EAA'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

#### **Required Supplementary Information**

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

#### **Supplementary Information**

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the EAA's basic financial statements. The combining schedule of statement of net position and combining schedule of statement of revenues, expenses and changes in net position are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining schedule of statement of net position and combining schedule of statement of revenues, expenses and changes in net position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Expenses—Budget and Actual (General Operations and Habitat Conservation Plan)—Non-GAAP Basis, as listed in the table of contents, but does not include the basic financial statements and our auditor’s report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

San Antonio, Texas

[DATE]

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**Financial Section**

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## Edwards Aquifer Authority

### Management's Discussion and Analysis

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This discussion and analysis serves as an introduction to the Edwards Aquifer Authority (EAA) basic financial statements and provides an overview and analysis of financial activities for the year ended December 31, 2025, and identifies changes in its financial position for the year. The discussion and analysis provides summary level financial information; therefore, it should be read in conjunction with the accompanying financial statements including the notes to the basic financial statements, which follow this section.

Condensed financial data is presented for the three years ended December 31, 2025, 2024, and 2023, as required by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

#### FINANCIAL HIGHLIGHTS

- The nonagricultural permit holder combined \$90 per acre-foot aquifer management fee primarily supported of the two programmatic areas of the EAA: EAA general operations and the Edwards Aquifer Habitat Conservation Plan (EAHCP). The combined rate per acre-foot increased \$2 (2.3%) in 2025 from 2024.
- The agricultural permit holder rate of \$2 per acre-foot remained unchanged, as set forth in the EAA Act.
- Nonagricultural revenue and agricultural permit holder fee revenue increased \$1,651,711 or 4.8% from 2024 to 2025 and decreased \$241,341 or 0.7% from 2023 to 2024.
- Conservation grants for \$600,000 were received in 2025 and \$304,500 was received in 2024 to supplement EAA funds provided to permit holders for conservation initiatives.
- The EAA acquired land for conservation and research purposes in 2025, purchased and contributed, of \$7,845,610.
- The Edwards Aquifer Conservancy (EAC), a nonprofit, supporting organization of the EAA reported as a blended component unit in the EAA's financial statements, received a donation of land recorded at \$275,000 in 2024 and in 2023, recorded \$17,483,208 for conservation easements.
- The assets and deferred outflows of resources of the EAA exceeded liabilities and deferred inflows of resources as of December 31, 2025 by \$79,621,678 (*net position*). Of this amount, \$8,220,770 is reported as *restricted*, obligated to the EAHCP, with an *unrestricted* amount of \$28,919,908 available to meet ongoing EAA general operating obligations. The remaining balance of \$42,481,000 consists of the EAA's net investment in capital assets.
- EAA total net position increased \$6,727,771, or 9.2%, from 2024, of which an increase of \$7,816,408 is related to net investment in capital assets, a decrease of \$1,025,327 is related to EAHCP and an decrease of \$63,310 is related to EAA General Operations.
- An EAHCP Voluntary Irrigation Suspension Program Option (VISPO) springflow conservation measure commitment of \$5,581,389 was accrued as of December 31, 2025 for payment to permit holders for forbearance of pumping enrolled water in 2026. Note 11 to the financial statements provides details of the commitment.
- In 2025, the EAA repaid \$260,000 towards the principal portion of its General Improvement Revenue Note, issued in 2011. No additional debt was issued during 2025. Note 5 to the financial statements provides details of the long-term debt obligation.

## Edwards Aquifer Authority

### Management's Discussion and Analysis

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#### USING THIS ANNUAL REPORT

Since all activities of the EAA are financed primarily by fees charged to external parties, it is reported as an enterprise fund and considered a "business-type activity" in accordance with the requirements of GASB Statement No. 34. In addition, because the EAA is engaged only in business-type activities, it is required to present only the financial statements required for enterprise funds. Three financial statements are presented: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows.

One of the most important questions asked about EAA finances is whether its financial position has improved as a result of the year's activities. The Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; and Statement of Cash Flows present information that is useful in addressing this question and in assessing the financial health of the EAA.

#### Statement of Net Position

The Statement of Net Position presents EAA assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of the end of the fiscal year. This statement is prepared under the accrual basis of accounting in which revenues and assets are recognized when earned or acquired, and expenses and liabilities are recognized when incurred regardless of when cash is received or paid. The information presented is useful in determining the assets available for EAA operations, as well as how much the EAA owes to vendors, debt holders and other entities at the end of the year. Net position—the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources—can be a factor in assessing the financial position of the EAA. Over time, increases or decreases in net position are one indicator of whether the EAA's financial health is improving or deteriorating when considered with other factors such as debt activity and investment in capital assets.

Assets and liabilities are classified based on liquidity and longevity. Current liabilities are generally those liabilities which are due within one year, and current assets are those assets which are available to satisfy current liabilities. Noncurrent assets include capital assets and long-term notes receivable.

Deferred outflows or inflows of resources related to pension obligations, are reflected on the Statement of Net Position and adjusted each year in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Net position is presented in three major categories. Amounts presented as "Net Investment in Capital Assets" represent the EAA's investment in land, buildings and improvements, furniture and equipment and vehicles, net of accumulated depreciation and debt. Restricted net position reflects those assets on which constraints are placed by creditors (such as through debt covenants), grantors, contributors or laws and regulations of other governments; or by law through constitutional provisions or enabling legislation of the government itself. The EAA currently has restricted assets related to the EAHCP. Unrestricted net position is available for any lawful purpose. Further detail concerning assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position is presented in the Statement of Net Position and the notes to the basic financial statements.

## Edwards Aquifer Authority

### Management's Discussion and Analysis

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#### Statement of Revenues, Expenses and Changes in Net Position

Changes in total net position, as presented in the Statement of Net Position, are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. Principal operating revenues of the EAA are generated from aquifer management fees and program aquifer management fees charged to EAA groundwater withdrawal permit holders. Operating expenses are incurred in administering the activities of the EAA and the EAHCP. The utilization of long-lived assets is also included in operating expenses as depreciation, which amortizes the cost of an asset over its expected useful life. All other activities are classified as nonoperating revenues and expenses. Total revenues, total expenses, operating income (loss) and the change in net position are all important factors when assessing the change in the EAA's financial position. Further details are presented in the Statement of Revenues, Expenses and Changes in Net Position and notes to the basic financial statements.

#### Statements of Cash Flows

The Statement of Cash Flows provides information about the cash receipts and cash payments of the EAA during a period. The Statement of Cash Flows also helps users assess (1) the ability of the EAA to meet its obligations as they come due and (2) the need for external financing.

This statement presents information related to cash inflows/outflows summarized by operating, noncapital financing, capital and related financing and investing activities. For additional details concerning these classifications see the Statement of Cash Flows and notes to the basic financial statements.

#### CONDENSED FINANCIAL INFORMATION

At the close of the fiscal year 2025, the EAA reports positive balances in all three categories of net position. Total net position as of December 31, 2025, was \$79,621,678 of which \$42,481,000 is represented by the EAA's net investment in capital assets (land, buildings, vehicles, software, hardware, equipment, right-to-use lease assets, subscription-based information technology arrangements, and construction in progress).

Total net position increased \$6,727,771 and \$416,227 in 2025 and 2024, respectively. The increase in 2025 is primarily related to the EAA's capital asset balance and related capital contribution received during the year, the increase in the combined \$90 per acre-foot aquifer management fee rate offset by an increase in operating expenses and decrease in investment revenue. The increase in 2024 is primarily related to the increase in the combined \$88 per acre-foot aquifer management fee rate, offset by a decrease in acre-feet billed in 2024, an increase in investment revenue and decrease in operating expenses.

The following table depicts total comparative condensed financial information on assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

## Edwards Aquifer Authority

### Management's Discussion and Analysis

The following table compares total comparative condensed financial information on assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position:

	December 31		
	2025	2024	2023
<b>Assets:</b>			
Current assets	\$ 32,997,258	\$ 34,433,896	\$ 28,816,516
Restricted current assets—EAHCP	19,556,204	20,435,746	26,580,044
Noncurrent assets			
Investments	1,087,268	-	-
Capital assets, net of accumulated depreciation	46,201,879	38,736,503	38,733,066
Total assets	99,842,609	93,606,145	94,129,626
<b>Deferred outflows of resources:</b>			
Deferred outflows related to pension	1,492,000	1,858,001	2,777,772
Total assets and deferred outflows of resources	\$ 101,334,609	\$ 95,464,146	\$ 96,907,398
<b>Liabilities:</b>			
Current liabilities	\$ 16,273,579	\$ 16,205,117	\$ 16,507,359
Noncurrent liabilities	5,096,670	6,285,070	7,802,281
Total liabilities	21,370,249	22,490,187	24,309,640
<b>Deferred inflows of resources:</b>			
Deferred inflows related to pension	342,682	80,052	120,078
<b>Net position:</b>			
Net investment in capital assets	42,481,000	34,664,592	34,391,960
Restricted—Habitat Conservation Plan	8,220,770	9,246,097	14,085,688
Unrestricted	28,919,908	28,983,218	24,000,032
Total net position	79,621,678	72,893,907	72,477,680
Total liabilities, deferred inflows of resources and net position	\$ 101,334,609	\$ 95,464,146	\$ 96,907,398

## Edwards Aquifer Authority

### Management's Discussion and Analysis

The following table compares condensed financial information on revenues, expenses and changes in net position and related detailed presentation of the key factors influencing the current-year activity:

	Years Ended December 31		
	2025	2024	2023
Total operating revenues	\$ 36,300,026	\$ 34,110,305	\$ 34,911,380
Total operating expenses	38,335,364	36,222,873	37,778,914
Operating loss	(2,035,338)	(2,112,568)	(2,867,534)
Nonoperating revenue (expenses):			
Investment income	1,912,791	2,422,010	2,206,152
Interest expense	(149,981)	(159,688)	(170,572)
Gain (loss) on sale and disposal of capital assets	15,299	(8,527)	11,015
Total nonoperating revenue	1,778,109	2,253,795	2,046,595
Gain (loss) before capital contributions	(257,229)	141,227	(820,939)
Capital contributions	6,985,000	275,000	16,633,208
Change in net position	6,727,771	416,227	15,812,269
Net position at beginning of year	72,893,907	72,477,680	56,665,411
Net position at end of year	\$ 79,621,678	\$ 72,893,907	\$ 72,477,680

### OPERATING REVENUES

Operating revenues supported two programmatic areas: EAA General Operations and the EAHCP. The below operating revenue information is provided for each of the program areas independently. The overall combined per acre-foot fee was increased in 2025 to \$90 from \$88 for nonagricultural permit holders. The combined rate, bifurcated based on budgetary needs, is set for each programmatic area in the annual budget adoption process. In 2025, the aquifer management fee rate for EAA General Operations was \$50 per acre-foot, a decrease of \$8 from the prior year, and \$40 per acre-foot, for the EAHCP, an increase of \$10 from the prior year.

Overall operating revenues increased \$2,189,721 (6.4%) in 2025 from 2024 and decreased \$801,075 (2.3%) from 2023 to 2024. The increase in 2025 is related to increases in aquifer management fee revenue (\$1,562,188), other charges (\$432,130), enforcement settlements (\$105,881), EAA-controlled groundwater leases (\$87,750), and agricultural revenue (\$1,773). The decrease in 2024 revenue is related to decreases in EAA-controlled groundwater leases (\$995,477), other charges (\$600,823), and agricultural revenue (\$21,519) offset by increases in aquifer management fee revenue (\$775,655) and enforcement settlements (41,089).

## Edwards Aquifer Authority

### Management's Discussion and Analysis

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#### EAA General Operations

The aquifer management fee supports the general operating activities of the EAA. Of the overall operating revenue, the aquifer management fee assessed to nonagricultural permit holders represents \$18,593,009 (51.2%) in 2025 and \$21,029,817 (61.7%) in 2024. The aquifer management fee charged to agricultural users, as set by the EAA Act, is \$2 per acre-foot. Agricultural fee revenue represents \$140,866 (.4%) and \$139,093 (.4%) of overall operating revenues for years 2025 and 2024, respectively. Revenues from leasing EAA-controlled groundwater permits represents 690,688 (1.9%) and \$602,938 (1.8%) of overall operating revenues for years 2025 and 2024, respectively. The aquifer management fee charged to nonagricultural permit holders for general operations decreased from \$58 to \$50 per acre-foot in 2025 increased to \$58 from \$54 per acre-foot in 2024.

#### EAHCP

Assessed for the first time in 2012, the EAHCP program aquifer management fee supports EAHCP activities. It is assessed to nonagricultural permit holders. Of the overall operating revenue, the program aquifer management fee represents \$14,876,497 (41.0%) in 2025 and \$10,877,501 (31.9%) in 2024. The program aquifer management fee charged to nonagricultural permit holders increased from \$30 to \$40 per acre-foot in 2025 remained the same in 2024 from 2023 at \$30 per acre-foot. EAHCP program other funding sources of \$486,000 remained the same for 2025 and 2024 and represents 1.3% and 1.4% of overall operating revenues for 2025 and 2024, respectively.

Net aquifer management fee and program aquifer management fee revenue, as a percentage of total operating revenue, was 95.8% and 97.1% in 2025 and 2024, respectively. Compromise and Settlements revenue are for settlements paid by various entities for EAA rules violations or judgements and represents 1.0% and 0.7% in 2025 and 2024, respectively, of total operating revenues. Other charges come from such sources as well registration fees, transfer application fees, well construction application fees, reimbursement for public information requests and conservation grant/easement revenue representing 3.2% in 2025 and 2.1% in 2024.

The following information depicts the components of operating revenues, for both program areas, for the fiscal years ended December 31, 2025, 2024, and 2023.

	2025	Percent of Total	2024	Percent of Total	2023	Percent of Total
Operating revenues:						
Aquifer management fees	\$ 19,424,562	53.5%	\$ 21,771,848	63.8%	\$ 21,772,835	62.4%
Program aquifer management fees	15,362,497	42.4%	11,363,501	33.4%	11,603,855	33.3%
Enforcement settlements	355,391	1.0%	249,510	0.7%	208,421	0.6%
Other charges	1,157,576	3.2%	725,446	2.1%	1,326,269	3.8%
Total	<u>\$ 36,300,026</u>	<u>100.1%</u>	<u>\$ 34,110,305</u>	<u>100.0%</u>	<u>\$ 34,911,380</u>	<u>100.0%</u>

## Edwards Aquifer Authority

### Management's Discussion and Analysis

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#### OPERATING EXPENSES

Total EAA operating expenses increased \$2,112,491 (5.8%) in 2025 and decreased \$1,556,041 (4.1%) in 2024. These changes year over year are the result of several factors as discussed below. Operating expenses are presented by the "natural classification" method, a format in which the expense is shown by type of expense rather than its functional or programmatic classification.

#### EAA General Operations and EAHCP Operating Expenses

	2025	Percent of Total	2024	Percent of Total	2023	Percent of Total
Salaries and wages	\$ 9,970,876	26.0%	\$ 9,160,621	25.3%	\$ 8,628,095	22.8%
Employee benefits	2,977,628	7.8%	2,620,263	7.2%	2,436,676	6.4%
Professional and technical services	20,142,937	52.6%	19,655,822	54.3%	22,434,832	59.4%
Property services	2,129,031	5.6%	2,021,905	5.6%	1,720,213	4.6%
Other services	1,281,797	3.3%	1,006,870	2.8%	1,009,176	2.7%
Supplies	619,652	1.6%	533,281	1.5%	417,150	1.1%
Depreciation and amortization	1,213,443	3.1%	1,224,111	3.3%	1,132,772	3.0%
Total	<u>\$ 38,335,364</u>	<u>100.0%</u>	<u>\$ 36,222,873</u>	<u>100.0%</u>	<u>\$ 37,778,914</u>	<u>100.0%</u>

Consistent with the presentation of operating revenues, total operating expenses are broken down separately by programmatic area below for EAA General Operations and EAHCP.

#### EAA General Operations

**Salaries and wages:** Salaries and wages increased \$876,520 (10%) in 2025 and \$490,750 (6.0%) in 2024 related to cost of living and merit increases.

**Employee benefits:** Employee benefits increased \$360,197 (14.4%) in 2025 and \$174,490 (7.5%) in 2024. An increase of \$71,208 in 2025 and \$7,526 in 2024 were due to the recording of the actuarially determined pension expense for each year and other related reclassification entries to deferred outflow/inflow of resources related to pension expense in accordance with GASB Statement No. 68. Further detail concerning the change in contributions and continuation of GASB Statements is presented in the notes to the basic financial statements. Increases of \$288,991 in 2025 primarily relate to increases in employee insurance costs, employee tuition/student loan reimbursements, contributions to employee 401a programs, and employer federal taxes offset by a decrease in state unemployment tax. Increases of \$166,964 in 2024 primarily relate to increases in employee insurance costs, employee tuition/student loan reimbursements, contributions to employee 401a programs, and employer federal taxes offset by a decrease in allowances.

## Edwards Aquifer Authority

### Management's Discussion and Analysis

**Professional and technical services:** Professional and technical services decreased \$298,052 (10.1%) and \$144,089 (4.7%) in 2025 and 2024, respectively. The decreases in 2025 relate to legal services (\$49,485), precipitation enhancement services (\$18,415), replacement/upgrades to above ground storage tanks for permit holders (\$173,294), general professional services (\$98,988), and EA model changes (\$5,058) offset by net increases to various aquifer hydrologic related studies/advisory services (\$36,986) and lab services (\$10,202). The decreases in 2024 relate to replacement/upgrades to above ground storage tanks for permit holders (\$285,430), legal services (\$70,117), general professional services (\$24,123) and mapping services (\$98,400) offset by increases to various aquifer hydrologic related studies/advisory services and EA model changes (\$267,428), lab services (\$50,105), and precipitation enhancement services (\$16,452).

**Property services, other services and supplies:** Property services, other services and supplies had a combined total of \$3,951,210 in 2025, representing a \$503,078 increase from 2024 and \$3,448,103 in 2024, representing a \$355,145 increase from 2023. The increase in 2025 is primarily related to increases conservation initiatives, general facilities maintenance/security/utility services, vehicle maintenance, hosting/SAAS/support agreements, equipment/facility rental expense, event sponsorships/promotional supplies, field supplies, kitchen/janitorial services, uniform costs for staff, postage, subscriptions/publications, meeting expenses, fees/licenses/permits, and bad debt expense offset by decreases in equipment maintenance, non-capital asset purchases, computer and office supplies, fuel for vehicles, memberships, printing, public/legal notices, telecommunications services, training/travel expenses for staff, and property casualty insurance. The increase in 2024 is primarily related to increases in general facilities/equipment maintenance, non-capital asset purchases, event sponsorships/promotional supplies, property casualty insurance, telecommunications/utility services, training/uniform costs for staff, memberships, facility/event rental expense, general/field supplies and bad debt expense offset by decreases in subscriptions/publications, conservation initiatives, fuel for vehicles, subscriptions/publications, hosting/SAAS/support agreements, and equipment rental.

**Depreciation expense:** Depreciation expense decreased \$9,511 (.9%) in 2025 and increased \$92,705 (9.1%) in 2024. The decrease in 2025 is related to the addition of capital assets offset by the full amortization of various during the year and the increase in 2024 is related to the addition of capital assets.

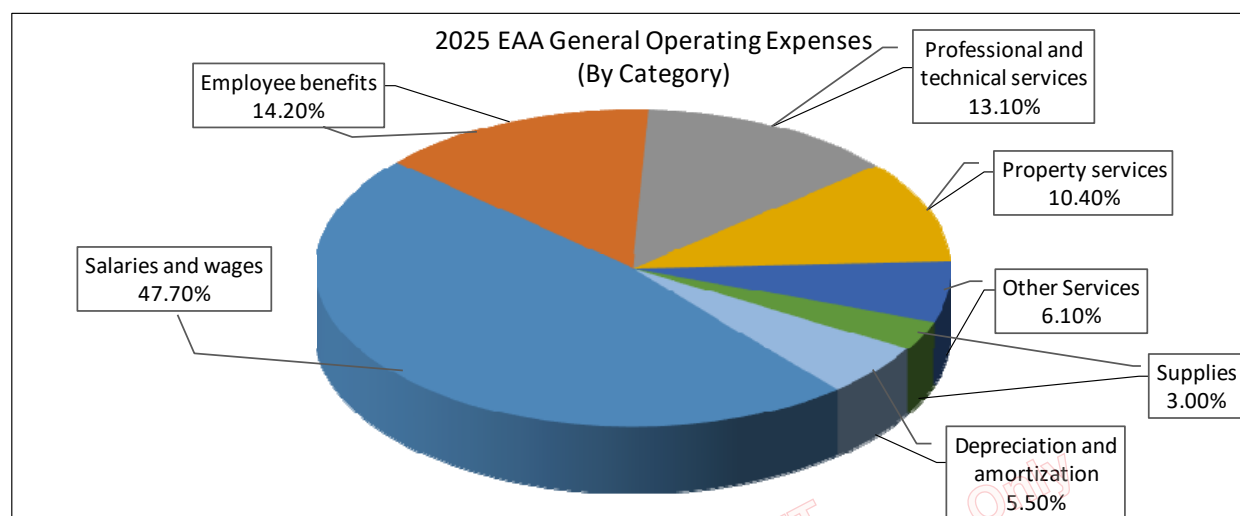
The following information, also depicted in table and graphic form, summarizes EAA general operations operating expenses for the fiscal years ended December 31, 2025, 2024, and 2023.

#### EAA General Operations—Operating Expenses

	2025	Percent of Total	2024	Percent of Total	2023	Percent of Total
Salaries and wages	\$ 9,615,070	47.7%	\$ 8,738,550	46.5%	\$ 8,247,800	50.0%
Employee benefits	2,866,896	14.2%	2,506,699	13.1%	2,332,209	10.5%
Professional and technical services	2,638,886	13.1%	2,936,938	17.3%	3,081,027	17.2%
Property services	2,106,657	10.4%	2,011,916	9.6%	1,706,614	8.7%
Other services	1,236,811	6.1%	911,763	5.5%	977,694	5.2%
Supplies	607,742	3.0%	524,453	2.3%	408,678	2.8%
Depreciation and amortization	1,102,554	5.5%	1,112,065	5.7%	1,019,360	5.6%
Total	<u>\$ 20,174,616</u>	<u>100.0%</u>	<u>\$ 18,742,384</u>	<u>100.0%</u>	<u>\$ 17,773,382</u>	<u>100.0%</u>

## Edwards Aquifer Authority

### Management's Discussion and Analysis



#### EAHCP

In 2013, the EAA began full implementation of the EAHCP. Several programs are functional parts of the EAHCP implementation, including Program Administration, Springflow Protection, San Marcos Springs, Comal Springs, Modeling and Research and NFHTC Refugia. With the exception of program administration expenses, the vast majority of EAHCP expenditures are associated with contractual obligations and are categorized as "Professional and Technical Services."

**Salaries and wages:** Salaries and wages decreased \$66,265 (15.7%) in 2025 and increased \$41,776 (11.0%) in 2024. The decrease in 2025 is related to vacant positions offset by employee cost of living and merit increases. The increase in 2024 is related to employee cost of living and merit increases offset by decreases resulting from two vacant positions.

**Employee benefits:** Employee benefits decreased \$2,832 (2.5%) in 2025 and increased \$9,097 (8.7%) in 2024. An increase of \$3,428 and decrease of \$6,472 in 2025 and 2024, respectively, are primarily related to the recording of actuarially determined pension expense in accordance with GASB Statement No. 68 (as discussed earlier in this document). Further detail concerning the change in contributions and continuation of GASB statements is presented in the notes to the basic financial statements. Offsets to the 2025 increase in pension expense include decreased employee insurance costs, employer state/federal taxes and medical allowance reimbursements and an increase in contributions to employee 401a programs. Offsets to the 2024 decrease related to increased employee insurance costs, allowances, and employer federal taxes.

**Professional and technical services:** Professional and technical services increased \$781,087 (4.7%) in 2025 and decreased \$2,634,921 in 2024. The increase in 2025 related to the accrual of VISPO forbearance commitments (\$441,198), San Marcos Springs maintenance tasks (\$594,355), Comal Springs maintenance tasks (\$49,929), biological monitoring services (\$131,046), water quality monitoring expenses (\$5,387), environment research (\$23,565) and program administration consulting services (\$124,548) offset by decreases in Refugia expenses (\$425,457) and ASR Leasing and Forbearance (\$163,484). The decrease in 2024 related to the accrual of VISPO forbearance commitments (\$1,588,575), San Marcos Springs maintenance tasks (\$736,692), Comal Springs maintenance tasks (\$356,182), biological monitoring services (\$127,655), water quality monitoring expenses (\$13,394), and program administration consulting services (\$171,256) offset by increases in Refugia expenses (\$219,161), modeling and research (\$23,194), and ASR Leasing and Forbearance (\$116,479).

## Edwards Aquifer Authority

### Management's Discussion and Analysis

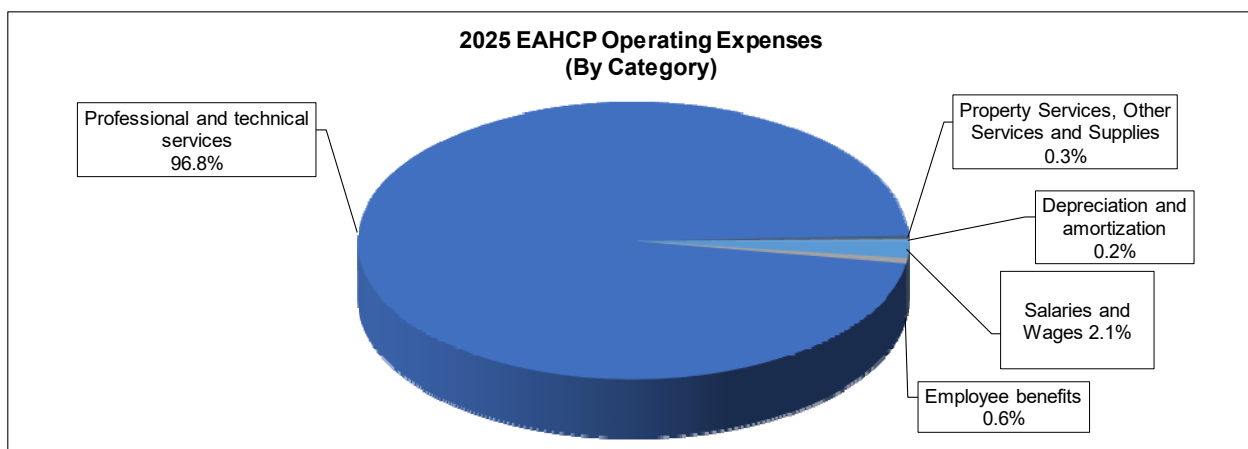
The following table depicts 2025, 2024, and 2023 professional and technical service expenses for each of the programmatic areas.

	2025	Percent of Total	2024	Percent of Total	2023	Percent of Total
Program Administration	\$ 563,659	3.2%	\$ 439,113	2.6%	\$ 610,369	3.2%
Springflow Protection	13,507,869	77.2%	13,230,155	79.1%	14,702,251	76.0%
San Marcos Springs	1,357,638	7.8%	648,444	3.9%	1,452,967	7.5%
Comal Springs	850,420	4.9%	778,895	4.7%	1,208,296	6.2%
Modeling and Research	127,536	0.7%	103,971	0.6%	80,776	0.4%
NHFTC Refugia	1,092,849	6.2%	1,518,306	9.1%	1,299,146	6.7%
Total	\$ 17,499,971	100.0%	\$ 16,718,884	100.0%	\$ 19,353,805	100.0%

The following information, also depicted in table and graphic form, summarizes EAHCP operating expenses for the fiscal years ended December 31, 2025, 2024, and 2023.

### EAHCP—Operating Expenses

	2025	Percent of Total	2024	Percent of Total	2023	Percent of Total
Salaries and wages	\$ 355,806	2.1%	\$ 422,071	2.5%	\$ 380,295	2.0%
Employee benefits	110,732	0.6%	113,564	0.7%	104,467	0.5%
Professional and technical services	17,499,971	96.8%	16,718,884	96.1%	19,353,805	97.1%
Property services	22,374	0.1%	9,989	0.1%	13,599	0.1%
Other services	39,761	0.2%	80,617	0.5%	29,459	0.1%
Supplies	8,437	0.0%	8,828	0.1%	8,472	0.0%
Depreciation and amortization	37,935	0.2%	39,092	0.2%	40,458	0.2%
Total	\$ 18,075,016	100.0%	\$ 17,393,045	100.2%	\$ 19,930,555	100.0%



## Edwards Aquifer Authority

### Management's Discussion and Analysis

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#### NONOPERATING REVENUES AND EXPENSES

**Nonoperating revenues and expenses:** Nonoperating revenues and expenses consist of investment income and expense, gain (loss) on sale of capital assets, and capital contributions.

**Investment income:** Investment income decreased \$509,219 (21%) in 2025 and increased \$215,858 (9.8%) in 2024. Interest rates began decreasing in 2024 and continued through 2025. The average yield on NOW/MMA accounts were 3.57% and 3.93% for 2025 and 2024, respectively. The average yield on CDs was 4.25% and 5.36% 2025 and 2024, respectively. In 2025, balances in NOW/MMA accounts decreased \$3,599,998 (9.9%) and \$300,857 (0.8%) in 2024

**Interest expense:** Interest expense related to the 2011 issued *General Improvement Revenue Note, Series 2011*, decreased each year as payments were made to the principal balance of the note. In 2021, the Morgan's Wonderland Camp – Education Outreach Center lease commenced and included interest expense as of the inception date of May 1, 2021. In 2022, equipment leases were recorded as of January 1, 2022, and interest expense commenced at that time. In 2023, subscription-based information technology arrangements were recorded as of January 1, 2023 and interest expense commenced at that time. Interest expense amounted to \$149,981 and \$159,688 for years 2025 and 2024, respectively.

**Gain/loss on sale of capital assets:** A gain on the sale of assets totaled \$15,299 in 2025 and a loss on the sale of assets totaled \$8,527 in 2024. This category includes the sale of property and the disposal and/or surplus sales of obsolete equipment such as vehicles, computers, furniture, and water flow meters, as well as other noncapital assets

#### CAPITAL ASSETS

EAA investment in capital assets, net of accumulated depreciation, is \$46,201,879 at December 31, 2025, a net increase of \$7,465,376 from the December 31, 2024 balance of \$38,736,503. The net increase in 2025 related to the addition of land, purchased and contributed, of \$7,845,610, additions of various building improvements, hardware, software, vehicles, various water quality monitoring equipment, and a construction in progress related to a conservation easement monitoring tool offset by the retirement of subscription-based information technology arrangements. The net increase in 2024 related to the retirement of assets offset by additions of various building improvements, EAA groundwater rights, land, hardware, vehicles, and equipment/vehicles under lease and subscription-based information technology arrangements.

	December 31		
	2025	2024	2023
Land	\$ 33,217,020	\$ 25,371,410	\$ 25,096,410
Groundwater rights	13,600	13,600	-
Groundwater lease	700,000	700,000	700,000
Buildings and improvements	11,819,208	11,482,746	11,255,223
Furniture and equipment	8,315,032	7,914,102	7,488,903
Vehicles	1,169,651	1,142,818	998,438
Construction in progress	46,729	-	-
Right-of-use lease assets	2,262,681	2,262,681	2,198,862
Subscription-based information technology arrangements	98,173	110,966	76,741
Total capital assets	57,642,094	48,998,323	47,814,577
Less accumulated depreciation and amortization	11,440,215	10,261,820	9,081,511
Total capital assets, net of accumulated depreciation	\$ 46,201,879	\$ 38,736,503	\$ 38,733,066

## Edwards Aquifer Authority

### Management's Discussion and Analysis

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The EAA does not record the cost of capital assets as an expense at the time of acquisition of the asset, but rather shows the expense systematically over the expected life of the asset as depreciation expense. The amount shown in the accounting records for the value of the asset will decrease each year until the asset is fully depreciated or removed from service. As a result, the amount of capital assets reflected in the statement of net position may decrease from one year to another even though new assets have been acquired during the year. Capital assets subject to depreciation include buildings, equipment, furniture, and vehicles. Land, groundwater rights and work/construction/development in progress are not depreciated or amortized.

Additional information concerning the EAA capital assets can be found in Note 3.

#### **LONG-TERM DEBT**

In 2011, the EAA issued \$3,370,000 in General Improvement Revenue Note. No debt has been issued in 2025 or 2024. The note obligation at December 31, 2025, is \$1,765,000 (\$2,025,000 at December 31, 2024). In 2019, the EAA entered into a lease obligation for the Morgan's Wonderland Camp – Education Outreach Center. The lease commenced on May 1, 2021. The lease obligation at December 31, 2025, is \$1,883,602 (\$1,950,567 at December 31, 2024). In 2022, the EAA recorded equipment lease obligations in accordance with the implementation of GASB 87, Leases. The equipment lease obligation at December 31, 2025, is \$21,766 (\$32,292 at December 31, 2024). In 2024, the EAA recorded vehicle lease obligations in accordance with the implementation of GASB 87. The vehicle lease obligation at December 31, 2025, is \$50,511 (\$55,866 at December 31, 2024). In 2023, the EAA recorded subscription liabilities in accordance with the implementation of GASB 96, Subscription-based Information Technology Arrangements. The SBITA obligation at December 31, 2025, is \$0 (\$8,193 at December 31, 2024).

Additional information concerning the EAA long-term debt can be found in Note 5.

#### **ECONOMIC FACTORS AFFECTING THE FUTURE**

The EAA plays a critical role in managing and protecting the Edwards Aquifer, which contributes to the continued economic viability of the entire region. As the primary source of water for all uses, the sustainability of the Edwards Aquifer is vital to continued economic growth for a significant portion of south-central Texas.

**Edwards Aquifer Authority**

**Management's Discussion and Analysis**

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**CONTACTING THE EAA FINANCIAL MANAGEMENT TEAM**

This financial report is designed to provide EAA citizens, customers and creditors with a general overview of finances and to demonstrate accountability for the receipts it collects and the expenses it makes for the services provided. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Felix Marquez, Executive Director—Financial and Administrative Services at (210) 477-5104 or via electronic mail to [fmarquez@edwardsaquifer.org](mailto:fmarquez@edwardsaquifer.org).

Information is also available on the EAA website at [www.edwardsaquifer.org](http://www.edwardsaquifer.org).

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**Basic Financial Statements**

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**Edwards Aquifer Authority**

**Statements of Net Position  
December 31, 2025 and 2024**

	2025	2024
Current assets:		
Cash and cash equivalents	\$ 21,322,922	\$ 23,154,623
Investments	9,398,515	9,929,171
Restricted assets (Habitat Conservation Plan):		
Cash and cash equivalents	11,381,538	13,149,813
Investments	7,138,560	6,860,834
Program fees receivable, net	883,450	335,931
Miscellaneous receivable	152,656	89,168
Aquifer management fees receivable, net	1,212,389	755,035
Property taxes receivable, net	279	296
Miscellaneous receivable	1,057,770	586,786
Prepaid expenses	5,383	7,985
<b>Total current assets</b>	<b>52,553,462</b>	<b>54,869,642</b>
Noncurrent assets:		
Investments	1,087,268	-
Capital assets		
Capital assets, net of accumulated depreciation	44,438,598	36,829,954
Right-to-use leased assets, net of accumulated amortization	1,723,512	1,849,820
Subscription-based information technology arrangements, net of accumulated amortization	39,769	56,729
Total capital assets, net of accumulated depreciation/amortization	<b>46,201,879</b>	<b>38,736,503</b>
<b>Total noncurrent assets</b>	<b>47,289,147</b>	<b>38,736,503</b>
<b>Total assets</b>	<b>99,842,609</b>	<b>93,606,145</b>
Deferred outflows of resources—pension	1,492,000	1,858,001
<b>Total assets and deferred outflows of resources</b>	<b>\$ 101,334,609</b>	<b>\$ 95,464,146</b>

The accompanying notes are an integral part of these statements.

Edwards Aquifer Authority

Statements of Net Position (Continued)  
December 31, 2025 and 2024

	2025	2024
Current liabilities:		
Accounts payable	\$ 2,884,303	\$ 2,880,453
VISPO liabilities (payable from restricted assets)	7,464,976	7,348,351
ASR liabilities (payable from restricted assets)	3,870,458	3,841,298
Compensated absences	1,044,584	944,341
Accrued liabilities	570,724	469,317
Lease liabilities	89,534	83,164
Subscription-based information technology arrangement liabilities	-	8,193
Note payable	270,000	260,000
Unearned revenue	79,000	370,000
<b>Total current liabilities</b>	<b>16,273,579</b>	<b>16,205,117</b>
Noncurrent liabilities:		
Net pension liability	385,196	1,307,215
Compensated absences	1,000,129	837,301
Lease liabilities	1,866,345	1,955,554
Note payable	1,495,000	1,765,000
Unearned revenue	350,000	420,000
<b>Total noncurrent liabilities</b>	<b>5,096,670</b>	<b>6,285,070</b>
<b>Total liabilities</b>	<b>21,370,249</b>	<b>22,490,187</b>
Deferred inflows of resources—pension	342,682	80,052
<b>Total liabilities and deferred inflows of resources</b>	<b>21,712,931</b>	<b>22,570,239</b>
Net position:		
Net investment in capital assets	42,481,000	34,664,592
Restricted—Habitat Conservation Plan	8,220,770	9,246,097
Unrestricted	28,919,908	28,983,218
<b>Total net position</b>	<b>\$ 79,621,678</b>	<b>\$ 72,893,907</b>

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**Edwards Aquifer Authority**

**Statements of Revenues, Expenses and Changes in Net Position  
Years Ended December 31, 2025 and 2024**

	2025	2024
Operating revenues:		
Aquifer management fees:		
Nonagricultural users (net of rebates)	\$ 19,283,696	\$ 21,632,753
Agricultural users	140,866	139,095
Program fees—Habitat Conservation Plan	15,362,497	11,363,501
Enforcement settlements	355,391	249,510
Other charges	1,157,576	725,446
<b>Total operating revenues</b>	<b>36,300,026</b>	<b>34,110,305</b>
Operating expenses:		
Salaries and wages	9,970,876	9,160,621
Employee benefits	2,977,628	2,620,263
Professional and technical services	20,142,937	19,655,822
Property services	2,129,031	2,021,905
Other services	1,281,797	1,006,870
Supplies	619,652	533,281
Depreciation and amortization	1,213,443	1,224,111
<b>Total operating expenses</b>	<b>38,335,364</b>	<b>36,222,873</b>
<b>Operating loss</b>	<b>(2,035,338)</b>	<b>(2,112,568)</b>
Nonoperating revenues (expenses):		
Investment income	1,912,791	2,422,010
Interest expense	(149,981)	(159,688)
Gain (loss) on sale and disposal of capital assets	15,299	(8,527)
<b>Total nonoperating revenues, net</b>	<b>1,778,109</b>	<b>2,253,795</b>
<b>Gain (loss) before capital contributions</b>	<b>(257,229)</b>	<b>141,227</b>
Capital contributions	6,985,000	275,000
<b>Change in net position</b>	<b>6,727,771</b>	<b>416,227</b>
Net position at beginning of year	72,893,907	72,477,680
Net position at end of year	<b>\$ 79,621,678</b>	<b>\$ 72,893,907</b>

The accompanying notes are an integral part of these statements.

**Edwards Aquifer Authority**

**Statements of Cash Flows**  
**Years Ended December 31, 2025 and 2024**

	2025	2024
Cash flows from operating activities:		
Receipts from customers	\$ 34,399,698	\$ 33,939,381
Payments to suppliers	(23,979,274)	(23,990,911)
Payments to employees	(12,919,320)	(11,888,947)
<b>Net cash used in operating activities</b>	<b>(2,498,896)</b>	<b>(1,940,477)</b>
Cash flows from capital and related financing activities:		
Payments on long-term note payable	(260,000)	(250,000)
Purchases of capital assets	(1,681,189)	(864,955)
Proceeds from sale of capital assets	19,390	1,924
Payments on subscription-based information technology arrangements	(24,914)	(44,522)
Interest paid	(149,981)	(159,688)
Payments on lease liabilities	(82,839)	(72,717)
<b>Net cash used in capital and related financing activities</b>	<b>(2,179,533)</b>	<b>(1,389,958)</b>
Cash flows from investing activities:		
Purchase of investments	(11,229,258)	(10,500,000)
Sale of investments	11,107,563	11,935,651
Interest received	1,200,148	1,593,907
<b>Net cash provided by investing activities</b>	<b>1,078,453</b>	<b>3,029,558</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,599,976)</b>	<b>(300,877)</b>
Cash and cash equivalents at beginning of the year	<b>36,304,436</b>	36,605,313
Cash and cash equivalents at end of the year	<b>\$ 32,704,460</b>	\$ 36,304,436
Reconciliation to statement of net position:		
Cash and cash equivalents	\$ 21,322,922	\$ 23,154,623
Restricted—cash and cash equivalents (Habitat Conservation Plan)	11,381,538	13,149,813
	<b>\$ 32,704,460</b>	<b>\$ 36,304,436</b>
Noncash—capital and related financing activities:		
Land conservation easements—contributed capital	\$ 6,985,000	\$ 275,000
Lease obligations incurred for new SBITA assets	-	34,225
Lease obligations incurred for new right-to-use leased assets	-	63,819
	<b>\$ 6,985,000</b>	<b>\$ 373,044</b>

(Continued)

**Edwards Aquifer Authority**

**Statements of Cash Flows (Continued)**  
**Years Ended December 31, 2025 and 2024**

	2025	2024
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (2,035,338)	\$ (2,112,568)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	1,213,443	1,224,111
Change in operating assets, deferred inflows, liabilities, and deferred outflows:		
Program fees receivable, net—Habit Conservation Plan	(547,519)	(22,403)
Aquifer management fees receivable, net	(457,354)	(91,212)
Property taxes receivable, net	17	230
Miscellaneous receivables	(534,472)	(287,539)
Prepaid expenses	2,602	19,417
Unearned revenue	(361,000)	230,000
Deferred outflows of resources—pension	366,001	919,771
Accounts payable	3,850	615,197
VISPO liabilities (payable from restricted assets)	116,625	(1,588,575)
ASR liabilities (payable from restricted assets)	29,160	116,614
Accrued liabilities	101,407	157,988
Compensated absences	263,071	96,319
Net pension liability	(922,019)	(1,177,801)
Deferred inflows of resources—pension	262,630	(40,026)
<b>Net cash used in operating activities</b>	<b>\$ (2,498,896)</b>	<b>\$ (1,940,477)</b>

The accompanying notes are an integral part of these statements.

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## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies

**Reporting entity:** Edwards Aquifer Authority (EAA) was created in 1993 by the Edwards Aquifer Authority Act (the Act) of the 73rd Legislature of the State of Texas to manage and protect the Edwards Aquifer. EAA covers all of Uvalde, Medina and Bexar counties and portions of Atascosa, Comal, Guadalupe, Caldwell and Hays counties.

EAA is governed by a 17-member Board of Directors (the Board). Fifteen voting members are elected from single-member election districts and two nonvoting members are appointed. One nonvoting director is appointed by the Advisory Committee from the members of the committee, and the second is appointed by the commissioners' court of Medina or Uvalde County. The Board has EAA adopt and enforce reasonable rules and orders to manage and protect the Edwards Aquifer. Therefore, EAA is a financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Codification, *The Financial Reporting Entity*, and is not included in any other governmental reporting entity.

The Act also created the South Central Texas Water Advisory Committee (SCTWAC), which advises the EAA Board on downstream water rights and issues. Appointed SCTWAC members, like EAA directors, are not entitled to compensation by EAA, but are entitled to reimbursement for actual and necessary expenses incurred to perform their duties.

**Blended component unit:** The Edwards Aquifer Conservancy (EAC), formed on June 23, 2014, is a nonprofit, supporting organization set up exclusively for the benefit of EAA. As a supporting organization, it is intended that the EAC be operated, supervised and controlled by EAA as a Type I supporting organization in accordance with Internal Revenue Code §509(a)(3)(B)(i). Board members of the EAC are appointed by the Board of EAA in accordance with Treasury Regulation §1.509(a)-4(g); any director may be re-appointed to serve consecutive terms on the EAC Board. Funds raised by the EAC enhance the resources available for all aquifer users in areas such as public education, professional training aimed at collaborative measures for securing EAA's water quality, community science initiatives and as a resource/partner providing community support for aquifer protection initiatives (such as hazardous materials collection in rural areas). Although the EAC is a legally separate entity, it is, in substance, part of EAA's operation; therefore, it is reported as a blended component unit in EAA's financial statements.

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

The following table presents comparative condensed financial information on assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of EAC:

	December 31	
	2025	2024
Assets:		
Current assets	\$ 311,382	\$ 631,652
Capital assets, net	23,634,667	23,707,621
Total assets and deferred outflows of resources	<u>\$ 23,946,049</u>	<u>\$ 24,339,273</u>
Liabilities:		
Current liabilities	\$ 125,925	\$ 370,382
Noncurrent liabilities	350,000	420,000
Total liabilities	<u>475,925</u>	<u>790,382</u>
Net position:		
Investment in capital assets	23,634,667	23,707,621
Unrestricted (deficit)	(164,543)	(158,730)
Total net position	<u>23,470,124</u>	<u>23,548,891</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 23,946,049</u>	<u>\$ 24,339,273</u>

The following table presents comparative condensed financial information on revenues, expenses and changes in net position of EAC:

	Years Ended December 31	
	2025	2024
Total operating revenues	\$ 97,575	\$ 96,991
Total operating expenses	85,731	87,444
Operating income	<u>11,844</u>	<u>9,547</u>
Nonoperating revenue:		
Investment (loss) income	(90,611)	10,814
Total nonoperating revenues	<u>(90,611)</u>	<u>10,814</u>
Capital contributions	-	275,000
Change in net position	(78,767)	295,361
Net position at beginning of year	23,548,891	23,253,530
Net position at end of year	<u>\$ 23,470,124</u>	<u>\$ 23,548,891</u>

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

#### Note 1. Summary of Significant Accounting Policies (Continued)

The following table presents comparative condensed financial information on cash flows of EAC:

	Years Ended December 31	
	2025	2024
Net cash provided by (used in) operating activities	\$ (229,659)	\$ 314,737
Net cash provided by investing activities	8,380	10,814
Net increase (decrease) in cash and cash equivalents	(221,279)	325,551
Cash and cash equivalents at beginning of the year	519,862	194,311
Cash and cash equivalents at end of the year	\$ 298,583	\$ 519,862

	Years Ended December 31	
	2025	2024
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 11,844	\$ 9,547
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	72,954	72,954
Change in operating assets, deferred inflows, liabilities and deferred outflows:		
Miscellaneous receivable	-	1,000
Prepaid expenses	-	1,000
Accounts payable	(316)	236
Accrued liabilities	46,859	-
Unearned revenue	(361,000)	230,000
Net cash provided by operating activities	\$ (229,659)	\$ 314,737

**Measurement focus, basis of accounting and financial statement presentation:** For financial reporting purpose, EAA is considered a special-purpose government engaged solely in business-type activities. Accordingly, EAA distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of EAA are aquifer management fees charged to users of the aquifer based on per acre foot of water. Nonagricultural aquifer management fees are invoiced annually based on permitted water rights authorized to be used in the calendar year, regardless of actual water used. The nonagricultural aquifer management fee per acre foot of water is \$90 (\$88), made up of \$50 (\$58) AMF and \$40 (\$30) Program HCP, for the years ended December 31, 2025 and 2024, respectively. Agricultural users of the aquifer submit annual reports of actual groundwater used and remit aquifer management fees annually based on that use. The agricultural aquifer management fee per acre foot of water is \$2. EAA also recognizes other fees such as transfer application, well construction and registration fees as operating revenues.

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

In 2012, EAA established the Edwards Aquifer Habitat Conservation Plan (EAHCP) for the purpose of lawfully removing potentially endangered species and relocating them to an equally habitable environment in order to continue performing the task of regulating and pumping groundwater from the Edwards Aquifer. EAA bills EAHCP fees to nonagricultural users of the aquifer to build a reserve for future program expenses. As of December 31, 2025 and 2024, the Program HCP totaled \$40 and \$30, respectively. These fees are recognized as operating revenue and reported as restricted for use towards program expenses.

Operating expenses include the cost of services, administrative expenses and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**Estimates:** The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Cash and cash equivalents:** Cash and cash equivalents include cash on hand, demand deposits, money market funds and highly liquid investments with maturities of three months or less at the time of purchase.

**Restricted cash and cash equivalents:** Restricted cash and cash equivalents include money market funds restricted for use on specific program expenses. EAA has restricted cash and equivalents for use on the EAHCP.

**Restricted and unrestricted investments:** Investments are reported at fair value. Investments in nonparticipating interest-earning contracts, such as certificates of deposit, are reported at amortized cost. EAA has restricted investments for use on the EAHCP.

**Aquifer management fees receivable:** Aquifer management fees receivable consist of fees due from agriculture and non-agriculture users of the aquifer. The related allowance for uncollectible accounts is evaluated by management on a periodic basis. As of December 31, 2025 and 2024, the allowance for doubtful accounts related to aquifer management fees receivable totaled \$59,311 and \$45,708, respectively.

**Program fees receivable—Habitat Conservation Plan:** Program fees receivable consist of fees due from non-agriculture users of the aquifer for the purpose of funding the EAHCP and related program expenses. The related allowance for uncollectible accounts is evaluated by management on a periodic basis. As of December 31, 2025 and 2024, the allowance for doubtful accounts related to program fees receivable—Habitat Conservation Plan totaled \$26,256 and \$18,596, respectively.

**Property taxes receivable:** Effective July 28, 1996, legislation abolished any taxing power of EAA. However, EAA does collect delinquent taxes owed to the EAA predecessor agency, the Edwards Underground Water District. Delinquent taxes receivable have been reported in the financial statements, net of the allowance for uncollectible taxes. As of December 31, 2025 and 2024, the allowance for doubtful accounts related to property taxes receivable totaled \$16,482 and \$16,861, respectively.

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**Miscellaneous receivable:** EAA Miscellaneous Receivables consist of various non-standard receivable balances, including grant-related amounts, EAA lease receivables, and other minor items that do not fall within established receivable categories. As of December 31, 2025 and 2024, there is no allowance for doubtful accounts related to miscellaneous receivables.

**Leases:** EAA is a lessee for various noncancellable leases of land, buildings, and equipment. For leases with a maximum possible term of 12 months or less at commencement (short-term), EAA recognizes lease expense based on the provisions of the lease agreement. For all other leases, EAA recognizes a lease liability and an intangible right-to-use leased asset.

At the commencement of the lease, EAA initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured at the amount of the lease liability, and as applicable, less lease payments made on or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the leased asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. A full month of amortization is calculated in the month the leased asset is placed in service.

EAA uses the effective interest rate as the discount rate to calculate the present value of the expected lease payments unless the rate that the lessor charges is known. EAA monitors changes in circumstances that may require a remeasurement of a lease arrangement. When certain changes occur that are expected to significantly affect the amount of the lease liability, the liability is remeasured, and a corresponding adjustment is made to the lease asset.

**Subscription-based information technology arrangements (SBITA):** EAA recognizes the liabilities and assets based on the terms of the agreement. At commencement of the subscription, EAA measures the liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the commencement date, plus certain initial direct costs to place the asset into service (data migration, installation, implementation costs). Subsequently, the subscription asset is amortized on a straight-line basis over the life of the subscription.

Key estimates and judgments related to IT subscription arrangements include how EAA determined the discount rate it uses to discount the expected payments to present value, term and payments. EAA uses the interest rate charged by the IT subscription vendor as the discount rate. When the interest rate charged by the vendor is not provided, EAA generally uses its estimated incremental borrowing rate as the discount rate.

The IT subscription term includes the noncancellable periods of the subscription. Payments included in the measurement of the liability are composed of fixed payments. EAA monitors changes in circumstances that would require remeasurement of its IT subscription and will remeasure the right-of-use IT subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**Capital assets:** Capital assets having a unit cost equal to or greater than \$5,000 are recorded at cost, if purchased or constructed, or, if donated, at acquisition value at the date of donation. Amortization of assets acquired under groundwater leases is included with depreciation and amortization expense on owned assets.

Normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, but are charged as an operating expense as incurred. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

When assets are retired or otherwise disposed, the related costs are removed. Buildings, improvements, furniture and equipment and vehicles of EAA are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings and improvements	20-50 years
Furniture and equipment	5-20 years
Vehicles	8-10 years
Groundwater lease	10 years

**Impairment of long-lived assets:** EAA reviews the carrying value of assets for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results; trends and prospects; and effects of obsolescence, demand, competition and other economic factors. As of December 31, 2025 and 2024, there were no impairments of long-lived assets.

**Compensated absences:** EAA recognizes a liability for compensated absences for leave that (a) is attributable to services already rendered, (b) accumulates, and (c) is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. EAA has adopted a FIFO flows assumption which aligns with how compensated absences are likely to be paid/settled.

It is EAA's policy to permit employees to accumulate earned, but unused personal and sick leave benefits. Personal leave is accrued when earned by the employee and reported as a liability. Employees may accumulate 10 to 15 hours a month of personal leave depending on their length of employment, and up to 320 hours of unused personal leave may be carried over from one year to the next. Upon termination, employees are paid for unused personal leave. As of December 31, 2025 and 2024, accrued personal leave payable totaled \$989,050 and \$889,046, respectively. Employees may accumulate 8 hours a month of sick leave, and up to 480 hours of unused sick leave may be carried over from one year to the next. Accumulated sick leave hours in excess of 480 hours at December 31 is payable to the employee's deferred contribution plan. Upon termination when certain conditions are met, the unused sick leave balances are paid to the employee's retirement health savings account. As of December 31, 2025 and 2024, the accrued sick leave payable totaled \$1,055,663 and \$892,596, respectively. For financial statement purposes, both accrued personal leave and accrued sick leave are reported as compensated absences. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive separation payments and other employees who are expected to become eligible in the future to receive such payments upon separation are included. The

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

For amount of unpaid personal and sick leave is charged to expense during the period earned if probability of payout, and a corresponding liability is established.

For types of compensated absences that are dependent upon the occurrence of a sporadic event that affects a relatively small proportion of employees in any particular reporting period (parental leave, military leave, and jury duty), a liability is not recognized until the leave commences. For unlimited leave and holiday leave, a liability is recognized when the leave is taken.

The liability for leave that has been used, but not yet paid, has been recognized in accrued salaries. The liability for leave that has not been used is recognized in compensated absences..

**VISPO and ASR Liabilities:** The EAA implemented voluntary springflow protection measures, including the Voluntary Irrigation Suspension Program Option (VISPO) and Aquifer Storage and Recovery Forbearance Program (ASR Forbearance), as part of the EAHCP Program. Each of these protection measures is governed by specific agreements that, unless a condition is met that will terminate the agreement, will be paid by the EAA to recipient each year. At December 31, 2025 and 2024, no conditions were met which would cause the agreement to terminate, and the EAA accrued amounts to be paid in the subsequent year. Each of these programs are discussed in detail in Note 11.

**Annual budget:** The original budget adopted by the Board in November of each year and any amendments made during the year are approved by the Board.

**Net position:** Net position represents the difference between assets plus deferred outflows of resources less liabilities less deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by EAA or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**Restricted and unrestricted resources:** It is EAA's policy to use restricted resources first when an allowable restricted expense is made for purposes for which both restricted and unrestricted resources are available.

**Retirement plan—pension:** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of EAA's participation in the Texas County and District Retirement System (TCDRS), an agent plan 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, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Deferred outflows of resources/deferred inflows of resources:** In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represent a consumption of net assets that applies to future periods. The deferred credit for pension consists of differences between the expected and actual experience, changes of assumptions, net difference between projected and actual earnings and contributions made subsequent to measurement date.

In addition to liabilities, the statements of net position will sometime report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

an acquisition of net assets that applies to future periods. The deferred charge for pension consists of differences between expected and actual experience and net difference between projected and actual earnings.

**Contingencies:** Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to EAA, but which will only be resolved when one or more future events occur or fail to occur. EAA's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against EAA or unasserted claims that may result in such proceedings, EAA's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates it is probable that a material loss has been incurred, and the amount of the liability can be estimated, then the estimated liability would be accrued in EAA's financial statements. If the assessment indicates a potentially material loss contingency is not probable, but is reasonably possible, or is probable, but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed. There were no loss contingencies recognized in the years ended December 31, 2025 and 2024.

**Reclassifications:** Certain prior-year amounts have been reclassified to conform to the current-year presentation. The classifications had no impact on the previously reported net position or change in net position.

**Adopted accounting pronouncements:** GASB Statement No. 102, *Certain Risk Disclosures*, provided users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This statement was effective for EAA beginning with its fiscal year ended December 31, 2025. There was no impact on the financial statements of EAA. Management determined there were no risks that met the disclosure criteria.

**Upcoming accounting pronouncements:** GASB Statement No. 103, *Financial Reporting Model Improvements*, will improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. This statement will be effective for EAA beginning with its fiscal year ending December 31, 2026. The EAA is reviewing the pronouncement and will implement, if applicable, by the stated effective date.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will provide users of government financial statements with essential information about certain types of capital assets. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. This statement will be effective for EAA beginning with its fiscal year ending December 31, 2026. The EAA is reviewing the pronouncement and will implement, if applicable, by the stated effective date.

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

GASB Statement No. 105, *Subsequent Events*, will improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. The requirements of this statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. This statement will be effective for EAA beginning with its fiscal year ending December 31, 2027. The EAA is reviewing the pronouncement and will implement, if applicable, by the stated effective date.

#### Note 2. Deposits and Investments

Cash and investments classified in the accompanying financial statements are as follows:

	December 31	
	2025	2024
Petty cash	\$ 1,010	\$ 1,001
Money market and checking account	32,703,450	36,303,435
Oil and mineral rights	12,799	111,790
Certificates of deposit (non-participating)	17,611,544	16,678,215
Total cash and investments	<u>\$ 50,328,803</u>	<u>\$ 53,094,441</u>

**Cash deposits:** At December 31, 2025, the carrying amount of EAA's cash on hand and deposits, including CDs, totaled \$50,316,004 (\$52,982,651 at December 31, 2024) and the bank balance totaled \$50,404,235 (\$52,981,283 at December 31, 2024). All deposits are insured by federal depository insurance and/or collateralized with securities held in EAA's name.

**Investments:** EAA is required by Government Code Chapter 2256, the Public Funds Investment Act (the Act), to adopt, implement and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities and (9) bid solicitation preferences for CDs.

The Act determines the types of investments which are allowable for EAA. These include, with certain restrictions, (1) obligations of the United States Treasury, certain United States agencies and the state of Texas; (2) CDs; (3) certain municipal securities; (4) money market savings accounts; (5) repurchase agreements; (6) bankers acceptances; (7) mutual funds; (8) investment pools; (9) guaranteed investment contracts and (10) common trust funds.

As of December 31, 2025, EAA invested in oil and mineral rights. The investment in oil and mineral rights was obtained through a contribution and was not a purchase completed by EAA. As such, although the investment is outside of EAA's policy, it is not considered a violation of EAA's policy.

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 2. Deposits and Investments (Continued)

**Credit risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to EAA. A primary stated objective of the EAA adopted investment policy is the safety of principal and avoidance of principal loss. Credit risk within EAA's portfolio is minimized by:

1. Limiting investments to the safest types of securities,
2. Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors within who EAA will do business, and
3. Diversifying the investment portfolio so that potential losses on individual investments will be minimized.

EAA did not have any investments subject to credit risk as of December 31, 2025 and 2024.

**Concentration of credit risk:** Concentration of credit risk is the risk of loss attributable to the magnitude of EAA's investments in a single issuer.

The EAA recognizes over-concentration of assets by market sector or maturity as a risk to the portfolio. EAA's adopted investment policy establishes diversification as a major objective of the investment program and sets diversification limits for all authorized investment types which are monitored on a quarterly basis. Market cycle risk will be reduced by diversifying the appropriate maturity structure out over two years. As of December 31, 2025 and 2024, all parameters and limits of the diversification policy were met.

**Interest rate risk:** Interest rate risk is the risk that the changes in interest rates will adversely affect the fair value of an investment.

In order to limit interest and market rate risk from changes in interest rates, the EAA adopted investment policy minimizes risk by:

1. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and
2. Investing shorter-term operating funds primarily in liquid financial institution deposits, shorter-term securities, money market mutual funds or similar investment pools.

In addition, all investment funds shall be placed directly with authorized investment providers. EAA will not deposit or invest funds through third parties or money brokers.

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 2. Deposits and Investments (Continued)

As of December 31, 2025, the portfolio held the following investments:

Investment Type	Balance	% of Portfolio	Investment Maturity in Years
Oil and mineral rights	\$ 12,799	0.1%	Indefinite
Certificates of deposit	17,611,544	99.9%	3 years
Total portfolio	<u>\$ 17,624,343</u>	<u>100.0%</u>	

As of December 31, 2024, the portfolio held the following investments:

Investment Type	Balance	% of Portfolio	Investment Maturity in Years
Oil and mineral rights	\$ 111,790	0.7%	Indefinite
Certificates of deposit	16,678,215	99.3%	3 years
Total portfolio	<u>\$ 16,790,005</u>	<u>100.0%</u>	

**Custodial credit risk:** In the case of deposits, this is the risk that in the event of a bank failure, EAA's deposits may not be returned to it. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of EAA and are held by the counterparty, its trust or agent and not in EAA's name.

EAA's investment securities are not exposed to custodial risk because all securities held by EAA's custodial banks are in EAA's name. To control custody and safekeeping risk state law and EAA's adopted investment policy requires full collateralization of all EAA funds on deposit with a depository bank. The policy specifies the specific types of acceptable types of collateral and collateral is reviewed on a monthly basis to ensure the market value of the pledged securities is adequate. The result of such valuations are reported to the EAA's Finance/Administrative Committee on a quarterly basis.

**Fair value measurement:** EAA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles in the United States of America (GAAP). GASB Statement No. 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices within Level 1 that observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 2. Deposits and Investments (Continued)

inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement. EAA utilizes and its investment advisor utilizes an independent pricing service to obtain recurring fair value measurements using quoted prices for similar assets to determine the fair value.

As of December 31, 2025 and 2024, investments in oil and mineral rights are valued using forecasted cash flows attributed to the leased acreage and ownership and related data of oil and gas exploration and productive activities in a similar area.

As of December 31, 2025, the securities to be priced in the portfolio were:

Investment Type	Level	Total
Investments measured at fair value:		
Oil and mineral rights	Level 3	\$ 12,799
Investments measured at amortized cost:		
Certificates of deposit		17,611,544
Total investments		<u>\$ 17,624,343</u>

As of December 31, 2024, the securities to be priced in the portfolio were:

Investment Type	Level	Total
Investments measured at fair value:		
Oil and mineral rights	Level 3	\$ 111,790
Investments measured at amortized cost:		
Certificates of deposit		16,678,215
Total investments		<u>\$ 16,790,005</u>

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

#### Note 3. Capital Assets

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

	Balance at				Balance at
	December 31, 2024	Additions	Retirements	Transfers	
Capital assets not being depreciated:					
Land	\$ 25,371,410	\$ 7,845,610	\$ -	\$ -	\$ 33,217,020
Construction in progress	-	46,729	-	-	46,729
Intangible asset	13,600	-	-	-	13,600
	<u>25,385,010</u>	<u>7,892,339</u>	<u>-</u>	<u>-</u>	<u>33,277,349</u>
Capital assets being depreciated:					
Capital assets:					
Buildings and improvements	11,482,746	336,462	-	-	11,819,208
Furniture and equipment	7,914,102	410,555	(9,625)	-	8,315,032
Vehicles	1,142,818	26,833	-	-	1,169,651
Other intangible asset	700,000	-	-	-	700,000
Capital assets, total	<u>21,239,666</u>	<u>773,850</u>	<u>(9,625)</u>	<u>-</u>	<u>22,003,891</u>
Right-to-use leased assets					
Building	2,156,714	-	-	-	2,156,714
Equipment	48,657	-	-	-	48,657
Vehicle	57,310	-	-	-	57,310
Right-to-use leased assets, total	<u>2,262,681</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,262,681</u>
Subscription-based information technology arrangements	110,966	16,721	(29,514)	-	98,173
Capital assets, total	<u>23,613,313</u>	<u>790,571</u>	<u>(39,139)</u>	<u>-</u>	<u>24,364,745</u>
Accumulated depreciation/amortization:					
Capital assets:					
Buildings and improvements	(3,639,559)	(309,435)	-	-	(3,948,994)
Furniture and equipment	(5,367,099)	(564,681)	5,534	-	(5,926,246)
Vehicles	(578,064)	(109,338)	-	-	(687,402)
Other intangible asset	(210,000)	(70,000)	-	-	(280,000)
Capital assets depreciation, total	<u>(9,794,722)</u>	<u>(1,053,454)</u>	<u>5,534</u>	<u>-</u>	<u>(10,842,642)</u>
Right-to-use leased assets amortization					
Building	(395,398)	(107,836)	-	-	(503,234)
Equipment	(16,093)	(10,253)	-	-	(26,346)
Vehicle	(1,370)	(8,219)	-	-	(9,589)
Right-to-use leased assets amortization, total	<u>(412,861)</u>	<u>(126,308)</u>	<u>-</u>	<u>-</u>	<u>(539,169)</u>
Subscription-based information technology arrangements amortization	(54,237)	(33,681)	29,514	-	(58,404)
Capital assets amortization/depreciation, total	<u>(10,261,820)</u>	<u>(1,213,443)</u>	<u>35,048</u>	<u>-</u>	<u>(11,440,215)</u>
Total capital assets being amortized or depreciated, net	13,351,493	(422,872)	(4,091)	-	12,924,530
Capital assets, net	<u>\$ 38,736,503</u>	<u>\$ 7,469,467</u>	<u>\$ (4,091)</u>	<u>\$ -</u>	<u>\$ 46,201,879</u>

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

#### Note 3. Capital Assets (Continued)

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

	Balance at				Balance at
	December 31, 2023	Additions	Retirements	Transfers	
Capital assets not being depreciated:					
Land	\$ 25,096,410	\$ 275,000	\$ -	\$ -	\$ 25,371,410
Intangible asset	-	13,600	-	-	13,600
	<u>25,096,410</u>	<u>288,600</u>	<u>-</u>	<u>-</u>	<u>25,385,010</u>
Capital assets being depreciated:					
Capital assets:					
Buildings and improvements	11,255,223	233,544	(6,021)	-	11,482,746
Furniture and equipment	7,488,903	473,431	(48,232)	-	7,914,102
Vehicles	998,438	144,380	-	-	1,142,818
Other intangible asset	700,000	-	-	-	700,000
Capital assets, total	<u>20,442,564</u>	<u>851,355</u>	<u>(54,253)</u>	<u>-</u>	<u>21,239,666</u>
Right-to-use leased assets:					
Building	2,156,714	-	-	-	2,156,714
Equipment	42,148	6,509	-	-	48,657
Vehicle	-	57,310	-	-	57,310
Right-to-use leased assets, total	<u>2,198,862</u>	<u>63,819</u>	<u>-</u>	<u>-</u>	<u>2,262,681</u>
Subscription-based information technology arrangements	76,741	34,225	-	-	110,966
Capital assets, total	<u>22,718,167</u>	<u>949,399</u>	<u>(54,253)</u>	<u>-</u>	<u>23,613,313</u>
Accumulated depreciation/amortization:					
Capital assets:					
Buildings and improvements	(3,360,738)	(284,842)	6,021	-	(3,639,559)
Furniture and equipment	(4,786,631)	(618,249)	37,781	-	(5,367,099)
Vehicles	(476,688)	(101,376)	-	-	(578,064)
Other intangible asset	(140,000)	(70,000)	-	-	(210,000)
Capital assets depreciation, total	<u>(8,764,057)</u>	<u>(1,074,467)</u>	<u>43,802</u>	<u>-</u>	<u>(9,794,722)</u>
Right-to-use leased assets amortization					
Building	(287,562)	(107,836)	-	-	(395,398)
Equipment	(6,564)	(9,529)	-	-	(16,093)
Vehicle	-	(1,370)	-	-	(1,370)
Right-to-use leased assets amortization, total	<u>(294,126)</u>	<u>(118,735)</u>	<u>-</u>	<u>-</u>	<u>(412,861)</u>
Subscription-based information technology arrangements amortization	(23,328)	(30,909)	-	-	(54,237)
Capital assets amortization/depreciation, total	<u>(9,081,511)</u>	<u>(1,224,111)</u>	<u>43,802</u>	<u>-</u>	<u>(10,261,820)</u>
Total capital assets being amortized or depreciated, net	13,636,656	(274,712)	(10,451)	-	13,351,493
Capital assets, net	<u>\$ 38,733,066</u>	<u>\$ 13,888</u>	<u>\$ (10,451)</u>	<u>\$ -</u>	<u>\$ 38,736,503</u>

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

#### Note 4. Accounts Payable

Accounts payable is comprised of the following:

	December 31	
	2025	2024
Health care reimbursement accounts	\$ 262,826	\$ 286,824
Travel reimbursements	121,434	108,197
Trade payables	2,500,043	2,485,432
Total accounts payable	\$ 2,884,303	\$ 2,880,453

#### Note 5. Long-Term Liabilities

A summary of changes in long-term liabilities at December 31, 2025, is as follows:

	Balance at December 31, 2024	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
Business-type activities:					
Note payable:					
Revenue note	\$ 2,025,000	\$ -	\$ (260,000)	\$ 1,765,000	\$ 270,000
Lease liabilities	2,038,718	-	(82,839)	1,955,879	89,534
Subscription liabilities	8,193	-	(8,193)	-	-
Compensated absences (1)	1,781,642	263,071	-	2,044,713	1,044,584
Net pension liability	1,307,215	4,079,958	(5,001,977)	385,196	-
Total business-type activities long-term liabilities	\$ 7,160,768	\$ 4,343,029	\$ (5,353,009)	\$ 6,150,788	\$ 1,404,118

A summary of changes in long-term liabilities at December 31, 2024, is as follows:

	Balance at December 31, 2023	Additions	Reductions	Balance at December 31, 2024	Due Within One Year
Business-type activities:					
Note payable:					
Revenue note	\$ 2,275,000	\$ -	\$ (250,000)	\$ 2,025,000	\$ 260,000
Lease liabilities	2,047,616	63,819	(72,717)	2,038,718	83,164
Subscription liabilities	18,489	16,709	(27,005)	8,193	8,193
Compensated absences (1)	1,685,323	96,319	-	1,781,642	944,341
Net pension liability (asset)	2,485,016	3,595,330	(4,773,131)	1,307,215	-
Total business-type activities long-term liabilities	\$ 8,511,444	\$ 3,772,177	\$ (5,122,853)	\$ 7,160,768	\$ 1,295,698

- (1) The additions or reductions for compensated absences has been presented on the net basis as allowed under GASB Statement No. 101, *Compensated Absences*.

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

#### Note 5. Long-Term Liabilities (Continued)

In 2011, EAA issued a General Improvement Revenue Note, Series 2011. The issuance was for \$3,370,000 for the purpose of providing funds to renovate, expand and equip EAA's administrative headquarters. The note has an outstanding balance of \$1,765,000, is due in varying installments through September 1, 2031, and bears an interest rate of 3.76% with interest paid semiannually. The principal and interest on this note are payable as follows:

Years ending December 31:	Principal	Interest	Total
2026	\$ 270,000	\$ 62,980	\$ 332,980
2027	275,000	52,765	327,765
2028	290,000	42,237	332,237
2029	300,000	31,208	331,208
2030	310,000	19,803	329,803
2031	320,000	8,021	328,021
	<u>\$ 1,765,000</u>	<u>\$ 217,014</u>	<u>\$ 1,982,014</u>

**Lease liabilities:** The EAA entered into a lease obligation for the Morgan's Wonderland Camp—Educational Outreach Center, totaling \$2,156,714 for 240 months. The effective interest on this lease is 3.76% and is paid out on a monthly basis commencing May 1, 2021, at the inception of the lease.

The EAA has various equipment leases with inception dates from April 2022 to May 2024 and terms from 36 to 60 months. The effective interest on the leases is 3.76% and is paid on a quarterly basis. During the year ended December 31, 2025, principal and interest paid were \$10,928 and \$1,058, respectively.

The EAA entered into a vehicle lease in November 2024 with a term of 60 months. The effective interest on the lease is 7.2% and is paid on a monthly basis. During the year ended December 31, 2025, principal and interest paid were \$6,256 and \$3,529, respectively.

The principal and interest payments on these lease liabilities are as follows:

Years ending December 31:	Principal	Interest	Total
2026	\$ 89,534	\$ 73,688	\$ 163,222
2027	92,739	70,017	162,756
2028	93,986	66,255	160,241
2029	96,578	62,132	158,710
2030	120,552	56,981	177,533
2031-2035	592,372	223,211	815,583
2036-2040	807,773	92,697	900,470
2041	62,345	489	62,834
	<u>\$ 1,955,879</u>	<u>\$ 645,470</u>	<u>\$ 2,601,349</u>

**SBITA agreements:** EAA has no outstanding long-term SBITA agreements in place during the year ending December 31, 2025. There is no outstanding balance of the SBITA liability as of December 31, 2025. The principal and interest paid on the liability during the year ending December 31, 2025, was \$8,193 and \$307, respectively.

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 6. Retirement Plans

**TCDRS:** EAA provides retirement, disability and death benefits for all its full-time employees through a nontraditional defined benefit pension plan in the statewide TCDRS. The board of trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 781 nontraditional defined benefit pension plans. TCDRS, in the aggregate, issues an Annual Financial Report (Annual Report) on a calendar basis. The TCDRS Annual Report can be downloaded at <http://www.tcdrs.org>.

The plan provisions are adopted and may be amended by the EAA Board, within the options available in the Texas state statutes governing TCDRS (the TCDRS Act). Members can retire at ages 60 and above with eight or more years of service, with 20 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 eight years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum and who are not eligible to retire are not entitled to any amounts contributed by their employer.

**Benefits provided:** 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.

**Funding policy:** EAA has chosen a fixed rate plan under the provisions of the TCDRS Act. The plan is funded by monthly contributions from both employees and EAA based on the covered payroll of the employees. Under the TCDRS Act, the regular contribution rate for EAA's employees is a fixed percentage equal to the 7% contribution payable to the employee. The matching employer contribution adopted by the governing body of EAA was 180% of the required employee contribution. This regular contribution rate of EAA is not actuarially determined and is one of the rates that can be adopted in accordance with the TCDRS Act. However, the plan of benefits adopted by EAA at the time of plan inception or when benefit increases were adopted was limited by the TCDRS Act to what the actuary determined could be adequately financed by the commitment of EAA to contribute the same amount as the employees. The employee contribution rate and EAA contribution rate may be changed by the governing body of EAA within the options available in the TCDRS Act.

If a plan has had adverse experience, the TCDRS Act has provisions which allow the employer to contribute a fixed supplemental contribution rate determined by the TCDRS's actuary above the regular rate. During 2025 and 2024, EAA contributed a total rate of 11.09%.

**Plan benefits:** Effective on the date of participation, EAA provides retirement, disability and death benefits. Based on the aforementioned funding policy, the employee's savings, by law, grow at a rate of 7%, compounded annually at retirement, the employee's account balance is combined with EAA's matching and converted into a lifetime monthly benefit. Employees receive a month of service time for each month they make a deposit into their account. The amount of service an employee needs to earn a future benefit is called the vesting requirement. When an employee is vested, he or she has the right to a monthly benefit, which includes the related employer matching contributions, at age 60 or older.

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 6. Retirement Plans (Continued)

EAA adopted an eight year/Age 60 Retirement Eligibility described in Section 844.207 of the TCDRS Act, under which: (a) any TCDRS member who has eight or more years of service credit with EAA and other subdivisions that have adopted the provisions of Sections 844.207 or 844.210, is a vested member and shall have the right to retire and receive a service retirement annuity after attaining age 60.

Any TCDRS member who is a vested member may terminate employment with all participating subdivisions prior to attaining age 60 and remain eligible to retire and receive a service retirement annuity after attaining age 60 provided his or her membership is not terminated other than by retirement. Any TCDRS member who is a vested member under Section 844.207(d) may retire and receive a disability retirement annuity if he or she is certified as disabled, as defined by the Plan.

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

Retirees elect to receive their lifetime benefit by choosing one of seven actuarially equivalent payment options. Prior service gives employees monetary credit for time worked for an eligible organization before it joined the system. Buybacks allow current employees to re-establish a closed TCDRS account from previous service with an employer. Partial lump-sum payments at retirement allow employees to withdraw part of their TCDRS account balance as a lump sum at retirement with a reduced monthly benefit. In addition, EAA may choose to adopt a cost-of-living adjustment (COLA) for its retirees. This adjusts retiree benefits to restore purchasing power lost due to the effects of inflation.

**Employees covered by benefit terms:** At December 31, 2025 and 2024, the following employees were covered by the benefit terms:

	2025	2024
Inactive employees or beneficiaries currently receiving benefits	44	40
Inactive employees entitled to, but not yet receiving benefits	75	73
Active employees	92	88
Total	<u>211</u>	<u>201</u>

**Contributions:** The contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. EAA's contribution rate is based on the TCDRS funding policy adopted by the TCDRS board of trustees and must conform with the TCDRS Act. Plan members and EAA are required to contribute at a rate set by statute. The contribution requirements of plan members and EAA are established and may be amended. For 2025 and 2024, the contribution rate for the plan members was 7.00% of gross pay. EAA pays a matching portion to the pension plan totaling 11.09% of gross pay for 2025 (11.09% for 2024), which totaled \$1,054,731 for 2025 (\$981,735 for 2024).

**Net pension liability:** EAA's net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 6. Retirement Plans (Continued)

**Actuarial assumptions:** The actuarial assumptions that determined the total pension liability as of December 31, 2024 and 2023, were based on the results of an actuarial experience study for the period from January 1, 2017 through December 31, 2020, except where required to be different by GASB Statement No. 68.

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

Actuarial cost method	Individual Entry Age, Level Percentage of Pay
Inflation	2.50%
Salary increases	4.70% average over career including inflation
Investment rate of return	7.60% and 7.50% for December 31, 2024 and 2023, respectively, net of administrative and investment expenses, including inflation
COLA	None

Mortality rates were based on the following.

**Depositing members:** 135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010 for December 31, 2024 and 2023.

**Service retirees, beneficiaries and non-depositing members:** 135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010 for December 31, 2024 and 2023.

**Disabled retirees:** 160% of Pub-2010 General Disabled Retirees Amount Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010 for December 31, 2024 and 2023.

There were no changes to the methods or benefit terms that affected measurement of the total pension liability since the prior measurement period.

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

#### Note 6. Retirement Plans (Continued)

**Long-term expected rate of return on assets:** 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. The numbers shown are based on January 2025 information for a 10-year 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.

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected Minus Inflation) (2)
U.S. Equities	Dow Jones U.S. Total Stock Market Index	13.00%	5.35%
Global Equities	MSCI World (net) Index	4.00%	5.15%
International Equities—Developed	MSCI World Ex USA (net) Index	6.00%	4.75%
International Equities—Emerging	MSCI Emerging Markets (net) Index	0.00%	4.75%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.55%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.70%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.85%
Distressed Debt	Cambridge Associates Distressed Securities Index (3)	4.00%	6.80%
REIT Equities	67% FTSE NAREIT All Equity REITs Index plus 33% S&P Global REIT (net) Index	2.00%	3.95%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	4.95%
Commodities	Bloomberg Commodities Index	2.00%	1.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (4)	6.00%	5.75%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (5)	25.00%	8.15%
Hedge Funds	Hedge Fund Research, Inc. Fund of Funds Composite Index	6.00%	3.60%
Cash Equivalents	90-Day U.S. Treasury	2.00%	1.10%
		<u>100.00%</u>	

- (1) Target asset allocation adopted at the March 2025 TCDRS Board meeting.
- (2) Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.35%, per the 2025 capital market assumptions.
- (3) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.
- (4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.
- (5) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

**Discount rate:** The discount rate used to measure the total pension liability was 7.6%. In order to determine the discount rate to be used by the employer, the TCDRS used an alternative method to determine the sufficiency of the fiduciary in all future years. The alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

#### Note 6. Retirement Plans (Continued)

TCDRS has a funding policy where the unfunded actuarial accrued liability 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 these assumptions, 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, the municipal bond rate does not apply.

**Changes in net pension liability:** Based on the above, the following represents a schedule of changes in the net pension liability based on the measurement date of December 31, 2024:

Changes in Net Pension Liability			
Changes in Net Pension Liability	Total Pension Liability (a)	Fiduciary Net Position (b)	Increase (Decrease) Net Pension Liability/(Asset) (a)-(b)
Balances at beginning of year	\$ 34,224,622	\$ 32,917,407	\$ 1,307,215
Changes for the year:			-
Service cost	1,042,517	-	1,042,517
Interest on total pension liability (1)	2,637,919	-	2,637,919
Effect of economic/demographic (gains) or losses	379,509	-	379,509
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(5,947)	(5,947)	-
Benefit payments	(1,130,209)	(1,130,209)	-
Administrative expenses	-	(20,012)	20,012
Member contributions	-	619,670	(619,670)
Net investment income	-	3,365,219	(3,365,219)
Employer contributions	-	981,735	(981,735)
Other (2)	-	35,352	(35,352)
Balances at end of year	<u>\$ 37,148,411</u>	<u>\$ 36,763,215</u>	<u>\$ 385,196</u>

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

#### Note 6. Retirement Plans (Continued)

Based on the above, the following represents a schedule of changes in the net pension liability based on the measurement date of December 31, 2023:

Changes in Net Pension Liability	Changes in Net Pension Liability		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances at beginning of year	\$ 31,661,102	\$ 29,176,086	\$ 2,485,016
Changes for the year:			
Service cost	1,033,977	-	1,033,977
Interest on total pension liability (1)	2,446,976	-	2,446,976
Effect of economic/demographic (gains) or losses	97,189	-	97,189
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(29,968)	(29,968)	-
Benefit payments	(984,652)	(984,652)	-
Administrative expenses	-	(17,188)	17,188
Member contributions	-	589,866	(589,866)
Net investment income	-	3,211,527	(3,211,527)
Employer contributions	-	934,516	(934,516)
Other (2)	-	37,222	(37,222)
Balances at end of year	\$ 34,224,624	\$ 32,917,409	\$ 1,307,215

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

(2) Relates to allocation of system-wide items.

**Sensitivity analysis:** The following presents the net pension liability of EAA, calculated using the discount rate of 7.60%, as well as what EAA's net pension liability (asset) would be if it were calculated using a discount rate that is 1.0 percentage point lower (6.60%) or 1.0 percentage point higher (8.60%) than the current rate at December 31, 2025 and 2024:

	2025		
	Current		
	1.00% Decrease 6.60%	Discount Rate 7.60%	1.00% Increase 8.60%
Total pension liability	\$ 42,089,666	\$ 37,148,411	\$ 32,981,700
Fiduciary net position	36,763,215	36,763,215	36,763,215
Net pension liability (asset)	\$ 5,326,451	\$ 385,196	\$ (3,781,515)

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

#### Note 6. Retirement Plans (Continued)

	2024		
	Current		
	1.00% Decrease	Discount Rate	1.00% Increase
	6.60%	7.60%	8.60%
Total pension liability	\$ 38,844,266	\$ 34,224,624	\$ 30,333,900
Fiduciary net position	32,917,409	32,917,409	32,917,409
Net pension liability (asset)	\$ 5,926,857	\$ 1,307,215	\$ (2,583,509)

**Pension plan fiduciary net position:** Detailed information about the pension plan's fiduciary net position is available in the separately issued TCDRS report.

**Pension expense:** For the years ended December 31, 2025 and 2024, EAA recognized pension-related expense of \$761,343 and \$683,680, respectively.

**Deferred inflows and outflows of resources related to pensions:** At December 31, 2025, the deferred inflows and outflows of resources related to pensions are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 424,819	\$ 40,026
Changes of assumptions	12,450	-
Net difference between projected and actual earnings	-	302,656
Subtotal of deferred outflows and inflows of resources	437,269	342,682
Contributions made subsequent to measurement date	1,054,731	-
Total outflows and inflows subject to amortization	\$ 1,492,000	\$ 342,682

The \$1,054,731 reported as deferred outflows of resources related to pensions resulting from EAA's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2026.

At December 31, 2024, the deferred inflows and outflows of resources related to pensions are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 324,866	\$ 80,052
Changes of assumptions	335,494	-
Net difference between projected and actual earnings	215,906	-
Subtotal of deferred outflows and inflows of resources	876,266	80,052
Contributions made subsequent to measurement date	981,735	-
Total outflows and inflows subject to amortization	\$ 1,858,001	\$ 80,052

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 6. Retirement Plans (Continued)

Other amounts reported as deferred outflows and deferred inflows related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Years ending December 31:	
2025	\$ (53,108)
2026	585,922
2027	(269,112)
2028	(169,115)
	<u>\$ 94,587</u>

Deferred inflows and outflows of resources related to differences between expected and actual experience and changes of assumptions are amortized over the average expected remaining service life for all active, inactive and retired members. Deferred outflows of resources related to the difference between projected and actual earnings are amortized over a five-year period.

**Payables to the pension plan:** At December 31, 2025, EAA reported payables to TCDRS of \$87,808 (\$80,947 for 2024) for legally required employer contributions and \$55,425 (\$51,094 for 2024) for legally required employee contributions, which had been withheld from employee wages, but not yet remitted to TCDRS.

#### Note 7. Deferred Compensation Plan

EAA offers all full-time employees a deferred compensation plan created in accordance with section 457 of the Internal Revenue Code (IRC 457). The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to the employees until termination, retirement, death or unforeseen emergency. Government entities relying upon third parties to manage IRC 457 assets are not required to report such assets on their statements of net position as the Government does not control assets nor serve in a fiduciary capacity.

#### Note 8. Retirement Health Savings Plan

EAA offers all full-time employees a retirement health savings plan (RHS), a defined contribution plan. The plan allows deposits from EAA of unused sick leave at the employee rate of pay at termination or retirement when certain conditions are met. In addition, unused employer-funded health reimbursement arrangement (HRA) funds in excess of established limits are carried over to the RHS plan. The deferred compensation is not available to the employees until termination, retirement, death or unforeseen emergency. As the RHS plan assets are held by a legally separate entity in a trust managed by a legally separate trustee, overseen by an independent board of directors, the RHS plan assets and related plan activity are not required to be reported on EAA's statements of net position. In 2025, the EAA deposited \$142,909 (\$146,663 in 2024) into employee retirement health savings plan accounts.

#### Note 9. Risk Management

EAA is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees; health insurance and natural disasters. EAA purchased commercial insurance to cover risks associated with potential claims. There were no significant reductions in coverage in the past year, and there were no settlements exceeding insurance coverage during the past three years.

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 9. Risk Management (Continued)

EAA contracts with the Texas Municipal League (TML) to provide workers' compensation insurance. This multiple-employer account provides for a combination of modified self-insurance and stop-loss coverage. Contributions are set annually by TML. Liability by EAA is generally limited to the contributed amounts.

#### Note 10. Major Customer

Of the EAA aquifer management fees and EAHCP program fees revenues for the years ended December 31, 2025 and 2024, \$23,134,618 and \$23,473,231, respectively, were earned from one customer. These revenues account for approximately 66% and 71% of the total EAA operating revenues for the years ended December 31, 2025 and 2024, respectively.

#### Note 11. Commitments

**Long-Term Refugia Program:** Effective January 1, 2017, EAA and the U.S. Fish and Wildlife Service (USFWS) entered into an agreement for the Implementation of a Refugia Program under the Edwards Aquifer Habitat Conservation Plan (Refugia Contract). The Refugia Contract, in an amount not to exceed \$18,876,267, extends through March 31, 2028. In accordance with the Refugia Contract, an annual work plan is provided by the USFWS, and approved by EAA, for the services to be performed under the Refugia Contract each year. Payment to USFWS is based on performance of completion of tasks. Expenses under the contract for the years ended December 31, 2025 and 2024, totaled \$1,092,849 and \$1,518,307, respectively, with future commitments (subject to USFWS's future performance) of \$4,582,756 through the end of the contract term in 2028.

**VISPO Program:** In 2013, EAA implemented the EAHCP Voluntary Irrigation Suspension Program Option (VISPO). The program is governed by the VISPO Agreement (the Agreement) signed on a voluntary basis by permit holders, whereby permit holders will be compensated to forbear exercising their right under permits issued by EAA to make withdrawals from the aquifer during times of certain droughts, as defined within the Agreement. EAA currently has signed Agreements ranging from five- to 10-year periods. EAA has options to terminate the Agreement if it is determined the VISPO be discontinued as a conservation measure by the Implementing Committee of the EAHCP under Subsection 7.12.4.f. of the Funding and Management Agreement, at its sole discretion, one of them being by providing advance written notice of termination to the permit holder by July 1 of any year during the term of the Agreement, in which case the Agreement terminates on December 31 of the same year in which the notice is timely given.

In accordance with the Agreement, permit holders receive two types of payments, Standby Fees and Forbearance Years payment.

Forbearance Years payment is subject to well level at Well J-17, as defined in the Agreement on October 1 of each year. However, the permit holder may opt out of a Forbearance Year payment if the well level on the following January 1 increases (to a level defined within the Agreement) and the permit holder gives written notice to EAA by January 15. The Forbearance Year payment for 10-year agreements for years 1 through 5 are based on \$172.50 per acre-foot per annum and, for years six through 10, are based on \$210.60 per acre-foot per annum. The Forbearance Year payment for five-year agreements, effective prior to January 1, 2019, begins at \$150 per acre foot with a 1.5% increase, compounded annually, per year, and five-year agreements effective January 1, 2019, and later are based on \$160 per acre-foot per annum. EAA's Forbearance Year amounts owed in 2025 and 2024 were \$5,581,389 and \$5,494,193, respectively.

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 11. Commitments (Continued)

Assuming the Agreement is not terminated by July 1, as defined above, the Standby Fee payments are due and payable as of year-end with payments made by no later than March 1 of the following year, regardless of whether or not the permit holder is required to suspend water withdrawals that year (i.e., regardless of the well level at Well J-17). For 10-year agreements, the Standby Fee payment for years one through five are based on \$57.50 per acre-foot per annum and, for years six through 10, are based on \$70.20 per acre-foot per annum. For five-year agreements effective before January 1, 2019, the Standby Fee payment begins at \$50 per acre-foot per annum with a 1.5% increase, compounded annually, per year and at \$54 per acre-foot per annum if effective January 1, 2019, or later. At December 31, 2025 and 2024, the Standby Fee payments owed to participants totaled \$1,883,587 and \$1,854,158, respectively.

**Springflow Protection—ASR Forbearance Program:** In 2018, EAA implemented a springflow protection forbearance program in support of the Aquifer Storage and Recovery (ASR) Program of the EAHCP (Springflow Protection Program, or Program). The Program is governed by the Springflow Protection Program Forbearance Agreement (the Agreement) signed on a voluntary basis by permit holders, whereby permit holders will be compensated to forbear exercising their right under permits issued by EAA to make withdrawals from the aquifer during times of certain droughts, as defined within the Agreement. EAA currently has signed eight-, nine- and 10-year Agreements. EAA has options to terminate the Agreement if it is determined that the Program be discontinued as a conservation measure by the Implementing Committee of the EAHCP under Subsection 7.12.4.f. of the Funding and Management Agreement, at its sole discretion, one of them being by providing advance written notice of termination to the permit holder by July 1 of any year during the term of the Agreement, in which case the Agreement terminates on December 31 of the same year in which the notice is timely given. In accordance with the Agreement, permit holders receive a payment of \$100 per acre-foot per annum irrespective of whether the year is a forbearance or non-forbearance year. At December 31, 2025 and 2024, the payments owed to participants totaled \$3,870,458 and \$3,841,298, respectively.

Forbearance years are determined by the Ten-year Rolling Average of the Estimated Annual Recharge to the Aquifer determined from the annual USGS report on the Estimated Annual Recharge to the Aquifer. In a Forbearance Year, the permit holder agrees to forbear from making withdrawals of groundwater from the Aquifer in accordance with the Agreement. EAA did not pay any Forbearance Year payments in 2025 and 2024.

**EAHCP ASR Leasing Program:** EAA leases groundwater rights from various permit holders in support of the EAHCP ASR Leasing Program. During each year, EAA withdraws the water and delivers the water to the San Antonio Water System (SAWS) ASR facility for storage with the intention of minimizing the impacts of a future extended drought. Either party may terminate the purchase agreement by July 1 of any year during the term of the contract, in which case the contract would terminate on December 31 of that same year.

The contract terms range from five to 15 years in length. Lease expense is reflected in the professional and technical services expense for the years ended December 31, 2025 and 2024, and totaled \$1,847,863 and \$2,040,506 respectively.

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## Edwards Aquifer Authority

### Schedules of Changes in Net Pension Liability Years Ended December 31

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability (asset):										
Service cost	\$ 1,042,517	\$ 1,033,977	\$ 961,396	\$ 1,004,802	\$ 840,610	\$ 757,008	\$ 759,482	\$ 747,169	\$ 706,738	\$ 602,028
Interest on total pension liability	2,637,919	2,446,976	2,238,288	2,075,143	1,882,905	1,722,735	1,613,068	1,465,077	1,306,506	1,194,041
Effect of plan changes	-	-	-	-	-	-	-	-	-	(176,742)
Effect of assumption of changes or inputs	-	-	-	62,246	1,552,967	-	-	124,877	-	130,138
Effect of economic/demographic (gains) or losses	379,509	97,189	366,371	(200,130)	343,945	181,656	(256,411)	28,641	(51,936)	(59,429)
Benefit payments/refunds of contributions	(1,136,156)	(1,014,620)	(775,229)	(729,630)	(721,380)	(812,047)	(709,477)	(398,594)	(409,843)	(342,992)
<b>Net change in total pension liability</b>	<b>2,923,789</b>	<b>2,563,522</b>	<b>2,790,826</b>	<b>2,212,431</b>	<b>3,899,047</b>	<b>1,849,352</b>	<b>1,406,662</b>	<b>1,967,170</b>	<b>1,551,465</b>	<b>1,347,044</b>
Total pension liability at beginning of year	34,224,622	31,661,100	28,870,274	12,020,740	8,121,693	6,272,341	4,865,679	2,898,509	1,347,044	-
<b>Total pension liability at end of year (a)</b>	<b>\$ 37,148,411</b>	<b>\$ 34,224,622</b>	<b>\$ 31,661,100</b>	<b>\$ 28,870,274</b>	<b>\$ 12,020,740</b>	<b>\$ 8,121,693</b>	<b>\$ 6,272,341</b>	<b>\$ 4,865,679</b>	<b>\$ 2,898,509</b>	<b>\$ 1,347,044</b>
Fiduciary net position:										
Employer contributions	\$ 981,735	\$ 934,516	\$ 921,105	\$ 754,933	\$ 757,976	\$ 687,893	\$ 642,663	\$ 634,609	\$ 633,744	\$ 595,130
Member contributions	619,670	589,866	623,518	560,396	562,655	517,769	483,205	486,557	457,341	425,093
Investment income, net of investment expenses	3,365,219	3,211,527	(1,831,392)	5,373,175	2,206,599	2,955,345	(329,039)	2,199,859	986,342	(85,302)
Benefit payments/refunds of contributions	(1,136,156)	(1,014,620)	(775,229)	(729,630)	(721,380)	(812,047)	(709,477)	(398,594)	(409,843)	(342,992)
Administrative expenses	(20,012)	(17,188)	(17,098)	(16,296)	(17,675)	(16,268)	(14,457)	(11,911)	(10,725)	(9,384)
Other	35,352	37,223	133,496	23,243	19,848	16,450	14,205	9,571	39,840	(3,934)
<b>Net change in fiduciary net position</b>	<b>3,845,808</b>	<b>3,741,324</b>	<b>(945,600)</b>	<b>5,965,821</b>	<b>2,808,023</b>	<b>3,349,142</b>	<b>87,100</b>	<b>2,920,091</b>	<b>1,696,699</b>	<b>578,611</b>
Fiduciary net position at beginning of year	32,917,407	29,176,083	30,121,683	24,155,862	8,631,643	5,282,501	5,195,401	2,275,310	578,611	-
Fiduciary net position at end of year (b)	<b>\$ 36,763,215</b>	<b>\$ 32,917,407</b>	<b>\$ 29,176,083</b>	<b>\$ 30,121,683</b>	<b>\$ 11,439,666</b>	<b>\$ 8,631,643</b>	<b>\$ 5,282,501</b>	<b>\$ 5,195,401</b>	<b>\$ 2,275,310</b>	<b>\$ 578,611</b>
<b>Net pension liability (asset) at end of year = (a)-(b)</b>	<b>\$ 385,196</b>	<b>\$ 1,307,215</b>	<b>\$ 2,485,017</b>	<b>\$ (1,251,409)</b>	<b>\$ 581,074</b>	<b>\$ (509,950)</b>	<b>\$ 989,840</b>	<b>\$ (329,722)</b>	<b>\$ 623,199</b>	<b>\$ 768,433</b>
Fiduciary net position as a percentage of total pension liability	98.96%	96.18%	92.15%	104.33%	95.17%	106.28%	84.22%	106.78%	78.50%	42.95%
Covered payroll	\$ 8,852,435	\$ 8,426,652	\$ 8,305,728	\$ 8,005,655	\$ 8,037,922	\$ 6,902,933	\$ 6,950,814	\$ 6,533,445	\$ 6,072,752	\$ 5,852,465
Net pension liability (asset) as a percentage of covered payroll	4.35%	15.51%	29.92%	-15.63%	7.23%	-7.39%	14.24%	-5.05%	10.26%	13.13%

See notes to required supplementary information.

**Edwards Aquifer Authority**

**Schedule of the EAA's Pension Contribution  
Years Ended December 31,**

Years Ending December 31	Actuarially Determined Contribution (1)	Actual Employer Contribution (1)	Contribution Deficiency (Excess)	Covered Payroll (2)	Actual Contribution as a Percent of Covered Payroll
2015	595,130	595,130	-	6,072,752	9.8%
2016	633,744	633,744	-	6,533,445	9.7%
2017	634,609	634,609	-	6,950,814	9.1%
2018	642,663	642,663	-	6,902,933	9.3%
2019	687,893	687,893	-	7,396,695	9.3%
2020	757,976	757,976	-	8,037,922	9.4%
2021	746,928	754,933	(8,006)	8,005,655	9.4%
2022	921,105	921,105	-	8,305,728	11.1%
2023	872,159	934,516	(62,357)	8,426,652	11.1%
2024	935,702	981,735	(46,033)	8,852,435	11.1%

See notes to required supplementary information.

- (1) 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.
- (2) Covered payroll is calculated based on contributions, as reported to TCDRS.

See notes to required supplementary information.

## Edwards Aquifer Authority

### Notes to Required Supplementary Information

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Following are the key assumptions and methods used in the required supplementary information schedules:

#### Notes to Schedule

Valuation Date: Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

#### **Methods and assumptions used to determine contribution rates:**

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	13.8 years (based on contribution rate calculated in December 31, 2024 valuation)
Asset Valuation Method	five-year smoothed fair value
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
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.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: Employer contributions reflect that the member contribution rate was increased to 7%. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule.

\* Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.

**Supplementary Information**

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## Edwards Aquifer Authority

### Combining Schedule of Statement of Net Position—Edwards Aquifer Authority December 31, 2025

	Edwards Aquifer Authority	Edwards Aquifer Conservancy	Total
<b>Current assets:</b>			
Cash and cash equivalents	\$ 21,024,359	\$ 298,563	\$ 21,322,922
Investments	9,385,716	12,799	9,398,515
<b>Restricted assets (Habitat Conservation Plan):</b>			
Cash and cash equivalents	11,381,538	-	11,381,538
Investments	7,138,560	-	7,138,560
Program fees receivable, net	883,450	-	883,450
Miscellaneous receivable	152,656	-	152,656
Aquifer management fees receivable, net	1,212,389	-	1,212,389
Property taxes receivable, net	279	-	279
Miscellaneous receivable	1,057,750	20	1,057,770
Prepaid expenses	5,383	-	5,383
<b>Total current assets</b>	<b>52,242,080</b>	<b>311,382</b>	<b>52,553,462</b>
<b>Noncurrent assets:</b>			
Investments	1,087,268	-	1,087,268
<b>Capital assets</b>			
Capital assets, net of accumulated depreciation	20,803,931	23,634,667	44,438,598
Right-to-use leased assets, net of accumulated amortization	1,723,512	-	1,723,512
Subscription-based information technology arrangements, net of accumulated amortization	39,769	-	39,769
Total capital assets, net of accumulated depreciation/amortization	22,567,212	23,634,667	46,201,879
<b>Total noncurrent assets</b>	<b>23,654,480</b>	<b>23,634,667</b>	<b>47,289,147</b>
<b>Total assets</b>	<b>75,896,560</b>	<b>23,946,049</b>	<b>99,842,609</b>
Deferred outflows of resources—pension	1,492,000	-	1,492,000
<b>Total assets and deferred outflows of resources</b>	<b>\$ 77,388,560</b>	<b>\$ 23,946,049</b>	<b>\$ 101,334,609</b>

**Edwards Aquifer Authority**

**Combining Schedule of Statement of Net Position—Edwards Aquifer Authority (Continued)  
December 31, 2025**

	Edwards Aquifer Authority	Edwards Aquifer Conservancy	Total
<b>Current liabilities:</b>			
Accounts payable	\$ 2,884,237	\$ 66	\$ 2,884,303
VISPO liabilities (payable from restricted assets)	7,464,976	-	7,464,976
ASR liabilities (payable from restricted assets)	3,870,458	-	3,870,458
Compensated absences	1,044,584	-	1,044,584
Accrued liabilities	523,865	46,859	570,724
Lease liabilities	89,534	-	89,534
Note payable	270,000	-	270,000
Unearned revenue	-	79,000	79,000
<b>Total current liabilities</b>	<b>16,147,654</b>	<b>125,925</b>	<b>16,273,579</b>
<b>Noncurrent liabilities:</b>			
Net pension liability	385,196	-	385,196
Compensated absences	1,000,129	-	1,000,129
Lease liabilities	1,866,345	-	1,866,345
Note payable	1,495,000	-	1,495,000
Unearned revenue	-	350,000	350,000
<b>Total noncurrent liabilities</b>	<b>4,746,670</b>	<b>350,000</b>	<b>5,096,670</b>
<b>Total liabilities</b>	<b>20,894,324</b>	<b>475,925</b>	<b>21,370,249</b>
Deferred inflows of resources—pension	342,682	-	342,682
<b>Total liabilities and deferred inflows of resources</b>	<b>21,237,006</b>	<b>475,925</b>	<b>21,712,931</b>
<b>Net position:</b>			
Net investment in capital assets	18,846,333	23,634,667	42,481,000
Restricted—Habitat Conservation Plan	8,220,770	-	8,220,770
Unrestricted	29,084,451	(164,543)	28,919,908
<b>Total net position</b>	<b>\$ 56,151,554</b>	<b>\$ 23,470,124</b>	<b>\$ 79,621,678</b>

## Edwards Aquifer Authority

### Combining Schedule of Statements of Revenues, Expenses and Changes in Net Position—Edwards Aquifer Authority Year Ended December 31, 2025

	Edwards Aquifer Authority	Edwards Aquifer Conservancy	Total
Operating revenues:			
Aquifer management fees:			
Nonagricultural users (net of rebates)	\$ 19,283,696	\$ -	\$ 19,283,696
Agricultural users	140,866	-	140,866
Program fees—Habitat Conservation Plan	15,362,497	-	15,362,497
Enforcement settlements	355,391	-	355,391
Other charges	1,060,001	97,575	1,157,576
<b>Total operating revenues</b>	<b>36,202,451</b>	<b>97,575</b>	<b>36,300,026</b>
Operating expenses:			
Salaries and wages	9,970,876	-	9,970,876
Employee benefits	2,977,628	-	2,977,628
Professional and technical services	20,138,857	4,080	20,142,937
Property services	2,129,031	-	2,129,031
Other services	1,276,572	5,225	1,281,797
Supplies	616,180	3,472	619,652
Depreciation and amortization	1,140,489	72,954	1,213,443
<b>Total operating expenses</b>	<b>38,249,633</b>	<b>85,731</b>	<b>38,335,364</b>
<b>Operating income (loss)</b>	<b>(2,047,182)</b>	<b>11,844</b>	<b>(2,035,338)</b>
Nonoperating revenues (expenses):			
Investment income (loss)	2,003,402	(90,611)	1,912,791
Interest expense	(149,981)	-	(149,981)
Gain on sale and disposal of capital assets	15,299	-	15,299
<b>Total nonoperating revenues, net</b>	<b>1,868,720</b>	<b>(90,611)</b>	<b>1,778,109</b>
<b>Loss before capital contributions</b>	<b>(178,462)</b>	<b>(78,767)</b>	<b>(257,229)</b>
Capital contributions	6,985,000	-	6,985,000
<b>Change in net position</b>	<b>6,806,538</b>	<b>(78,767)</b>	<b>6,727,771</b>
Net position at beginning of year	49,345,016	23,548,891	72,893,907
Net position at end of year	<u>\$ 56,151,554</u>	<u>\$ 23,470,124</u>	<u>\$ 79,621,678</u>

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**Other Information**

**Edwards Aquifer Authority**

**Schedule of Expenses—Budget and Actual (General Operations)—Non-GAAP Basis  
Year Ended December 31, 2025**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget
<b>Salaries and wages:</b>				
Salaries and wages	\$ 10,125,018	\$ 10,125,018	\$ 9,343,352	\$ 781,666
Overtime	12,000	12,000	5,327	6,673
Compensated absences	-	-	266,391	(266,391)
	<u>10,137,018</u>	<u>10,137,018</u>	<u>9,615,070</u>	<u>521,948</u>
<b>Employee benefits:</b>				
Allowances	53,700	53,700	47,925	5,775
Insurance	1,241,436	1,241,436	866,522	374,914
Medical allowance reimbursement	490,000	490,000	395,900	94,100
Pension expense and retirement contributions	1,103,595	1,103,595	861,234	242,361
Taxes	804,372	804,372	661,570	142,802
Tuition reimbursement	40,000	40,000	33,745	6,255
	<u>3,733,103</u>	<u>3,733,103</u>	<u>2,866,896</u>	<u>866,207</u>
<b>Professional and technical services:</b>				
Contractual professional services	3,985,059	3,995,072	2,245,017	1,750,055
Legal services	525,000	525,000	381,080	143,920
Pre-employment services	8,000	8,000	7,327	673
Records services	7,000	7,000	4,378	2,622
Temporary services	3,500	3,500	1,084	2,416
Displays	1,000	1,000	-	1,000
	<u>4,529,559</u>	<u>4,539,572</u>	<u>2,638,886</u>	<u>1,900,686</u>
<b>Property services:</b>				
Equipment maintenance	279,500	298,500	206,315	92,185
Equipment rental	94,000	63,250	34,248	29,002
Event sponsorships	182,500	161,200	98,531	62,669
Facilities maintenance	457,500	519,500	488,446	31,054
Hosting, SAAS and support agreements	904,081	886,736	660,100	226,636
Facilities rental	165,014	165,514	20,062	145,452
Noncapital furniture and equipment	595,650	657,450	479,934	177,516
Pest control	10,017	10,017	8,711	1,306
Constituency services	25,000	25,000	600	24,400
Security and fire	21,000	24,200	22,894	1,306
Vehicle maintenance	64,500	83,500	72,838	10,662
Waste disposal	6,825	7,575	7,110	465
Water and sewage	11,053	8,153	6,868	1,285
	<u>2,816,640</u>	<u>2,910,595</u>	<u>2,106,657</u>	<u>803,938</u>

(Continued)

**Edwards Aquifer Authority**

**Schedule of Expenses—Budget and Actual (General Operations)—Non-GAAP Basis (Continued)  
Year Ended December 31, 2025**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget
Other services:				
Bad-debt expense	\$ -	\$ -	\$ 13,435	\$ (13,435)
Conferences, seminars and training	172,000	153,600	60,138	93,462
Conservation initiatives	-	600,000	600,000	-
Edwards Aquifer conservancy support	100,000	100,000	-	100,000
Fees, licenses and permits	15,733	15,733	13,380	2,353
Meeting expenses	184,050	191,750	138,533	53,217
Printing	140,250	126,450	48,772	77,678
Property and casualty	227,800	177,800	171,030	6,770
Public and legal notices	113,000	103,450	47,446	56,004
Telecommunication services	183,340	183,740	143,549	40,191
Travel and lodging	10,000	9,600	528	9,072
	<u>1,146,173</u>	<u>1,662,123</u>	<u>1,236,811</u>	<u>425,312</u>
Supplies:				
Clothing	60,000	55,000	43,446	11,554
Computer supplies	34,000	51,000	25,499	25,501
Electrical services	119,186	119,186	114,242	4,944
Event materials and supplies	50,500	30,500	19,650	10,850
Field supplies	67,500	72,500	41,325	31,175
Fuel	50,000	37,500	26,938	10,562
Kitchen and janitorial	127,000	117,000	99,551	17,449
Memberships	79,955	88,020	71,774	16,246
Office supplies	72,600	61,600	27,224	34,376
Postage	20,000	20,000	20,000	-
Promotional supplies	80,000	121,620	110,662	10,958
Subscriptions and publications	37,300	35,300	7,431	27,869
	<u>798,041</u>	<u>809,226</u>	<u>607,742</u>	<u>201,484</u>
Depreciation	-	-	1,102,554	(1,102,554)
Total operating expenditures	23,160,534	23,791,637	20,174,616	3,617,021
Nonoperating expenditures:				
Interest expense—debt	72,881	72,881	149,981	(77,100)
Capital expenditures and note principal*	1,544,000	2,687,169	1,951,190	735,979
Total expenditures, capital expenditures and note principal	<u>\$ 24,777,415</u>	<u>\$ 26,551,687</u>	<u>\$ 22,275,787</u>	<u>\$ 4,275,900</u>

\*Capital expenditures are reflected in the statements of net position basic financial statements.

Budget amendments:

(1) Budget Amendment approved February 11, 2025	\$ 24,272
(2) Budget Amendment approved April 9, 2025	1,000,000
(3) Budget Amendment approved May 13, 2025	300,000
(4) Budget Amendment approved October 14, 2025	150,000
(5) Budget Amendment approved October 14, 2025	300,000

**Edwards Aquifer Authority**

**Schedule of Expenses—Budget and Actual (Habitat Conservation Plan)—Non-GAAP Basis  
Year Ended December 31, 2025**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Program administration:				
Salaries and wages:				
Salaries and wages	\$ 619,416	\$ 619,416	\$ 304,021	\$ 315,395
Compensated absences	-	-	51,785	(51,785)
	<u>619,416</u>	<u>619,416</u>	<u>355,806</u>	<u>263,610</u>
Employee benefits:				
Allowances	4,200	4,200	3,600	600
Insurance	74,693	74,693	29,715	44,978
Medical allowance reimbursement	30,000	30,000	14,930	15,070
Pension expense and retirement contributions	68,693	68,693	36,523	32,170
Taxes	49,005	49,005	25,964	23,041
	<u>226,591</u>	<u>226,591</u>	<u>110,732</u>	<u>115,859</u>
Professional and technical services:				
Contractual professional services	1,154,000	1,179,000	563,659	615,341
	<u>1,154,000</u>	<u>1,179,000</u>	<u>563,659</u>	<u>615,341</u>
Property services:				
Event sponsorship	-	1,000	1,000	-
Hosting, SAAS and support agreements	2,000	11,000	10,568	432
Noncapital furniture and equipment	16,000	21,000	10,806	10,194
	<u>18,000</u>	<u>33,000</u>	<u>22,374</u>	<u>10,626</u>
Other services:				
Bad-debt expense	-	-	7,660	(7,660)
Printing	8,000	8,000	7,205	795
Conferences, seminars and training	22,000	17,000	6,688	10,312
Meeting expenses	20,000	27,000	18,208	8,792
	<u>50,000</u>	<u>52,000</u>	<u>39,761</u>	<u>12,239</u>
Supplies:				
Office supplies	1,500	1,500	789	711
Promotional supplies	-	8,000	5,311	2,689
Memberships	2,000	2,000	1,050	950
	<u>3,500</u>	<u>11,500</u>	<u>7,150</u>	<u>4,350</u>
Total—program administration	<u>2,071,507</u>	<u>2,121,507</u>	<u>1,099,482</u>	<u>1,022,025</u>
Springflow Protection:				
Professional and technical services:				
SAWS ASR Leasing	5,689,162	5,689,162	5,718,321	(29,159)
VISPO	8,954,150	8,954,150	7,789,548	1,164,602
Total—Springflow Protection	<u>14,643,312</u>	<u>14,643,312</u>	<u>13,507,869</u>	<u>1,135,443</u>

(Continued)

**Edwards Aquifer Authority**

**Schedule of Expenses—Budget and Actual (Habitat Conservation Plan)—Non-GAAP Basis (Continued)  
Year Ended December 31, 2025**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>San Marcos Springs:</b>				
Professional and technical services:				
Biological monitoring	\$ 371,929	\$ 355,070	\$ 325,816	\$ 29,254
Household hazardous waste mgmt.	30,000	30,000	30,000	-
LID/BMP management	675,000	675,000	567,321	107,679
Litter control/floating vegetation	70,400	70,400	69,137	1,263
Management—key public rec areas	65,000	65,000	64,811	189
Non-native animal species control	16,200	16,200	16,200	-
Non-native plant species control	225,000	225,000	224,397	603
Restoration—Riparian zones	20,000	20,000	20,000	-
TX wild rice enhancement/restoration	20,000	20,000	19,999	1
Water quality monitoring	30,000	30,000	19,957	10,043
	<u>1,523,529</u>	<u>1,506,670</u>	<u>1,357,638</u>	<u>149,032</u>
Supplies:				
Field supplies	2,500	2,500	394	2,106
	<u>2,500</u>	<u>2,500</u>	<u>394</u>	<u>2,106</u>
Total—San Marcos Springs	<u>1,526,029</u>	<u>1,509,170</u>	<u>1,358,032</u>	<u>151,138</u>
<b>Comal Springs:</b>				
Professional and technical services:				
Aquatic vegetation restoration	100,000	100,000	99,146	854
Biological monitoring	383,845	400,704	320,528	80,176
Decaying vegetation removal	15,000	15,000	14,882	118
Gill parasite control	10,000	10,000	9,985	15
Household hazardous waste program	40,385	40,385	40,385	-
Lid/bmp management	397,110	436,230	39,974	396,256
Litter control/floating vegetation	40,000	40,000	40,000	-
Non-native animal species control	40,000	40,000	40,000	-
Old channel restoration	50,000	50,000	48,232	1,768
Restoration—Riparian zones	50,000	50,000	49,948	52
Riparian improvements—riffle beetle	128,764	128,764	127,297	1,467
Water quality monitoring	30,000	30,000	20,043	9,957
	<u>1,285,104</u>	<u>1,341,083</u>	<u>850,420</u>	<u>490,663</u>
Supplies:				
Field supplies	2,500	2,500	893	1,607
	<u>2,500</u>	<u>2,500</u>	<u>893</u>	<u>1,607</u>
Total—Comal Springs	<u>1,287,604</u>	<u>1,343,583</u>	<u>851,313</u>	<u>492,270</u>

(Continued)

**Edwards Aquifer Authority**

**Schedule of Expenses—Budget and Actual (Habitat Conservation Plan)—Non-GAAP Basis (Continued)  
Year Ended December 31, 2025**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Modeling and research:				
Professional and technical services:				
Applied environmental research	\$ 240,000	\$ 240,000	\$ 127,536	\$ 112,464
Total—modeling and research	240,000	240,000	127,536	112,464
Refugia:				
Professional and technical services:				
NFHTC Refugia	1,307,048	1,307,048	1,092,849	214,199
Total—NFHTC Refugia	1,307,048	1,307,048	1,092,849	214,199
Depreciation	-	-	37,935	(37,935)
Total expenditures	21,075,500	21,164,620	18,075,016	3,089,604
Capital expenditures*:				
HCP—program administration	-	-	-	-
Modeling and research	-	-	-	-
Total expenditures and capital expenditures	\$ 21,075,500	\$ 21,164,620	\$ 18,075,016	\$ 3,089,604

\*Capital expenditures are reflected in the statements of net position basic financial statements.

Budget amendments:

(1) Budget Amendment approved June 10, 2025	\$ 50,000
(2) Budget Amendment approved June 10, 2025	39,120