

**BRAZORIA COUNTY CONSERVATION  
AND RECLAMATION DISTRICT NO. 3**

**BRAZORIA COUNTY, TEXAS**

**FINANCIAL REPORT**

**December 31, 2025**



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Houston, Texas 77092

## **Independent Auditor's Report**

Board of Commissioners  
Brazoria County Conservation and Reclamation District No. 3  
Brazoria County, Texas

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and General Fund of Brazoria County Conservation and Reclamation District No. 3 (the "District"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and General Fund of Brazoria County Conservation and Reclamation District No. 3, as of December 31, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **Responsibilities of Management for the Financial Statements**

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

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

***Board of Commissioners  
Brazoria County Conservation and Reclamation District No. 3  
Brazoria County, Texas***

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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

*Board of Commissioners  
Brazoria County Conservation and Reclamation District No. 3  
Brazoria County, Texas*

certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The Texas Supplementary Information schedules 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 auditing standards generally accepted in the United States of America. In our opinion, the Texas Supplementary Information schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.



Houston, Texas  
April 7, 2026

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## **Management's Discussion and Analysis**

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***Brazoria County Conservation and Reclamation District No. 3  
Management's Discussion and Analysis  
December 31, 2025***

**Using this Annual Report**

This section of the financial report of Brazoria County Conservation and Reclamation District No. 3 (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2025. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District's basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District's budget; pension and OPEB plans; and
- Other Texas supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

**Overview of the Financial Statements**

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Position and Governmental Fund Balance Sheet* and the *Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

**Government-Wide Financial Statements**

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the accrual basis of accounting. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. Over time, changes in net position may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Accounting standards establish three components of net position. The net investment in capital assets component represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties. The unrestricted component of net position represents resources not included in the other components.

***Brazoria County Conservation and Reclamation District No. 3  
Management’s Discussion and Analysis  
December 31, 2025***

The *Statement of Activities* reports how the District’s net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

**Fund Financial Statements**

The fund financial statements include the *Governmental Fund Balance Sheet* and the *Governmental Fund Revenues, Expenditures and Changes in Fund Balance*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District’s use of available financial resources and the balances of available financial resources at the end of the year. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties, governmental statutes or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

**Financial Analysis of the District as a Whole**

The District’s net position at December 31, 2025, was negative \$536,218. A comparative summary of the District’s overall financial position, as of December 31, 2025 and 2024, is as follows:

	<u>2025</u>	<u>2024</u>
Current and other assets	\$ 20,322,986	\$ 18,106,293
Capital assets	<u>7,120,559</u>	<u>7,305,505</u>
Total assets	<u>27,443,545</u>	<u>25,411,798</u>
 Total deferred outflows of resources	 <u>2,374,521</u>	 <u>1,584,525</u>
 Current liabilities	 333,045	 370,528
Long-term liabilities		
OPEB liability	10,473,118	6,770,731
Other long-term liabilities	<u>7,475,500</u>	<u>7,343,913</u>
Total liabilities	<u>18,281,663</u>	<u>14,485,172</u>
 Total deferred inflows of resources	 <u>12,072,621</u>	 <u>10,798,873</u>
 Net position		
Net investment in capital assets	7,120,559	7,239,744
Unrestricted	<u>(7,656,777)</u>	<u>(5,527,466)</u>
Total net position	<u>\$ (536,218)</u>	<u>\$ 1,712,278</u>

***Brazoria County Conservation and Reclamation District No. 3  
Management's Discussion and Analysis  
December 31, 2025***

The total net position of the District decreased during the current fiscal year by \$2,248,496. This decrease was primarily attributable to the recognition of an increase in the other post-employment benefits ("OPEB") liability under the full accrual basis of accounting, as determined by the actuarial valuation, which is expected to fluctuate annually. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	<u>2025</u>	<u>2024</u>
Revenues		
Property taxes, penalties and interest	\$ 10,687,353	\$ 10,409,109
Sale of detention pond capacity	384,398	1,181,257
Miscellaneous	19,010	28,646
Investment earnings	181,398	168,516
Total revenues	<u>11,272,159</u>	<u>11,787,528</u>
Expenses		
Operating and administrative	12,898,260	14,130,080
Interest	1,653	6,894
Depreciation	620,742	545,416
Total expenses	<u>13,520,655</u>	<u>14,682,390</u>
Change in net position	(2,248,496)	(2,894,862)
Net position, beginning of year	1,712,278	4,607,140
Net position, end of year	<u>\$ (536,218)</u>	<u>\$ 1,712,278</u>

**Financial Analysis of the District's General Fund**

Fund balance in the District's General Fund, as of December 31, 2025, was \$8,792,708. A comparative summary of the General Fund's financial position as of December 31, 2025 and 2024, is as follows:

	<u>2025</u>	<u>2024</u>
Total assets	<u>\$ 20,322,986</u>	<u>\$ 18,106,293</u>
Total liabilities	\$ 128,952	\$ 136,118
Total deferred inflows	11,401,326	11,225,938
Total fund balance	8,792,708	6,744,237
Total liabilities, deferred inflows and fund balance	<u>\$ 20,322,986</u>	<u>\$ 18,106,293</u>

***Brazoria County Conservation and Reclamation District No. 3  
 Management’s Discussion and Analysis  
 December 31, 2025***

A comparative summary of the General Fund’s activities for the current and prior fiscal year is as follows:

	<u>2025</u>	<u>2024</u>
Total revenues	\$ 11,228,752	\$ 11,695,005
Total expenditures	<u>(9,180,281)</u>	<u>(9,674,733)</u>
Revenues over expenditures	<u>\$ 2,048,471</u>	<u>\$ 2,020,272</u>

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District’s primary financial resources in the General Fund are from a property tax levy and the sale of detention pond capacity. Financial resources are influenced by a variety of factors each year:

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. The 2024 levy was recognized as revenues in the 2025 fiscal year, while the 2023 levy was recognized in the 2024 fiscal year (to the extent that these amounts were collected). Property tax revenues increased from the prior year because assessed values increased from the prior year.
- Detention pond capacity revenues fluctuate with activity within the District.

**General Fund Budgetary Highlights**

The Board of Commissioners adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board did not amend the budget during the fiscal year.

Since the District’s budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$2,048,471 greater than budgeted. The *Budgetary Comparison Schedule* on page 39 of this report provides variance information per financial statement line item.

***Brazoria County Conservation and Reclamation District No. 3  
Management’s Discussion and Analysis  
December 31, 2025***

**Capital Assets**

Capital assets held by the District at December 31, 2025 and 2024, are summarized as follows:

	2025	2024
Capital assets not being depreciated		
Land and improvements	\$ 1,703,676	\$ 1,646,553
Capital assets being depreciated		
Buildings and improvements	1,798,053	1,798,053
Equipment	8,651,678	8,331,049
Furniture and fixtures	65,349	65,349
	10,515,080	10,194,451
Less accumulated depreciation		
Buildings and improvements	(909,255)	(868,633)
Equipment	(4,123,593)	(3,601,517)
Furniture and fixtures	(65,349)	(65,349)
	(5,098,197)	(4,535,499)
Depreciable capital assets, net	5,416,883	5,658,952
Capital assets, net	\$ 7,120,559	\$ 7,305,505

Capital asset additions during the current year include various units of machinery and equipment.

**Long-term Obligations for Financed Purchases**

The District has entered into various purchase agreements to acquire heavy equipment. The District recognizes the equipment as a capital asset when the purchase agreement is executed. A comparison of the amounts due for these purchase agreements at December 31, 2025 and 2024 is as follows:

	2025	2024
Financed Purchases	\$ -	\$ 65,761

During the current fiscal year, the District fulfilled its obligations in financing the equipment.

*Brazoria County Conservation and Reclamation District No. 3  
Management's Discussion and Analysis  
December 31, 2025*

**Next Year's Budget**

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes and the projected cost of operating the District. A comparison of next fiscal year's budget to current fiscal year actual amounts for the General Fund is as follows:

	<u>2025 Actual</u>	<u>2026 Budget</u>
Total revenues	\$ 11,228,752	\$ 10,984,759
Total expenditures	<u>(9,180,281)</u>	<u>(10,984,759)</u>
Revenues over expenditures	2,048,471	
Beginning fund balance	<u>6,744,237</u>	<u>8,792,708</u>
Ending fund balance	<u><u>\$ 8,792,708</u></u>	<u><u>\$ 8,792,708</u></u>

## **Basic Financial Statements**

***Brazoria County Conservation and Reclamation District No. 3  
Statement of Net Position and Governmental Fund Balance Sheet  
December 31, 2025***

	General Fund	Adjustments	Statement of Net Position
<b>Assets</b>			
Cash	\$ 8,949,417	\$ -	\$ 8,949,417
Restricted cash	66,866		66,866
Investments	4,800,000		4,800,000
Taxes receivable	6,422,867		6,422,867
Accrued interest receivable	83,836		83,836
Capital assets not being depreciated		1,703,676	1,703,676
Capital assets, net		5,416,883	5,416,883
Total Assets	<u>\$ 20,322,986</u>	<u>7,120,559</u>	<u>27,443,545</u>
<b>Deferred Outflows of Resources</b>			
Contributions subsequent to measurement date for pension plan		828,446	828,446
Net difference in projected and actual earnings on pension plan assets		971,145	971,145
Changes in actuarial assumptions to determine pension liability		2,686	2,686
Difference in expected and actual pension experience		572,244	572,244
Total Deferred Outflows of Resources		<u>2,374,521</u>	<u>2,374,521</u>
<b>Liabilities</b>			
Accounts payable	\$ 51,922		51,922
Other payables	77,030		77,030
Long term obligations due within one year			
Compensated absence payable		204,093	204,093
Long term obligations due after one year			
Compensated absence payable		917,083	917,083
Net pension liability		6,558,417	6,558,417
Total OPEB liability - retiree medical plan		10,473,118	10,473,118
Total Liabilities	<u>128,952</u>	<u>18,152,711</u>	<u>18,281,663</u>
<b>Deferred Inflows of Resources</b>			
Deferred property taxes	11,330,983	(400,129)	10,930,854
Deferred investment earnings	70,343	(70,343)	
Difference in projected and actual earnings on pension plan assets		1,141,767	1,141,767
Total Deferred Inflows of Resources	<u>11,401,326</u>	<u>671,295</u>	<u>12,072,621</u>
<b>Fund Balance/Net Position</b>			
<b>Fund Balance</b>			
Assigned	66,866	(66,866)	
Unassigned	8,725,842	(8,725,842)	
Total Fund Balance	<u>8,792,708</u>	<u>(8,792,708)</u>	
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 20,322,986</u>		
<b>Net Position</b>			
Net investment in capital assets		7,120,559	7,120,559
Unrestricted		(7,656,777)	(7,656,777)
Total Net Position		<u>\$ (536,218)</u>	<u>\$ (536,218)</u>

See notes to basic financial statements.

***Brazoria County Conservation and Reclamation District No. 3  
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance  
For the Year Ended December 31, 2025***

	General Fund	Adjustments	Statement of Activities
<b>Revenues</b>			
Property taxes	\$ 10,559,075	\$ 30,829	\$ 10,589,904
Penalties and interest	82,243	15,206	97,449
Sale of detention pond capacity	384,398		384,398
Miscellaneous	19,010		19,010
Investment earnings	184,026	(2,628)	181,398
Total Revenues	<u>11,228,752</u>	<u>43,407</u>	<u>11,272,159</u>
<b>Expenditures/Expenses</b>			
Operating and administrative			
Personnel	7,157,806	4,221,189	11,378,995
Professional fees	48,000		48,000
Contracted services	87,094		87,094
Repairs and maintenance	1,028,309		1,028,309
Utilities	31,682		31,682
Administrative	315,882		315,882
Other	8,298		8,298
Capital outlay	435,796	(435,796)	
Debt			
Principal - financed purchases	65,761	(65,761)	
Interest - financed purchases	1,653		1,653
Depreciation		620,742	620,742
Total Expenditures/Expenses	<u>9,180,281</u>	<u>4,340,374</u>	<u>13,520,655</u>
<b>Revenues Over Expenditures</b>	2,048,471	(2,048,471)	
<b>Change in Net Position</b>		(2,248,496)	(2,248,496)
Fund Balance/Net Position			
Beginning of the year	6,744,237	(5,031,959)	1,712,278
<b>End of the year</b>	<u>\$ 8,792,708</u>	<u>\$ (9,328,926)</u>	<u>\$ (536,218)</u>

See notes to basic financial statements.

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***Brazoria County Conservation and Reclamation District No. 3***  
***Notes to Financial Statements***  
***December 31, 2025***

**Note 1 – Summary of Significant Accounting Policies**

The accounting policies of Brazoria County Conservation and Reclamation District No. 3 (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the most significant policies:

**Creation**

The District was created by the Brazoria County Commissioners Court on January 20, 1910, and in 1929, was made a Conservation and Reclamation District by Special Bill No. 24 of the Texas State Legislature. In 1969, the District was renamed Brazoria County Conservation and Reclamation District No. Three by an order of the Texas House of the 61st Legislature Article 8280-476, Title 128 of the Water Code of Texas. The District operates in accordance with Chapters 49 and 56 of the Texas Water Code and is subject to the continuing supervision of the Texas Commission on Environmental Quality. The District’s primary activity is the control of flooding within its boundaries. As such, the District works in conjunction with local, state, federal and other county agencies to maintain existing flood control systems, construct additions and modifications and review additions and modifications proposed by others.

**Reporting Entity**

The District is a political subdivision of the State of Texas governed by an elected three-member board. The GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate, and be fiscally independent of other state and local governments, while a component unit is a legally separate government for which the elected officials of a primary government are financially accountable. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statements as component units.

**Government-Wide and Fund Financial Statements**

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. The District uses only a General Fund to account for its operations. The District’s principal revenue sources are property taxes. Expenditures include costs associated with the daily operations of the District.

***Brazoria County Conservation and Reclamation District No. 3***  
***Notes to Financial Statements***  
***December 31, 2025***

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

**Measurement Focus and Basis of Accounting**

The government-wide financial statements use the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes and interest earned on investments. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable.

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.

**Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At December 31, 2025, an allowance for uncollectible accounts was not considered necessary.

**Capital Assets**

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost that exceeds the capitalization threshold for the asset class and an estimated useful life in excess of one year. Capital assets that individually are below the capitalization threshold but, in the aggregate, are above the threshold are capitalized. Subsequent replacements of these assets that do not exceed the threshold are not capitalized. The District's capitalization threshold for equipment assets is \$5,000. The threshold for subscription-based information technology arrangements (SBITAs) is \$100,000.

Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

***Brazoria County Conservation and Reclamation District No. 3***  
***Notes to Financial Statements***  
***December 31, 2025***

Depreciable capital assets, which primarily consist of buildings and improvements and equipment, are depreciated using the straight-line method as follows:

<u>Assets</u>	<u>Useful Life</u>
Buildings and improvements	40 years
Equipment	5-20 years
Furniture and fixtures	5 years

The District’s detention facilities are considered improvements to land and are non-depreciable.

**Deferred Inflows and Outflows of Financial Resources**

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial resources in one period that is applicable to a future period. A deferred inflow results from the acquisition of an asset without a corresponding revenue or assumption of a liability. A deferred outflow results from the use of an asset without a corresponding expenditure or reduction of a liability.

At the fund level, property taxes receivable and certificates of deposit interest receivable that are not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources. Additionally, collections of the 2025 property tax levy are not considered current year revenues and, consequently, are also reported as deferred property taxes.

Deferred outflows/inflows of financial resources at the government-wide level are related to the pension plan provided to employees (See Note 8). Additionally, deferred inflows of financial resources at the government-wide level consist of the 2025 property tax levy, which was levied to finance the 2026 fiscal year.

**Net Position – Governmental Activities**

Governmental accounting standards establish the following three components of net position:

Net investment in capital assets – represents the District’s investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets.

Restricted – consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties.

Unrestricted – resources not included in the other components.

***Brazoria County Conservation and Reclamation District No. 3***  
***Notes to Financial Statements***  
***December 31, 2025***

**Fund Balance – Governmental Fund**

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District does not have any restricted fund balances.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District does not have any committed fund balances.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balance. The District's assigned fund balance consist of amounts set aside for the Chocolate Bayou project.

Unassigned - all other spendable amounts in the General Fund.

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

**Compensated Employee Absences**

Compensated employee absences, which include vacation and sick leave, are accrued by employees when earned. The rate at which an employee earns benefits will vary depending upon their employment status and years employed with the District. Employees are eligible for vacation time after 6 months of employment and earn between 80 and 200 hours vacation per year. In December of each year, once they exceed 400 hours, an employee may be compensated for up to 80 hours of unused vacation time. There is no limit to the amount of vacation hours that can be carried to the next calendar year. Employees are eligible for sick leave after 90 days of employment and earn 80 hours per year. There is a limit of 400 sick leave hours an employee can accumulate and carry over into the next calendar year. In December of each year, an employee may be compensated for up to 80 hours of unused sick time. Upon termination or resignation, employees are paid for accumulated vacation up to a maximum of twice their annual accrual hours and up to 400 hours of accumulated sick leave.

***Brazoria County Conservation and Reclamation District No. 3***  
***Notes to Financial Statements***  
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**Pensions**

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 the Texas County & District Retirement System (TCDRS) and additions to/deductions from TCERS's Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables; the useful lives and impairment of capital assets; the value of compensated absences payable; pension obligations and other post-employment benefit obligations. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

***Brazoria County Conservation and Reclamation District No. 3***  
***Notes to Financial Statements***  
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**Note 2 – Adjustment from Governmental to Government-wide Basis**

**Reconciliation of the *Governmental Fund Balance Sheet* to the *Statement of Net Position***

Total fund balance, governmental fund		\$ 8,792,708
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Historical cost		\$ 12,218,756
Less accumulated depreciation		<u>(5,098,197)</u>
		7,120,559

The District provides retirement benefits to its employees through a defined benefit pension plan, retiree medical plan and group term life insurance. Payments related to these plans are not due and payable in the current period and, therefore, are not recorded in the fund. The government-wide statements include the following components of the District's pension and OPEB obligations:

Deferred outflows of resources for pension plan		2,374,521
Deferred inflows of resources for pension plan		(1,141,767)
Net pension liability		(6,558,417)
Total OPEB liability		<u>(10,473,118)</u>
		(15,798,781)

Liabilities for compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the General Fund.		(1,121,176)
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Receivables for revenues that are not collected within 60 days of fiscal year end are not considered available to finance current period expenditures and are deferred in the General Fund.

Property taxes and penalties and interest		400,129
Investment earnings		<u>70,343</u>
		470,472

Total net position - governmental activities		<u><u>\$ (536,218)</u></u>
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**Brazoria County Conservation and Reclamation District No. 3**  
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**Reconciliation of the *Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance* to the *Statement of Activities***

Net change in fund balance - total governmental fund \$ 2,048,471

Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned.

Property taxes and penalties and interest	\$ 46,035	
Investment earnings	(2,628)	
		43,407

Costs associated with retirement benefits to be received by employees in the future do not use current financial resources and are not recorded in the fund. They are, however, recorded as liabilities, deferred outflows and deferred inflows and offset against personnel cost in the government-wide statements. (4,221,189)

Governmental funds report capital outlays as expenditures. However, in the *Statement of Activities*, the cost of the assets are allocated over their estimated lives as depreciation expense.

Capital outlays	435,796	
Depreciation expense	(620,742)	
		(184,946)

Proceeds from and the repayment of long-term obligations are treated differently between the governmental funds and government wide statements. Proceeds provide financial resources while repayments use financial resources in the governmental funds. In the *Statement of Net Position*, proceeds are recorded as a liability, which is reduced when repayments of principal are made. 65,761

Change in net position of governmental activities	\$ (2,248,496)
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### **Note 3 – Deposits and Investments**

#### **Deposit Custodial Credit Risk**

Custodial credit risk as it applies to deposits (i.e. cash and certificates of deposit) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District's deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third-party custodian. The act further specifies the types of securities that can be used as collateral. The District's written investment policy establishes additional requirements for collateralization of deposits.

#### **Restricted Cash**

Restricted cash consists of amounts restricted for the Chocolate Bayou project as needed.

#### **Investments**

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including Federal Home Loan Banks, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit and share certificates, (8) certain fully collateralized repurchase agreements, (9) bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District has adopted a written investment policy to establish the principles by which the District's investment program should be managed. This policy further restricts the types of investments in which the District may invest.

As of December 31, 2025, the District's investments consist of certificates of deposits held with its depository bank in the amount of \$4,800,000. These investments are stated at cost, which approximates fair value.

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**Note 4 – Capital Assets**

A summary of changes in capital assets, for the year ended December 31, 2025, is as follows:

	Beginning Balances	Additions	Retirements/ Adjustments	Ending Balances
Capital assets not being depreciated				
Land and improvements	\$ 1,646,553	\$ 57,123	\$ -	\$ 1,703,676
Capital assets being depreciated				
Buildings and improvements	1,798,053			1,798,053
Equipment	8,331,049	378,673	(58,044)	8,651,678
Furniture and fixtures	65,349			65,349
	<u>10,194,451</u>	<u>378,673</u>	<u>(58,044)</u>	<u>10,515,080</u>
Less accumulated depreciation				
Buildings and improvements	(868,633)	(40,622)		(909,255)
Equipment	(3,601,517)	(580,120)	58,044	(4,123,593)
Furniture and fixtures	(65,349)			(65,349)
	<u>(4,535,499)</u>	<u>(620,742)</u>	<u>58,044</u>	<u>(5,098,197)</u>
Subtotal depreciable capital assets, net	<u>5,658,952</u>	<u>(242,069)</u>		<u>5,416,883</u>
Capital assets, net	<u>\$ 7,305,505</u>	<u>\$ (184,946)</u>	<u>\$ -</u>	<u>\$ 7,120,559</u>

Depreciation expense for the current fiscal year was \$620,742.

**Note 5 – Compensated Absences**

As of December 31, 2025, a liability has been recorded in the *Statement of Net Position* for earned but unused vacation and sick leave in the amount of \$1,121,176. A summary of the change in compensated absences for the year ended December 31, 2025, is as follows:

Balance, beginning of year	\$ 999,465
Current year change	<u>121,711</u>
Balance, end of year	<u>\$ 1,121,176</u>
Due within one year	<u>\$ 204,093</u>

**Brazoria County Conservation and Reclamation District No. 3**  
**Notes to Financial Statements**  
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**Note 6 – Debt Obligations – Financed Purchased Agreements**

The District has entered into an agreement to finance the purchase of machinery and equipment, which was initially recorded as a capital lease. The District is responsible for all ordinary expenses related to repairing and maintaining the equipment. During the current fiscal year, the District fulfilled its obligations relating to financed equipment and no further liability was due. The following table summarizes the agreement and current fiscal year activity:

Date	Term	Interest Rate	Lease Liability	Beginning Lease Payable	Current Year Payments	Ending Lease Payable	Interest Expense
4/29/2021	5 years	3.42%	\$ 315,449	\$ 65,761	\$ (65,761)	\$ -	\$ 1,653

**Note 7 – Property Taxes**

On September 1, 1999, the Texas Legislature authorized the District’s Board of Commissioners to levy taxes annually for use in financing general operations limited to \$0.15 per \$100 of assessed value.

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

Property taxes are collected based on rates adopted in the year of the levy. The District’s 2025 fiscal year was financed through the 2024 tax levy, pursuant to which the District levied property taxes of \$0.15 per \$100 of assessed value, all of which was allocated to maintenance and operations. The resulting tax levy was \$10,655,062 on the adjusted taxable value of \$7,103,374,678.

Property taxes levied each October are intended to finance the next fiscal year and are, therefore, not considered available for the District’s use during the current fiscal year. Consequently, 2025 levy collections in the amount of \$4,908,115 have been included with deferred property taxes receivables and are recorded as deferred inflows of resources on the *Governmental Funds Balance Sheet*. On the government-wide *Statement of Net Position*, the full 2025 tax levy of \$10,930,854 is reported as deferred inflows. These amounts will be recognized as revenue in 2026.

Property taxes receivable, at December 31, 2025, consisted of the following:

Current year taxes receivable	\$ 6,022,739
Prior years taxes receivable	283,260
	<u>6,305,999</u>
Penalty and interest receivable	116,868
Property taxes receivable	<u><u>\$ 6,422,867</u></u>

***Brazoria County Conservation and Reclamation District No. 3***  
***Notes to Financial Statements***  
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**Note 8 – Pension Plan**

**General Information**

*Plan Description*

The District provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (“TCDRS”). The Board of Trustees of TCERS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of over 800 nontraditional defined benefit pension plans. TCERS, in the aggregate, issues an annual comprehensive financial report (“ACFR”) on a calendar year basis. The ACFR is available upon written request from the TCERS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 or at www.tcders.org.

*Benefits Provided*

The plan provisions are adopted by the District’s Board of Commissioners (the “Board”); within the options available in the Texas state statutes governing TCERS (the “TCERS Act”). Members can retire at age 60 and above with 8 or more years of service, or at any age with 20 years of service, or when the sum of their age and years of service equals 75 or more.

Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any District financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the District. Retirement benefits are calculated based on the member’s account balance (contributions plus interest) and the District’s employer match, which is currently 250%. These funds are converted to an annuity with monthly payments to the retiree. Cost of living adjustments for retirees are not considered substantively automatic.

*Employees Covered*

At the December 31, 2024, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	21
Inactive employees entitled to but not yet receiving benefits	9
Active employees	<u>46</u>
Total	<u><u>76</u></u>

*Contributions*

Under the TCERS Act, the contribution rate of the District is actuarially determined annually. The District contributed using the actuarially determined rate of 18.36% for the 2025 calendar year. The contribution rate payable by the employee members for 2025, is the rate of 7%, as adopted by the District’s Board. During the current fiscal year, the District contributed \$828,446.

**Brazoria County Conservation and Reclamation District No. 3**  
**Notes to Financial Statements**  
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*Funding Policy*

A combination of three elements funds the District’s plan: employee deposits, District contributions and investment income. Pursuant to state law, employers participating in the system must pay 100% of their actuarially determined required contributions on an annual basis. Each employer has the opportunity to make additional contributions in excess of its annual required contribution rate either by adopting an elected rate that is higher than the required rate or by making additional contributions on an ad hoc basis. Employers may make additional contributions to pay down their liabilities faster, pre-fund benefit enhancements and/or buffer against future adverse experience.

**Pension Income and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the measurement year ended December 31, 2024, the District reported pension expense of \$1,217,719, which is comprised of the following:

Service cost	\$ 828,491
Interest on total pension liability <sup>(1)</sup>	2,023,903
Effect of plan changes	26,890
Administrative expenses	12,077
Member contributions	(303,885)
Expected investment return net of investment expenses	(1,508,274)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	174,596
Recognition of assumption changes or inputs	191,994
Recognition of investment gains or losses	(187,370)
Other <sup>(2)</sup>	(40,703)
Pension expense (income)	<u><u>\$ 1,217,719</u></u>

(1) Reflects the change in the liability due to the time value of money.

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

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

	Deferred Inflows of Resources	Deferred Outflows of Resources
	<u>\$</u>	<u>\$</u>
Difference in expected and actual experience	-	572,244
Changes in assumptions		2,686
Net difference in projected and actual earnings	1,141,767	971,145
Contributions made subsequent to measurement date		828,446

***Brazoria County Conservation and Reclamation District No. 3***  
***Notes to Financial Statements***  
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Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2025	\$ 39,085
2026	403,803
2027	(81,771)
2028	(7,477)
2029	50,665
Thereafter	-

**Net Pension Liability and Actuarial Assumptions**

The District’s net pension liability is measured as the total pension liability less the pension plan’s fiduciary net position. The net pension liability was measured as of December 31, 2024, using an actuarial valuation as of that date.

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the years 2017-2020. All economic assumptions were recommended by Milliman, the actuary, and adopted by the TCDRS Board of Trustees in 2021. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2024. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Valuation date	December 31, 2024
Measurement date	December 31, 2024
Actuarial cost method	Entry Age Normal
Discount rate	7.60%
Inflation	2.50%
Overall payroll growth	2.00%
Long-term investment rate of return	7.60%

The annual salary increase rates assumed for individual members vary by length of service and entry age group. The annual rate consists of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.7% per year for a career employee.

Mortality rates for depositing members were based on the gender-distinct Pub-2010 General Employee Amount-Weighted Mortality Table, with 135% for males and 120% for females. Mortality rates for retirees, beneficiaries and non-depositing members were based on the gender-distinct Pub-

***Brazoria County Conservation and Reclamation District No. 3***  
***Notes to Financial Statements***  
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2010 General Healthy Retirees Amount-Weighted Mortality Table, with 135% for males and 120% for females. For disabled retirees, the gender-distinct Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table with 160% for males and 125% for females. The rates on all tables are projected with 100% of the MP-2021 Ultimate scale after 2010.

The long-term expected rate of return on pension plan investments is 7.5%. The long-term expected rate of return on pension plan investments was determined by adding expected inflation to the expected long term real returns, reflecting expected volatility and correlation. Note that the valuation assumption for long term expected return is re-assessed at a minimum of every four years and is set based on a 10-year time horizon. The TCDRS Board of Trustee adopted the current assumption at their March 2021 meeting.

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

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
U.S. Equities	13.0%	5.35%
Global Equities	4.0%	5.15%
International Equities - Developed Markets	6.0%	4.75%
International Equities - Emerging Markets	0.0%	4.75%
Investment Grade Bonds	3.0%	2.55%
Strategic Credit	9.0%	3.70%
Direct Lending	16.0%	6.85%
Distressed Debt	4.0%	6.80%
REIT Equities	2.0%	3.95%
Commodities	2.0%	1.00%
Master Limited Partnerships	2.0%	4.95%
Private Real Estate Partnerships	6.0%	5.75%
Private Equity	25.0%	8.15%
Hedge Funds	6.0%	3.60%
Cash Equivalents	2.0%	1.10%
Total	100.0%	

The discount rate used to measure the total pension liability was 7.6%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active, inactive and retired members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Brazoria County Conservation and Reclamation District No. 3**  
**Notes to Financial Statements**  
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**Changes in Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance as of December 31, 2023	\$ 26,033,305	\$ 19,520,208	\$ 6,513,097
Changes for the year:			
Service cost	828,491		828,491
Interest on total pension liability <sup>(1)</sup>	2,023,903		2,023,903
Effect of plan changes <sup>(2)</sup>	26,890		26,890
Effect of economic/demographic gains or losses	303,995		303,995
Benefit payments	(471,627)	(471,627)	
Administrative expenses		(12,077)	12,077
Member contributions		303,885	(303,885)
Net investment income		2,003,192	(2,003,192)
Employer contributions		802,256	(802,256)
Other <sup>(3)</sup>		40,703	(40,703)
Balance as of December 31, 2024	<u>\$ 28,744,957</u>	<u>\$ 22,186,540</u>	<u>\$ 6,558,417</u>

- (1) Reflects change in the liability due to the time value of money
- (2) Reflects that COLA adopted in 2025 was greater than the assumed substantively automatic COLA.
- (3) Relates to allocation of system-wide items.

**Sensitivity Analysis**

The following presents the net pension liability of the District, calculated using the discount rate of 7.6%, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.6%) or 1 percentage point higher (8.6%) than the current rate:

	1% Decrease	Current	1% Increase
	6.6%	Discount Rate 7.6%	8.6%
Total pension liability	\$ 32,863,838	\$ 28,744,957	\$ 25,288,317
Fiduciary net position	22,186,540	22,186,540	22,186,540
Net pension liability / (asset)	<u>\$ 10,677,298</u>	<u>\$ 6,558,417</u>	<u>\$ 3,101,777</u>

***Brazoria County Conservation and Reclamation District No. 3***  
***Notes to Financial Statements***  
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**Note 9 – Other Post-Employment Benefits – Retiree Medical Plan**

**General Information**

*Benefits Provided*

The Plan provides medical, dental, and vision insurance for eligible retirees and their dependents through the District’s group health insurance plan, which covers both active and retired members.

Employees are eligible for benefits when they become eligible for pension benefits as discussed in Note 7. Benefit provisions are established by the District. Retired employees and spouses may remain on the District’s plan until Medicare eligible, after which the employee will be required to elect coverage under Medicare and the District will provide a supplemental drug policy comprised of Medicare Part B, D & F. Spouses will be required to purchase their own Medicare coverage when they become Medicare eligible. Dependent children phase off the program at the age of 26.

*Contributions*

The District pays the current insurance premium cost or reimbursement for supplemental insurance for retired plan members and beneficiaries as those amounts come due. Retired members and beneficiaries are not required to contribute toward the cost of the medical plan. For the fiscal year ended December 31, 2025, the District paid \$142,420 for health insurance premiums.

*Employees Covered*

At December 31, 2025, the following employees were covered by the benefit terms:

Active employees	43
Retired	13
Deceased*	<u>1</u>
Total	<u><u>57</u></u>

\*Only included when a surviving beneficiary is currently receiving benefits.

**Total OPEB Liability**

The District’s total OPEB liability of \$10,473,118 was measured as of December 31, 2025, using an actuarial valuation.

***Brazoria County Conservation and Reclamation District No. 3***  
***Notes to Financial Statements***  
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*Valuation Assumptions*

A summary of principal assumptions and methods used to determine the total OPEB liability is shown below.

Valuation/measurement date	December 31, 2025
Actuarial cost method	Entry Age Normal
Average retirement age	55
Discount rate/Bond yield	4.20%
Projected salary increases	1.00%
Amortization period	20
Amortization method	Level percent of payroll
Percentage participation	100%

Mortality rates for active members were based on the Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years. This assumption does not include a margin for future improvements in longevity.

Healthcare cost trends for the insurance benefits provided by the plan are as follows:

	Medical	Pharmacy	Dental	Vision
Year 1	5.8%	11.7%	3.5%	3.0%
Year 2	5.7%	8.7%	3.5%	3.0%
Year 3	5.6%	5.6%	3.0%	3.0%
Year 4	5.4%	5.4%	3.0%	3.0%
Year 5	5.2%	5.2%	3.0%	3.0%
Year 6	5.0%	5.0%	3.0%	3.0%
Year 7	4.8%	4.8%	3.0%	3.0%
Year 8	4.6%	4.6%	3.0%	3.0%
Year 9	4.4%	4.4%	3.0%	3.0%
Year 10+	4.1%	4.1%	3.0%	3.0%

The cost trend numbers used were developed consistently with the Getzen model promulgated by the Society of Actuaries for use in long-term trend projection.

*Discount Rate*

The discount rate used to measure the OPEB liability was 4.20%, which is based on 20-year tax exempt Municipal Bonds.

**Brazoria County Conservation and Reclamation District No. 3**  
**Notes to Financial Statements**  
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**Changes in Total OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance as of December 31, 2024	\$ 6,770,731	\$ -	\$ 6,770,731
Changes for the year:			
Service cost	258,502		258,502
Interest on total OPEB liability <sup>(1)</sup>	211,051		211,051
Effect of economic/demographic gains or losses	5,826,338		5,826,338
Effect of assumptions changes or inputs	(1,315,610)		(1,315,610)
Benefit payments	(1,277,894)	(1,277,894)	
Employer contributions		1,277,894	(1,277,894)
Balance as of December 31, 2025	<u>\$ 10,473,118</u>	<u>\$ -</u>	<u>\$ 10,473,118</u>

(1) Reflects the change in the liability due to the time value of money.

**Sensitivity Analysis**

*Discount Rate*

The following presents the total OPEB liability of the District, as well as the what the liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	3.20%	4.20%	5.20%
Total OPEB liability	\$ 11,950,616	\$ 10,473,118	\$ 9,262,961

*Healthcare Cost Trend Rates*

The following presents the total OPEB liability of the District, as well as what the liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Baseline Trend	1% Increase
	Total OPEB liability	\$ 9,169,255	\$ 10,473,118

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***December 31, 2025***

**OPEB Expense/Income**

For the year ended December 31, 2025, the District recognized a net increase in OPEB expense of \$4,980,281. The components of the current fiscal year increase in OPEB expense are as follows:

Service cost	\$ 258,502
Interest on total OPEB liability	211,051
Recognition of effect of economic/demographic gains or losses	5,826,338
Recognition of effect of assumption changes or inputs	<u>(1,315,610)</u>
OPEB expense	<u>\$ 4,980,281</u>

**Note 10 – Risk Management**

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

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## **Required Supplementary Information**

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***Brazoria County Conservation and Reclamation District No. 3  
Required Supplementary Information - Budgetary Comparison Schedule - General Fund  
For the Year Ended December 31, 2025***

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Property taxes	\$ 10,898,658	\$ 10,559,075	\$ (339,583)
Penalties and interest		82,243	82,243
Sale of detention pond capacity		384,398	384,398
Miscellaneous		19,010	19,010
Investment earnings		184,026	184,026
Total Revenues	<u>10,898,658</u>	<u>11,228,752</u>	<u>330,094</u>
<b>Expenditures</b>			
Operating and administrative			
Personnel	7,618,167	7,157,806	460,361
Professional fees	155,000	48,000	107,000
Contracted services	102,000	87,094	14,906
Repairs and maintenance	1,525,000	1,028,309	496,691
Utilities	45,000	31,682	13,318
Administrative	430,000	315,882	114,118
Other	112,000	8,298	103,702
Capital outlay	843,519	435,796	407,723
Debt service			
Principal - financed purchases	67,972	65,761	2,211
Interest - financed purchases		1,653	(1,653)
Total Expenditures	<u>10,898,658</u>	<u>9,180,281</u>	<u>1,718,377</u>
<b>Revenues Over (Under) Expenditures</b>		2,048,471	2,048,471
<b>Fund Balance</b>			
Beginning of the year	<u>6,744,237</u>	<u>6,744,237</u>	
End of the year	<u>\$ 6,744,237</u>	<u>\$ 8,792,708</u>	<u>\$ 2,048,471</u>

***Brazoria County Conservation and Reclamation District No. 3  
Schedule of Changes in Net Pension Liability and Related Ratios - Last Ten Years  
December 31, 2025***

	Year Ended December 31,			
	2024	2023	2022	2021
Total Pension Liability				
Service cost	\$ 828,491	\$ 591,126	\$ 521,660	\$ 442,566
Interest on total pension liability	2,023,903	1,503,022	1,359,521	1,233,176
Effect of plan changes	26,890	4,728,614	95,828	32,481
Effect of assumption changes or inputs				13,428
Effect of economic/demographic (gains)/losses	303,995	245,039	229,422	204,224
Benefit payments/refunds of contributions	(471,627)	(432,043)	(344,991)	(340,174)
Net change in total pension liability	2,711,652	6,635,758	1,861,440	1,585,701
Total pension liability, beginning	26,033,305	19,397,547	17,536,107	15,950,406
Total pension liability, ending	28,744,957	26,033,305	19,397,547	17,536,107
Fiduciary Net Position				
Employer contributions	802,256	708,062	637,664	549,786
Member contributions	303,885	272,332	237,934	208,817
Investment income net of investment expenses	2,003,192	1,881,072	(1,072,860)	3,119,915
Benefit payments/refunds of contributions	(471,627)	(432,043)	(344,991)	(340,174)
Administrative expenses	(12,077)	(10,193)	(10,001)	(9,484)
Other	40,703	34,297	89,354	15,706
Net change in fiduciary net position	2,666,332	2,453,527	(462,900)	3,544,566
Fiduciary net position, beginning	19,520,208	17,066,681	17,529,581	13,985,015
Fiduciary net position, ending	22,186,540	19,520,208	17,066,681	17,529,581
Net pension liability, ending	\$ 6,558,417	\$ 6,513,097	\$ 2,330,866	\$ 6,526
Fiduciary net position as a % of total pension liability	77.18%	74.98%	87.98%	99.96%
Pensionable covered payroll	\$ 4,341,214	\$ 3,890,451	\$ 3,399,059	\$ 2,983,105
Net pension liability as a % of covered payroll	151.07%	167.41%	68.57%	0.22%

Year Ended December 31,

2020	2019	2018	2017	2016	2015
\$ 354,290	\$ 323,723	\$ 301,848	\$ 284,128	\$ 270,759	\$ 260,425
1,131,475	1,036,997	953,850	877,259	807,925	748,206
58,444					(62,594)
946,548			(26,968)		59,226
20,047	112,902	84,521	129,610	(47,351)	33,903
(343,180)	(332,624)	(338,444)	(333,985)	(319,792)	(297,851)
2,167,624	1,140,998	1,001,775	930,044	711,541	741,315
13,782,782	12,641,784	11,640,009	10,709,965	9,998,424	9,257,109
15,950,406	13,782,782	12,641,784	11,640,009	10,709,965	9,998,424
460,300	396,140	380,023	351,822	301,608	281,881
173,698	155,961	143,637	134,871	121,546	112,495
1,282,814	1,719,634	(193,223)	1,318,546	620,657	(82,296)
(343,180)	(332,624)	(338,444)	(333,985)	(319,792)	(297,851)
(10,233)	(9,458)	(8,412)	(6,971)	(6,744)	(6,025)
9,836	9,242	6,572	1,980	(81,398)	18,458
1,573,235	1,938,895	(9,847)	1,466,263	635,877	26,662
12,411,780	10,472,885	10,482,732	9,016,469	8,380,592	8,353,930
13,985,015	12,411,780	10,472,885	10,482,732	9,016,469	8,380,592
\$ 1,965,391	\$ 1,371,002	\$ 2,168,899	\$ 1,157,277	\$ 1,693,496	\$ 1,617,832
87.68%	90.05%	82.84%	90.06%	84.19%	83.82%
\$ 2,481,402	\$ 2,228,008	\$ 2,051,961	\$ 1,926,734	\$ 1,736,371	\$ 1,607,075
79.20%	61.53%	105.70%	60.06%	97.53%	100.67%

***Brazoria County Conservation and Reclamation District No. 3  
Schedule of Changes in Total OPEB Liability and Related Ratios -  
Retiree Medical Plan - Last Ten Years\*  
December 31, 2025***

	Year Ended December 31,			
	2025	2024	2023	2022
Total OPEB Liability				
Service cost	\$ 258,502	\$ 189,909	\$ 380,743	\$ 255,760
Interest on Total OPEB Liability	211,051	206,733	248,705	201,814
Effect of economic/demographic (gains)/losses	5,826,338	1,378,671	(3,133,289)	1,893,334
Effect of assumption changes or inputs	(1,315,610)	602,010	(1,384,236)	
Benefit payments	(1,277,894)	(1,158,662)	(991,773)	(74,042)
Net change in Total OPEB Liability	3,702,387	1,218,661	(4,879,850)	2,276,866
Total OPEB Liability, beginning	6,770,731	5,552,070	10,431,920	8,155,054
Total OPEB Liability, ending	<u>\$ 10,473,118</u>	<u>\$ 6,770,731</u>	<u>\$ 5,552,070</u>	<u>\$ 10,431,920</u>
Covered payroll	\$ 7,157,806	6,826,414	4,019,437	3,483,131
Total OPEB liability as a % of covered payroll	146.32%	99.18%	138.13%	299.50%

\*The District implemented GASB 75 in fiscal year 2021 (after the required implementation date). The beginning balance in this schedule is the actuarially determined value as of the year of implementation. Prior year components are not available. Over time, this schedule will report ten years of data.

Year Ended  
December 31,  
2021

\$ 255,760

358,931

614,691  
7,540,363  
\$ 8,155,054

3,048,742

267.49%

***Brazoria County Conservation and Reclamation District No. 3  
Schedule of Employer Contributions for Pension Plan - Last Ten Years  
For the Fiscal Year Ended December 31, 2025***

<u>Year Ending December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2015	\$ 281,881	\$ 281,881	\$ -	\$ 1,607,075	17.5%
2016	301,608	301,608		1,736,371	17.4%
2017	351,822	351,822		1,926,734	18.3%
2018	380,023	380,023		2,051,961	18.5%
2019	396,140	396,140		2,228,008	17.8%
2020	460,300	460,300		2,481,402	18.5%
2021	549,786	549,786		2,983,105	18.4%
2022	637,664	637,664		3,399,059	18.8%
2023	708,062	708,062		3,890,451	18.2%
2024	802,256	802,256		4,341,214	18.5%

***Brazoria County Conservation and Reclamation District No. 3***  
***Notes to Required Supplementary Information***  
***December 31, 2025***

**Note A - Budgets and Budgetary Accounting**

An annual unappropriated budget is adopted for the General Fund by the District’s Board of Commissioners. The budget is prepared using the same method of accounting as for financial reporting. There were no amendments to the budget during the year.

**Note B – Pension Plan**

**Valuation Dates**

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported. Pension liability and fiduciary net position are measured as of the December 31 before the end of the fiscal year.

**Actuarial Methods and Assumptions Used to Determine Contribution Rates**

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	15.5 years
Asset valuation method	Five year smoothed market
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 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	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	2015-2016: No changes in plan provisions were reflected in the schedule 2017: New annuity purchase rates were reflected for benefits earned after 2017 2018-2020: No changes in plan provisions were reflected in the schedule 2021: Employer contributions reflected that a flat 2% COLA was adopted 2022: Employer contributions reflected that a flat 1% COLA was adopted 2023: Employer contributions reflected that a flat 3% COLA was adopted 2024: Employer contributions reflected that a flat 6% COLA was adopted

***Brazoria County Conservation and Reclamation District No. 3***  
***Notes to Required Supplementary Information***  
***December 31, 2025***

**Note C – OPEB Plan – Retiree Medical Insurance**

**Valuation Date**

The total OPEB liability amount was determined as of the District’s fiscal year end using an alternative measurement method. This method is similar to an actuarial valuation, but GASB permits simplification of certain assumptions.

**Plan Assets**

No assets are accumulated in a trust that meets the criteria of GASB 75 to pay related benefits.

Valuation methods and assumptions:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Remaining amortization period	Twenty years
Discount rate/bond yield	4.20%
Salary increases	1.0%
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age and years of service. The average age at service retirement for recent retirees is 55.
Net OPEB liability	Calculated using the alternative measurement method in accordance with GASB methodology.
Mortality	Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years.
Turnover	Derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System
Healthcare Trend Rates	
Medical	5.8% in year 1, 5.7% in year 2, 5.6% in year 3, 5.4% in year 4, 5.2% in year 5, 5.0% in year 6, 4.8% in year 7, 4.6% in year 8, 4.4% in year 9 and 4.1% in year 10+
Pharmacy	11.7% in year 1, 8.7% in year 2, 5.6% in years 3, 5.4% in year 4, 5.2% in year 5, 5.0% in year 6, 4.8% in year 7, 4.6% in year 8, 4.4% in year 9 and 4.1% in year 10+
Dental	3.5% in years 1 - 2 and 3% thereafter
Vision	3% per year

## **Texas Supplementary Information**

**Brazoria County Conservation and Reclamation District No. 3**  
**TSI-1. Services and Rates**  
**December 31, 2025**

1. Services provided by the District During the Fiscal Year:

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

2. Retail Service Providers           N/A          

a. Retail Rates for a 5/8" meter (or equivalent):

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels
Water:	_____	_____	_____	_____	_____ to _____
Wastewater:	_____	_____	_____	_____	_____ to _____
Surcharge:	_____	_____	_____	_____	_____ to _____

District employs winter averaging for wastewater usage?     Yes       No

Total charges per 10,000 gallons usage:      Water \_\_\_\_\_      Wastewater \_\_\_\_\_

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered	_____	_____	x 1.0	_____
less than 3/4"	_____	_____	x 1.0	_____
1"	_____	_____	x 2.5	_____
1.5"	_____	_____	x 5.0	_____
2"	_____	_____	x 8.0	_____
3"	_____	_____	x 15.0	_____
4"	_____	_____	x 25.0	_____
6"	_____	_____	x 50.0	_____
8"	_____	_____	x 80.0	_____
10"	_____	_____	x 115.0	_____
Total Water	_____	_____		_____
Total Wastewater	_____	_____	x 1.0	_____

See accompanying auditor's report.

**Brazoria County Conservation and Reclamation District No. 3**  
**TSI-1. Services and Rates**  
**December 31, 2025**

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):

Gallons pumped into system:	<u>          N/A          </u>	Water Accountability Ratio:
		(Gallons billed / Gallons pumped)
Gallons billed to customers:	<u>          N/A          </u>	<u>          N/A          </u>

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes  No

If yes, Date of the most recent commission Order: \_\_\_\_\_

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

If yes, Date of the most recent commission Order: \_\_\_\_\_

5. Location of District

Is the District located entirely within one county? Yes  No

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

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

City(ies) in which the District is located:                   Cities of Alvin and Manvel                  

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

Entirely  Partly  Not at all

ETJs in which the District is located:                   Cities of Alvin and Manvel                  

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

If Yes, by whom? \_\_\_\_\_

See accompanying auditor's report.

***Brazoria County Conservation and Reclamation District No. 3***  
***TSI-2. General Fund Expenditures***  
***For the Year Ended December 31, 2025***

Personnel (including benefits)*	<u>\$ 7,157,806</u>
Professional fees	
Legal	18,000
Audit	30,000
	<u>48,000</u>
Contracted services	
Appraisal district	75,322
Tax collector	11,772
	<u>87,094</u>
Repairs and maintenance	<u>1,028,309</u>
Utilities	<u>31,682</u>
Administrative	
Printing and office supplies	55,084
Insurance	196,989
Other	63,809
	<u>315,882</u>
Other	<u>8,298</u>
Capital	
Capital outlay	<u>435,796</u>
Debt service	
Principal	65,761
Interest	1,653
	<u>67,414</u>
Total expenditures	<u><u>\$ 9,180,281</u></u>

\*Number of persons employed by the District: 46 Full time

See accompanying auditor's report.

**Brazoria County Conservation and Reclamation District No. 3**  
**TSI-3. Investments**  
**December 31, 2025**

Fund	Interest Rate	Maturity Date	Balance at End of Year	Interest Receivable
General				
Certificate of deposit	3.68%	02/28/26	\$ 100,000	\$ 3,085
Certificate of deposit	3.68%	03/23/26	100,000	2,853
Certificate of deposit	3.68%	05/21/26	100,000	2,258
Certificate of deposit	3.68%	08/08/26	100,000	1,462
Certificate of deposit	3.68%	09/30/26	100,000	928
Certificate of deposit	3.68%	10/12/26	100,000	807
Certificate of deposit	3.68%	10/28/26	100,000	645
Certificate of deposit	3.40%	11/02/26	100,000	550
Certificate of deposit	3.40%	11/19/26	100,000	391
Certificate of deposit	3.68%	01/07/26	100,000	3,609
Certificate of deposit	3.68%	02/27/26	100,000	3,095
Certificate of deposit	3.68%	03/11/26	100,000	2,974
Certificate of deposit	3.68%	04/04/26	100,000	2,732
Certificate of deposit	3.68%	05/24/26	100,000	2,228
Certificate of deposit	3.68%	06/04/26	100,000	2,117
Certificate of deposit	3.68%	06/26/26	100,000	1,895
Certificate of deposit	3.68%	07/02/26	100,000	1,835
Certificate of deposit	3.68%	07/09/26	100,000	1,764
Certificate of deposit	3.68%	08/09/26	100,000	1,452
Certificate of deposit	3.68%	03/03/26	100,000	3,055
Certificate of deposit	3.68%	03/03/26	100,000	3,055
Certificate of deposit	3.68%	03/03/26	100,000	3,055
Certificate of deposit	3.68%	03/03/26	100,000	3,055
Certificate of deposit	3.68%	06/15/26	100,000	2,006
Certificate of deposit	3.68%	06/15/26	100,000	2,006
Certificate of deposit	3.68%	06/15/26	100,000	2,006
Certificate of deposit	3.68%	06/15/26	100,000	2,006
Certificate of deposit	3.68%	09/15/26	200,000	2,158
Certificate of deposit	3.68%	09/15/26	200,000	2,158
Certificate of deposit	3.68%	09/15/26	200,000	2,158
Certificate of deposit	3.68%	08/22/26	100,000	1,321
Certificate of deposit	3.68%	09/12/26	100,000	1,109
Certificate of deposit	3.68%	09/14/26	100,000	1,089
Certificate of deposit	3.68%	10/13/26	100,000	797
Certificate of deposit	3.68%	10/12/26	100,000	807
Certificate of deposit	3.68%	10/24/26	100,000	686
Certificate of deposit	3.68%	10/02/26	100,000	907
Certificate of deposit	3.68%	10/30/26	100,000	625
Certificate of deposit	3.40%	12/16/26	100,000	140
Certificate of deposit	3.25%	12/29/26	100,000	18
Certificate of deposit	3.68%	05/16/26	100,000	2,309
Certificate of deposit	3.68%	05/16/26	100,000	2,309
Certificate of deposit	3.68%	05/16/26	100,000	2,309
Certificate of deposit	3.68%	05/16/26	100,000	2,309
Certificate of deposit	3.68%	01/01/26	100,000	3,670
Total			\$ 4,800,000	\$ 83,803

See accompanying auditor's report.

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**Brazoria County Conservation and Reclamation District No. 3**  
**TSI-4. Taxes Levied and Receivable**  
**December 31, 2025**

	Maintenance Taxes			
Taxes Receivable, Beginning of Year				\$ 6,264,531
Adjustments to Prior Year Tax Levy				(218,829)
Adjusted Receivable				<u>6,045,702</u>
2025 Original Tax Levy				10,724,743
Adjustments				206,111
Adjusted Tax Levy				<u>10,930,854</u>
Total to be accounted for				<u>16,976,556</u>
Tax collections:				
Current year				4,908,115
Prior years				5,762,442
Total Collections				<u>10,670,557</u>
Taxes Receivable, End of Year				<u>\$ 6,305,999</u>
Taxes Receivable, By Years				
2025				\$ 6,022,739
2024				122,415
2023				59,588
2022 and prior				101,257
Taxes Receivable, End of Year				<u>\$ 6,305,999</u>
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Property Valuations:				
Land	\$ 2,696,594,997	\$ 2,805,699,281	\$ 2,635,038,159	\$ 1,864,912,777
Improvements	6,898,366,127	6,901,422,632	6,715,496,033	5,690,338,155
Personal Property	811,601,354	769,792,999	795,758,711	690,071,274
Exemptions	(3,122,193,948)	(3,373,540,234)	(3,312,880,690)	(2,386,399,795)
Total Property Valuations	<u>\$ 7,284,368,530</u>	<u>\$ 7,103,374,678</u>	<u>\$ 6,833,412,213</u>	<u>\$ 5,858,922,411</u>
Tax Rates per \$100 Valuation:				
Maintenance tax rates	<u>\$ 0.15</u>	<u>\$ 0.15</u>	<u>\$ 0.15</u>	<u>\$ 0.15</u>
Adjusted Tax Levy:	<u>\$ 10,930,854</u>	<u>\$ 10,655,062</u>	<u>\$ 10,250,118</u>	<u>\$ 8,788,384</u>
Percentage of Taxes Collected to Taxes Levied **	<u>44.90%</u>	<u>98.85%</u>	<u>99.42%</u>	<u>99.71%</u>

\*\* Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

See accompanying auditor's report.

**Brazoria County Conservation and Reclamation District No. 3**  
**TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund**  
**For the Last Five Fiscal Years**

	Amounts				
	2025	2024	2023	2022	2021
Revenues					
Property taxes	\$ 10,559,075	\$ 10,257,103	\$ 8,794,195	\$ 7,599,050	\$ 6,504,156
Penalties and interest	82,243	76,368	61,315	49,335	51,758
Sale of detention pond capacity	384,398	1,181,257	1,338,871		234,041
Miscellaneous	19,010	28,646	9,051	63,823	52,611
Investment earnings	184,026	151,631	47,543	29,060	12,756
<b>Total Revenues</b>	<b>11,228,752</b>	<b>11,695,005</b>	<b>10,250,975</b>	<b>7,741,268</b>	<b>6,855,322</b>
Expenditures					
Operating and administrative					
Personnel	7,157,806	6,826,414	6,306,397	5,324,940	4,738,982
Professional fees	48,000	53,732	68,920	18,210	
Contracted services	87,094	77,117	61,538	56,425	49,156
Repairs and maintenance	1,028,309	933,376	1,100,515	1,056,277	759,345
Utilities	31,682	29,132	30,745	32,670	31,580
Administrative	315,882	303,464	256,832	279,807	202,534
Other	8,298	2,254	8,665	400	24,835
Capital outlay	435,796	1,297,971	1,003,966	740,310	1,069,297
Debt					
Principal - financed purchases	65,761	144,379	297,365	286,686	291,828
Interest - financed purchases	1,653	6,894	16,948	28,654	23,512
<b>Total Expenditures</b>	<b>9,180,281</b>	<b>9,674,733</b>	<b>9,151,891</b>	<b>7,824,379</b>	<b>7,191,069</b>
Revenues Over (Under) Expenditures	2,048,471	2,020,272	1,099,084	(83,111)	(335,747)
<b>Other Financing Sources</b>					
Proceeds from sale of capital assets				41,350	86,810
Proceeds from financed purchases					630,971
<b>Net Change in Fund Balance</b>	<b>2,048,471</b>	<b>2,020,272</b>	<b>1,099,084</b>	<b>(41,761)</b>	<b>382,034</b>
Fund Balance, Beginning of the year	6,744,237	4,723,965	3,624,881	3,666,642	3,284,608
<b>End of the year</b>	<b>\$ 8,792,708</b>	<b>\$ 6,744,237</b>	<b>\$ 4,723,965</b>	<b>\$ 3,624,881</b>	<b>\$ 3,666,642</b>

\*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues

2025	2024	2023	2022	2021
94%	88%	86%	98%	95%
1%	1%	1%	1%	1%
3%	10%	13%		3%
*	*	*	1%	1%
2%	1%	*	*	*
100%	100%	100%	100%	100%
64%	58%	62%	69%	69%
*	*	1%	*	
1%	1%	1%	1%	1%
9%	8%	11%	14%	11%
*	*	*	*	*
3%	3%	3%	4%	3%
*	*	*	*	*
4%	11%	10%	10%	16%
1%	1%	3%	4%	4%
*	*	*	*	*
82%	82%	91%	102%	104%
18%	18%	9%	(2%)	(4%)

***Brazoria County Conservation and Reclamation District No. 3  
TSI-8. Board Members, Key Personnel and Consultants  
For the Year Ended December 31, 2025***

Complete District Mailing Address: P.O. Box 789, Alvin, Texas 77512-0789  
 District Business Telephone Number: (281) 331-3433  
 Submission Date of the most recent District Registration Form  
 (TWC Sections 36.054 and 49.054): January 9, 2024  
 Limit on Fees of Office that a Director may receive during a fiscal year: N/A  
 (Set by Board Resolution -- TWC Section 49.060)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
<b>Board Members</b>				
Jodi Schibi	01/23 - 12/26	\$ 7,200	\$ 3,610	Chairman
Ricky Kubeczka	01/23 - 12/26	7,200	4,382	Secretary
Alfred Froberg	12/24 - 12/28	7,200	1,540	Treasurer/ Investment Officer
<b>Key Administrative Personnel:</b>				
Richard McLaren	1996	224,863		General Manager
<b>Consultants</b>				
VIJ & Krell, PLLC	2011	\$ 18,000		Attorney
Kristin R. Bulanek County Tax Assessor and Collector	1910	11,790		Tax Assessor/ Collector
Brazoria County Appraisal District	Legislation	75,322		Property Valuation
AI&B Engineering Services	2019	31,307		Engineer
McGrath & Co., PLLC	Annual	30,000		Auditor

\* *Fees of Office* are the amounts actually paid to a director during the District's fiscal year.

See accompanying auditor's report.