Consolidated Annual Operating Budget

New 130,000 Gallon Storage Tanks in Preston Shores

Fiscal Year

2026 - 2027

Red River Authority of Texas
Adopted by the Board of Directors
September 16, 2026

RED RIVER AUTHORITY OF TEXAS

CONSOLIDATED ANNUAL OPERATING BUDGET
FISCAL YEAR 2026–2027

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GOVERNING BODY

The Authority's governing body is composed of a nine-member Board of Directors, all of whom are appointed by the Governor and confirmed by the Senate. Each Director must be a legal voter, a property taxpayer, and a resident in the Authority's jurisdictional area. Each Director serves a six-year staggered term. The Directors are organized by a President, as appointed by the Governor, and they elect from their membership a Vice-President, Secretary-Treasurer, and Assistant Secretary in September of each year. The President also appoints from their membership, as confirmed by the Board, three Directors to serve with the President on the Executive Committee. The Executive Committee functions as a policy, administrative, and fiscal oversight committee for all agency related activities. Members are designated by the President to the following committees to provide oversight for Management: Asset Management/Customer Service, Finance, and Regulation/Governmental. The Board of Directors administers all affairs of the Authority through a Board-adopted Administrative Policy and Procedure Manual, and a Board-appointed chief executive officer in the position of General Manager.

RED RIVER AUTHORITY OF TEXAS
BOARD OF DIRECTORS

Jerry Bob Daniel
President
Truscott

Conrad J. Masterson, Jr.
Vice-President
Cee Vee

Tonya D. Detten
Treasurer/Secretary
Panhandle

Jerry Dan Davis
Assistant Secretary
Wellington

Joe L. Ward
Director
Telephone

Michael R. Sandefur
Director
Texarkana

Ruben Arias
Director
Amarillo

Ron Mullins
Director
Archer City

Troy Weber
Director
Denison

MANAGEMENT TEAM

Fabian A. Heaney, General Manager
Bryan D. Schaffner, Assistant General Manager
Cara A. Glasscock, Administration Manager
Rylan L. Johnson, Controller

Red River Authority of Texas

September 16, 2026

The Honorable President
and Members of the Board of Directors
Red River Authority of Texas

SUBJECT: FISCAL YEAR 2026-2027 PROPOSED CONSOLIDATED OPERATING BUDGET

Dear President Daniel and Members of the Board:

As required by Texas Water Code Chapter 49, Section 49.057, here is the Proposed Consolidated Annual Operating Budget for the Red River Authority of Texas, Fiscal Year 2026-2027. Each year, staff prepares the proposed budget for submittal to the Board of Directors for adoption. The Authority's budget process provides the Board an opportunity to consider and adopt the budget, which serves as the financial guide for the ensuing fiscal year. This Consolidated Annual Operating Budget covers the fiscal period beginning October 1, 2026 and ending September 30, 2027.

BUDGET PROCESS

The process for developing the proposed budget began in May of 2026. At that time, Key Leadership Staff met to discuss the budget process. Each Division was encouraged to prepare funding requests needed for operations, keeping in mind the strategic goals of the Authority. In August of 2026, the Controller provided a firm accounting through May 31, 2026, and extrapolated those numbers to provide a projected year-end balance. We utilized these projections, historical trends, and included requests from the Divisions, to arrive at the Proposed Consolidated Annual Operating Budget for Fiscal Year 2026-2027.

In addition to this Consolidated Annual Operating Budget, staff prepared a Capital Improvement Plan (CIP) that focuses on capital budgeting needs. Capital Improvements are defined as investments made to acquire or enhance a fixed asset with a value of $5,000 or more. Examples are tangible equipment items, building replacement or addition projects, or large utility projects.

We first consulted the 2026 Asset Management Plan Update and began to prioritize projects for inclusion. The Division supervisors were then asked to include requests for capital improvements and equipment they needed to be budgeted. These items were then divided into Long Term and Short Term CIP. The benchmark established for a request to be included in the long-term CIP is that the total cost of the request is $25,000 or more. Projects listed in the Long Term CIP may take multiple years to complete, which may require future financial decisions of the Board before they can be fully funded.

ACCOMPLISHMENTS

In FY 2025-2026, the Authority had the following accomplishments across its Divisions.

Utility Division

- Secured an EPA grant for the Foard County and Truscott-Gilliland Systems, along with a Texas Water Development Board grant for the Foard County System, advancing capital improvements in these communities.
- At Preston Shores, secured an estimated $9.3 million in funding for the system, completed SCADA improvements, and installed two new 130,000-gallon storage tanks.
- Advanced construction of a new water tower in the Lockett System, where crews have laid approximately 30 miles of pipe as part of the ongoing line replacement project.
- Continued progress on a re-pump station project at the Tell Cee Vee System.
- Reorganized Western Regional operations into Areas 1 through 3, improving operational efficiency.
- Re-vamped inventory management and consolidated purchasing across the Division, strengthening cost control and streamlining procurement.

Environmental Services Division

- Achieved laboratory accreditation in the State of Oklahoma.
- Engaged State congressional leaders to advocate for increased Clean Rivers Program (CRP) funding, as the program's budget did not increase this year.

General Division

- Staff turnover across the Authority has begun to trend lower, reflecting continued improvement in retention.
- Continued to serve as the administrative agency and contract holder for the Texas Water Development Board's Region B.
- Began migrating the Authority's ERP system to InCode 10, a cloud-based platform expected to increase operational efficiency and expand system capabilities.
- Fully implemented Microsoft OneDrive and Teams across the Authority, which have made a significant, positive contribution to day-to-day operations.

Communications Division

- The Communications Division continues to provide increasing revenues each fiscal year.

BUDGET HIGHLIGHTS

The Fiscal Year 2026-2027 Proposed Consolidated Annual Operating Budget reflects the following key highlights:

- Total budgeted revenues of $9,363,718, a decrease of $1,125,769, or 10.7%, from the Fiscal Year 2025-2026 Adopted Budget of $10,489,487, due primarily to a reduced budget for water sales.
- Total budgeted expenses of $9,566,101, a decrease of $241,586, or 2.5%, from the prior year, due primarily to reduced general insurance expense and personnel costs.
- Because revenues are declining faster than expenses, the proposed budget reflects a deficit of $202,383, compared to a budgeted surplus of $681,800 in Fiscal Year 2025-2026. No rate increase is included in this budget; the shortfall, along with all capital improvement needs, will be funded through Authority reserves.
- Three funds make up 99.8% of the Authority's total expense budget: the Utility Division Fund (73.3%), the General Division Fund (15.6%), and the Environmental Services Division Fund (10.9%).
- Authority-wide interest income is budgeted at $416,800, a decrease of $114,674, or 21.58%, from the Fiscal Year 2025-2026 budget of $531,474.
- No increases to the Position Classification Plan (PCP) salary groups, as provided by the State Auditor's Office (SAO), are budgeted for the coming fiscal year; however, the Authority is budgeting up to 5% ($108,000) for merit increases.
- The Fiscal Year 2026-2027 Capital Improvement Plan includes $10,123,000 in Long Term Capital Expenditures — $6,540,000 funded through Federal and State grants and $3,583,000 funded by the Authority — along with $610,550 in Short Term Capital Expenditures funded through current year revenues and reserves.

CONCLUSION

This Proposed Consolidated Operating Budget for Fiscal Year 2026-2027 provides a viable economic plan for the upcoming year. Funds are provided for projects and programs that maintain critical services and this budget addresses the 2025-2030 Strategic Plan goals. The Authority pledges to remain vigilant in maintaining water quality and gaining efficiencies in operations amid ongoing economic uncertainty.

The proposed budget funds all critical programs and the Fiscal Year 2026-2027 Capital Improvement Plan, but reflects a budgeted deficit of $202,383, which will be balanced through the use of Authority reserves. This approach is intended as a stop-gap measure until additional funding can be secured through Federal and State grant processes or, if necessary, future rate adjustments.

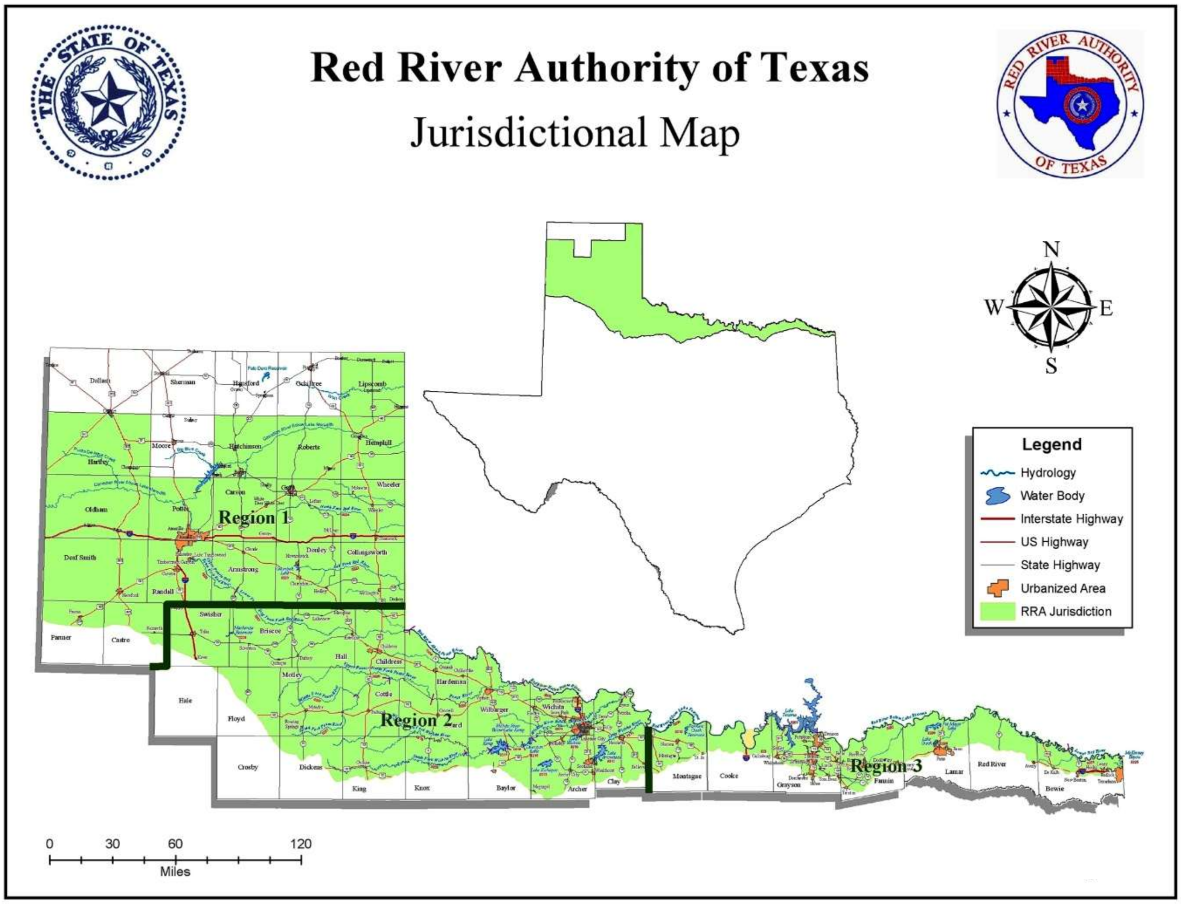
Lastly, I would like to thank our staff, whose dedication and effort went into the preparation of this budget.

Respectfully submitted for your approval,

Fabian Heaney
General Manager

BACKGROUND

The Red River Authority of Texas (Authority) was created in 1959 by acts of the 56th Legislature as a conservation a reclamation district, a political subdivision of the State, a body politic and corporate under Article 8280-228 VATCS and Article XVI, Section 59 of the Texas Constitution. The Authority was charged by the legislature with the optimum development of the water resources within the Red River Basin in Texas for beneficial use by the public.



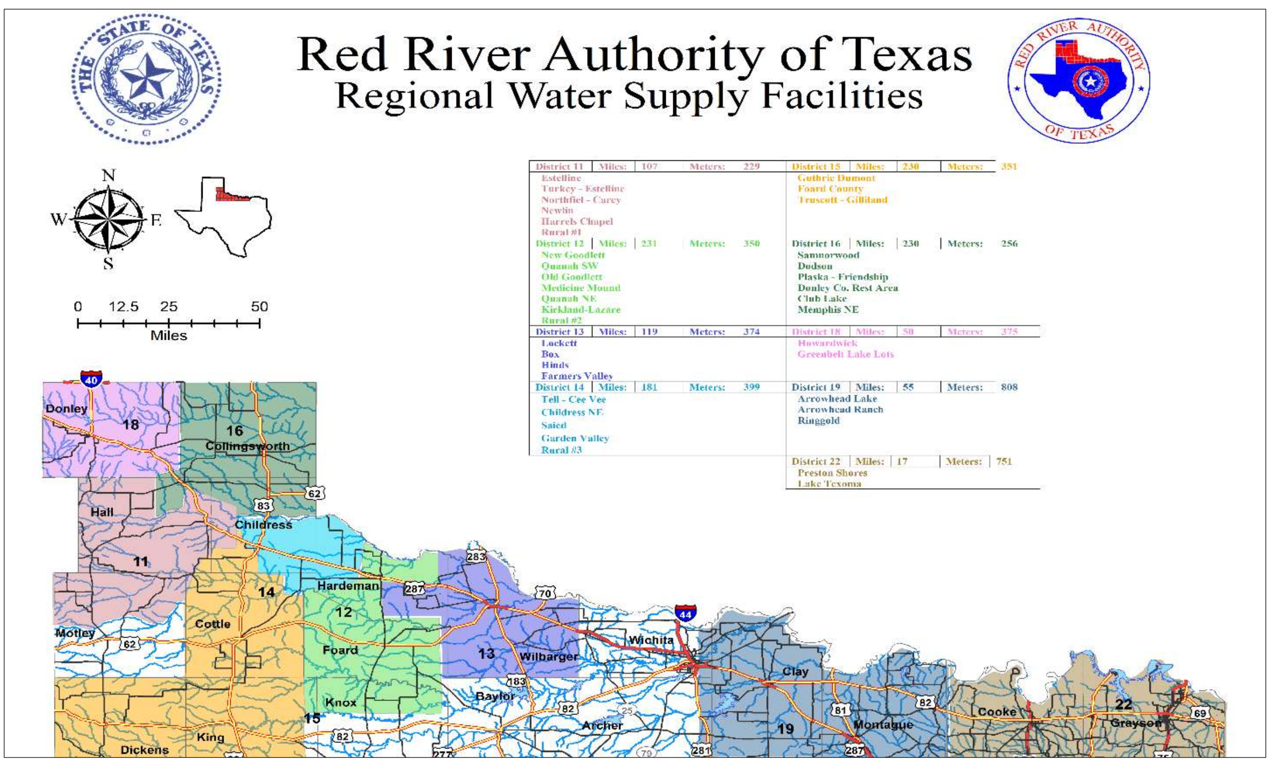
As the second longest river in the State of Texas, the Red River Basin includes all or parts of 43 counties across North Texas. The Red River is an interstate water body that originates in Curry County, New Mexico as Tierra Blanca Creek and flows across the Texas Panhandle carving the spectacular Palo Duro Canyon of the High Plains. It then leaves the Caprock Escarpment near the eastern boundary of Childress County, where the south bank of the river becomes the boundary between Texas and Oklahoma. It continues its southeasterly direction across Texas into southwestern Arkansas, then turns south into Louisiana, where it discharges into the Mississippi River near Simmesport, Louisiana.

BASIS OF PRESENTATION

This Consolidated Annual Operating Budget provides a summarized description of combined revenues versus expenditures by Division for a comparison of the previous fiscal year operations to the ensuing fiscal year. It is based on actual and projected transactions and presented with the intent of providing an overall financial operating forecast of the Authority. The Authority's accounting system consists solely of six proprietary funds, which are further divided into two major enterprise funds, two minor enterprise funds, and two internal service funds.

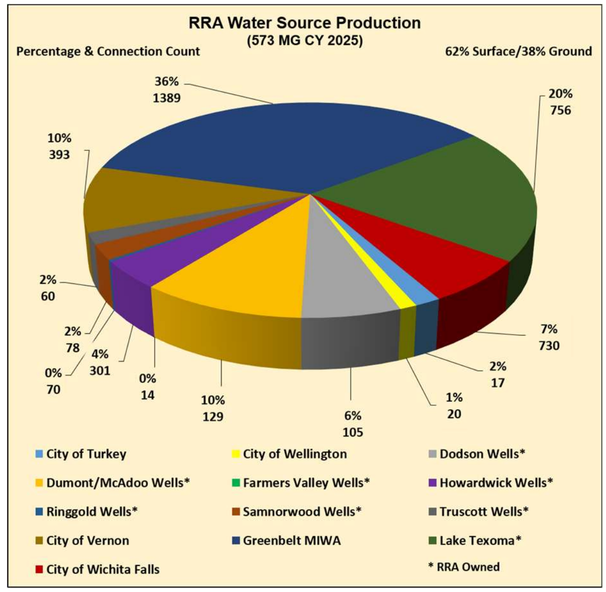
MAJOR ENTERPRISE FUNDS identify the total direct and indirect costs to provide a service, including the sources and amount of revenue that support that service for which a fee is charged. Direct costs generally consist of personnel services, expenses and capital expenditures, which are budgeted and accounted for in each enterprise fund. Indirect costs are expenditures budgeted and accounted for in the internal services funds on behalf of the enterprise funds. Examples of indirect costs are central costs such as accounting, collections, and legal fees. The two major enterprise funds are the **Utility Division Fund** and the **Environmental Services Division Fund**.

Utility Division Fund: The Utility Division consists of 30 individual rural water supply systems, which serve approximately 10,000 people over a 15-county geographical area.



In addition to the water systems, the Utility Division operates two individual wastewater treatment plants and three wastewater collection systems serving approximately 400 people located within the service area.

The Utility Division utilizes water for distribution to its water systems from two basic sources: surface water (lakes) and groundwater (wells). Raw water, treated water, or a combination of both is utilized by the Authority to serve its customers. The water is either produced by the Authority, or purchased from other sources. Surface water is currently taken and treated from one reservoir, Lake Texoma in Grayson County. Groundwater is produced from various formations through Authority-owned or leased water supply well fields, where it is treated and distributed to customers. Formations include the Ogallala Aquifer in Dickens, Donley, and Collingsworth Counties, the Brazos River Alluvium Aquifer in Dickens County, the Seymour Aquifer in Knox, Hardeman and Wilbarger Counties, and the Cross Timbers Aquifer in Montague County. The graph displays the water source production for all of the Authority's water systems.



Revenues for the Utility Division are generated from an all-systems-wide user rate. The rate is set by the Board of Directors on a cash basis, utilizing the system's financial position to determine the revenue needed to recover the actual operating costs, debt services, and targeted return on investment (ROI).

Water Revenue Bonds were issued in June 2017 for capital improvements in the Utility Division, and according to the bond ordinance, adequate user fees and charges are to be levied to pay all operating costs and retire the bonded indebtedness. The fees and charges for services provided through the Utility Division are recorded as revenue.

Environmental Services Division Fund: The Environmental Services Division's (ESD) principal purpose is to investigate, control, and abate any possible sources of pollution found to be contaminating the receiving waters of the Red River or its tributaries.

Additionally, the ESD conducts periodic investigations to establish the best resource management practices and controls to maintain and improve the quality of the water resources for the beneficial use of the public, and respond to complaints from the public concerning possible contamination of the environment.

The ESD also operates an Environmental Services Laboratory under the National Environmental Laboratory Accreditation Program, as administered by the Texas Commission on Environmental Quality, to provide scientifically defensible analytical data to its clients. In addition to providing chemical and bacteriological analysis of water, wastewater, and soil in support of the Authority's environmental services and utility activities, the ESD Laboratory provides analytical services to other federal and State agencies, cities, industries, and individuals throughout the Red River Basin in Texas and Oklahoma.

Operating funds for the Environmental Services Laboratory are provided through charges for services and analytical fees, as adopted annually by the Board of Directors.

MINOR ENTERPRISE FUNDS: Minor Enterprise Funds only generate revenue when the fund is utilized. The two minor enterprise funds are the **Direct Financing Arrangements Fund** and the **Red River Industrial Development Authority Fund**.

Direct Financing Arrangements Fund: In performing Direct Financing Arrangements, the Authority acts as an agent or intermediary for obtaining tax-exempt financing of water, wastewater, or pollution control facilities for third parties. The Authority does not operate or maintain these facilities, and only receives fees at the time of issuance of bonded indebtedness. Management fees are received on an annual basis for assistance in handling the arrangements, which constitute a receivable to the Authority. When these fees are received, they are recorded as revenue. The bonds are regarded as debts and responsibilities of third parties on whose behalf they were issued. Since the debt is the sole obligation of the entity to which bonds were issued, the transaction is excluded from the Authority's financial statements, except for the contract receivable due the Authority. There are currently no projects under this fund.

Red River Industrial Development Authority (RRIDA) Fund: The RRIDA was authorized by the Board of Directors in July 1979 under the terms of the Texas Development Corporation Act of 1979. The Red River Industrial Development Authority is a separate entity of the Red River Authority of Texas and is authorized to act on behalf of the Authority for the specific purpose of promoting economic development of commercial, industrial, and manufacturing enterprises for public welfare within the geographical confines of the Red River Basin in Texas. There are currently no projects under this fund.

INTERNAL SERVICE FUNDS: Internal Service Funds provide goods and services to the Enterprise Funds and each other. The two Internal Service Funds are the **General Division** and **Communications Division**.

General Division: The General Division is designated to function as the chief executive branch of the Authority and is directed to carry out the policies sanctioned by the Board of Directors to achieve the purpose for which the Authority was created. It provides administration, planning, engineering, data processing, billing, accounting, human resources, and information management internally to other Divisions and externally to outside entities.

Communications Division: The principal purpose of the Communications Division is to provide all Authority personnel with the necessary means of obtaining voice contact with the main office and each other during the course of conducting various business activities, and for safety purposes.

Additionally, the Communications Division provides a means to alert the key management personnel within the Utility Division of any malfunctions of facilities within their service area.

Revenue for the Communications Division derives primarily from contract leasing of communication facilities from various outside entities.

METHOD OF BUDGET PREPARATION

The operating budget is prepared using a comparison analysis of each fund's fiscal operating experience with respect to audited financial data. Eight months of actual data is extrapolated through the remainder of the fiscal year to produce projected full-year results. In addition, the actual preceding twelve-month data is reviewed to identify any trends not recognized by the extrapolation. The resulting twelve month estimated actual is then adjusted to reduce or add line-item revenues or expenditures expected to occur during the new budget model, thereby providing the budgeted forecast for the ensuing fiscal year. Care is taken to address seasonal entries, anomalies and one- time only entries in extrapolating the remaining five months of the year. The budget is expected to fall within a ten percent variance of the actual fiscal operations.

The operating budget does not reflect possible income from bond issuance fees or grants awarded, as these are never a certainty. The fees and grants are recorded in the current year once they have been received, and the increase in annual maintenance fees in the Direct Financing Arrangements Fund are budgeted for the next fiscal year.

Capital Expenditures for Fiscal Year 2026-2027

Long Term Capital Expenditures

Several systems within the Utility Division are proposed to receive capital funding for component repair and replacement of identified infrastructure during the ensuing year. Long term capital funding is financed through a $15,000,000 bond issued in June 2017, grants, and Authority reserves. The affected systems include:

System	Long Term Capital Expenditures		Estimated Cost
113	• Carey System Improvements (Federal Grant)		476,000
300	• Lockett Pump Station (Federal Grant)		1,000,000
300	• Lockett Tower and 10" Pipeline		2,464,000
510	• Foard County: EST & 1.5 Mile 6" Distribution		768,000
510	• Foard County: Smith Pump Station & Distribution Lines		936,000
520	• Truscott Gilliland: EST & 10.6-mile 6" line		896,000
		Grant Funded Total	**$ 6,540,000**
113	• Carey System Improvements		119,000
300	• Lockett Install 5 miles of 4" & 6" water line HDPE		200,000
300	• Lockett Tower and 10" Pipeline		500,000
300	• Lockett Pump Station		250,000
410	• Tell Cee Vee: Airport Booster Station Rehab		60,000
510	• Foard County: EST & 1.5 Mile 6" Distribution		192,000
510	• Foard County: Smith Pump Station & Distribution Lines		164,000
510	• Foard County 2.1-mile 6" Greenbelt Transmission Line		114,000
520	• Truscott Gilliland: EST & 10.6-mile 6" line		224,000
520	• Truscott Gilliland:EST & 10.6-mile 6" line		930,000
520	• Engineering study for Truscott 2MGD Drinking Water Plant		275,000
902	• Ringgold Pump Station, Pressure Tank, Well, and GST		500,000
902	• Ringgold Pump Station Engineering Design		55,000
		RRA Funded Total	**$ 3,583,000**
		Grand Total	**$ 10,123,000**

Short Term Capital Expenditures by Division

Short term capital funding projects are proposed to be funded with current year revenues or reserves and will be depreciated over its useful life as applicable.

Utility Division

• Rock / Gravel Main Office Equipment Parking		5,000
• #626 Hydraulic Coupler		9,000
• Rock / Gravel Preston Lake Road		10,000
• Self-Contained Breathing Apparatuses for Field Staff		25,000
• GIS Mapping Data Collection Equipment		30,000
• Childress Yard Improvements		35,000
• Heavy Duty Excavator Trailer and Peripherals		35,000
• Mini-Excavator		95,000
• SCADA System Expansion & Electrical Panel Replacement		100,000
• 3 New Vehicles and Peripherals		200,000
Sub Total	**$**	**544,000**

Environmental Services Division

• Laboratory Incubators		5,500
• ALPACA LIMS Lab Information Management Software		22,050
Sub Total	**$**	**27,550**

General Division

• Network & Computer Hardware		6,500
• Computer Replacements		12,500
• Main Office Improvements		20,000
Sub Total	**$**	**39,000**
Grand Total	**$**	**610,550**

CONCLUSION

This Consolidated Annual Operating Budget provides a summarized projected Fiscal Year 2026-2027 revenues versus expenditures by Division. It also provides a comparison to the actual previous fiscal year revenues versus expenditures. It is based on actual and projected transactions and presented with the intent of providing an overall financial operating forecast of the Authority.

Compared to the Fiscal Year 2025-2026 budgeted numbers, the proposed Fiscal Year 2026-2027 Consolidated Annual Operating Budget reflects an overall decrease in projected revenues of $1.13 million or 10.7%. The majority of this decrease is due to a reduced budget for water sales. Additionally, there is an overall projected decrease in combined expenditures in the amount of nearly $242,000 or 2.5%, due primarily to reduced general insurance expense, and personnel expenses.

Please refer to the attached supporting schedules for detailed representation of projected revenues and expenditures on a per-fund basis for conformity to reporting, in accordance with Generally Accepted Accounting Principles for governmental units.

Staff have continued to advance the Board's directives for transparency and accountability throughout the budget process. Additional information has been provided, including the use of percentages and comparative data to better illustrate trends and patterns. These efforts are intended to make the Authority's financial information more accessible, meaningful, and understandable to our customers and other stakeholders.

I sincerely appreciate the support, guidance, and thoughtful input provided by the Finance Committee to both myself and other staff throughout the development of this year's proposed budget. That collaboration has been invaluable in preparing a budget that reflects the priorities of the Authority while maintaining a continued focus on responsible financial stewardship, transparency, and accountability.

Cordially,

Rylan Johnson

Rylan Johnson
Controller

SUPPORTING SCHEDULES

RED RIVER AUTHORITY OF TEXAS

CONSOLIDATED ANNUAL OPERATING BUDGET
FISCAL YEAR 2026-2027

Schedule of Combined Divisions

	FY 2025-2026 Budgeted	FY 2025-2026 Current YTD	FY 2025-2026 Projected EOY	FY 2026-2027 Budgeted
Revenues:				
General Services Division	$ 608,074	$ 182,410	$ 243,213	$ 215,918
Environmental Services Division	1,050,000	756,268	1,007,497	1,020,000
Communications Division	139,000	56,420	155,132	148,800
Utility Division	8,692,413	5,990,885	7,966,899	7,979,000
Total Revenues	**10,489,487**	**6,985,983**	**9,372,741**	**9,363,718**
Expenses:				
General Services Division	1,597,232	991,955	1,319,481	1,489,274
Environmental Services Division	1,037,231	761,174	1,012,716	1,046,850
Communications Division	16,337	9,170	11,889	14,027
Utility Division	7,156,887	5,253,908	6,996,372	7,015,950
Total Expenses	**9,807,687**	**7,016,207**	**9,340,458**	**9,566,101**
Excess or (deficit)	**$ 681,800**	**$ (30,224)**	**$ 32,283**	**$ (202,383)**

RED RIVER AUTHORITY OF TEXAS

CONSOLIDATED ANNUAL OPERATING BUDGET
FISCAL YEAR 2026-2027

Schedule of Combined Divisions

	FY 2025-2026 Budgeted	FY 2025-2026 Current YTD	FY 2025-2026 Projected EOY	FY 2026-2027 Budgeted
Operating revenues:				
Water and sewer sales	$ 8,115,000	$ 5,514,844	$ 7,353,125	$ 7,405,000
Charges for materials and services	1,494,013	797,432	1,144,201	1,172,668
Administrative fee income	-	-	-	-
Grant Revenue	-	-	-	-
Other income	349,000	304,161	403,085	369,250
Total operating revenues:	**9,958,013**	**6,616,436**	**8,900,411**	**8,946,918**
Operating expenses:				
Water purchases	1,255,000	946,553	1,262,070	1,255,000
Personnel services	3,543,824	2,309,035	3,063,638	3,236,517
Administrative costs	202,300	158,147	211,899	206,000
Utilities, supplies and maintenance	1,959,111	1,628,599	2,171,357	2,190,830
Insurance	285,473	173,430	230,902	135,603
Automobile and travel	472,350	357,889	477,185	501,050
Professional and directors fees	360,600	96,746	128,995	212,417
Research expense	-	-	-	-
Bad debt	40,000	50,398	67,197	63,000
Total operating expenses:	**8,118,658**	**5,720,796**	**7,613,243**	**7,800,417**
Operating income (loss) before deprec.	1,839,355	895,640	1,287,168	1,146,501
Depreciation	1,203,523	925,623	1,234,164	1,292,307
Operating income (loss)	635,832	(29,983)	53,003	(145,806)
Non-operating revenues (expenses):				
Interest income	531,474	354,247	472,330	416,800
Gain on sale of assets	-	15,300	-	-
Interest expense	(454,006)	(340,389)	(453,852)	(433,897)
Allocated Administrative Fees	(31,500)	(29,399)	(39,199)	(39,480)
	45,968	(241)	(20,721)	(56,577)
Income (loss) before operating transfers	681,800	(30,224)	32,283	(202,383)
Operating transfers in (out)	-	-	-	-
Net income (loss)	**$ 681,800**	**$ (30,224)**	**$ 32,283**	**$ (202,383)**

RED RIVER AUTHORITY OF TEXAS

CONSOLIDATED ANNUAL OPERATING BUDGET
FISCAL YEAR 2026-2027

Schedule by Division

GENERAL SERVICES DIVISION 011

	FY 2025-2026 Budgeted	FY 2025-2026 Current YTD	FY 2025-2026 Projected EOY	FY 2026-2027 Budgeted	Percent Change
Operating revenues:					
Water and sewer sales	-	-	-	-	
Charges for materials and services	335,213	31,662	42,216	50,668	-84.88%
Administrative fee income	-	-	-	-	
Grant Revenue	-	-	-	-	
Other income (RWPG)	5,000	11,405	15,207	1,250	-75.00%
Total operating revenues:	**340,213**	**43,068**	**57,423**	**51,918**	**-84.74%**
Operating expenses:					
Water purchases	-	-	-	-	
Personnel services	875,869	670,343	889,627	947,439	8.17%
Administrative costs	80,000	57,910	78,250	79,200	-1.00%
Utilities, supplies and maintenance	171,853	110,594	147,459	219,630	27.80%
Insurance	48,643	15,620	20,826	15,538	-68.06%
Automobile and travel	22,800	13,277	17,703	25,550	12.06%
Professional and directors fees	359,000	94,911	126,548	161,917	-54.90%
Research expense	-	-	-	-	
Bad debt	-	-	-	-	
Total operating expenses:	**1,558,165**	**962,654**	**1,280,414**	**1,449,274**	**-6.99%**
Operating income (loss) before deprec.	(1,217,952)	(919,587)	(1,222,990)	(1,397,356)	14.73%
Depreciation	39,067	29,300	39,067	40,000	2.39%
Operating income (loss)	(1,257,019)	(948,887)	(1,262,058)	(1,437,356)	14.35%
Non-operating revenues (expenses):					
Interest Income	267,861	139,342	185,790	160,000	-40.27%
Commercial Card Rebate	-	-	-	4,000	
Interest expense	-	-	-	-	
Allocated Administrative Fees	-	-	-	-	
	267,861	139,342	185,790	164,000	-38.77%
Income (loss) before operating transfers	(989,158)	(809,545)	(1,076,268)	(1,273,356)	28.73%
Operating transfers in (out)	-	-	-	-	
Net income (loss)	**(989,158)**	**(809,545)**	**(1,076,268)**	**(1,273,356)**	**28.73%**

Short Term Capital Expenditures		
Network & Computer Hardware		6,500
Computer Replacements		12,500
Main Office Improvements		20,000
	Subtotal	39,000

RED RIVER AUTHORITY OF TEXAS

CONSOLIDATED ANNUAL OPERATING BUDGET
FISCAL YEAR 2026-2027

Schedule by Division

ENVIRONMENTAL SERVICES DIVISION 079

	FY 2025-2026 Budgeted	FY 2025-2026 Current YTD	FY 2025-2026 Projected EOY	FY 2026-2027 Budgeted	Percent Change
Operating revenues:					
Water and sewer sales	-	-	-	-	
Charges for materials and services	1,050,000	753,686	1,004,915	1,020,000	-2.86%
Administrative fee income	-	-	-	-	
Grant Revenue	-	-	-	-	
Other income (CRP)	-	2,582	2,582	-	
Total operating revenues:	**1,050,000**	**756,268**	**1,007,497**	**1,020,000**	**-2.86%**
Operating expenses:					
Water purchases	-	-	-	-	
Personnel services	446,951	327,711	434,766	455,515	1.92%
Administrative costs	14,150	11,659	15,546	15,250	7.77%
Utilities, supplies and maintenance	488,000	377,043	502,725	510,500	4.61%
Insurance	30,800	12,033	16,045	12,085	-60.76%
Automobile and travel	33,300	13,296	17,728	26,000	-21.92%
Professional and directors fees	600	165	220	1,500	150.00%
Research expense	-	-	-	-	
Bad debt	-	-	-	-	
Total operating expenses:	**1,013,801**	**741,909**	**987,029**	**1,020,850**	**0.70%**
Operating income (loss) before deprec.	36,199	14,359	20,468	(850)	-102.35%
Depreciation	23,430	19,266	25,687	26,000	10.97%
Operating income (loss)	12,769	(4,906)	(5,220)	(26,850)	-310.27%
Non-operating revenues (expenses):					
Interest income	-	-	-	-	
Gain on sale of assets	-	-	-	-	
Interest expense	-	-	-	-	
Allocated Administrative Fees	-	-	-	-	
	-	-	-	-	
Income (loss) before other revenues	12,769	(4,906)	(5,220)	(26,850)	-310.27%
Grant revenue for asset purchases	-	-	-	-	
Net income (loss)	**12,769**	**(4,906)**	**(5,220)**	**(26,850)**	**-310.27%**

Short Term Capital Expenditures	
Laboratory Incubators	5,500
ALPACA LIMS Lab Information Management Software	22,050
Subtotal	27,550

RED RIVER AUTHORITY OF TEXAS

CONSOLIDATED ANNUAL OPERATING BUDGET
FISCAL YEAR 2026-2027

Schedule by Division

COMMUNICATIONS DIVISION 081

	FY 2025-2026 Budgeted	FY 2025-2026 Current YTD	FY 2025-2026 Projected EOY	FY 2026-2027 Budgeted	Percent Change
Operating revenues:					
Water and sewer sales	-	-	-	-	
Charges for materials and services	93,000	1,860	83,439	85,000	-8.60%
Administrative fee income	-	-	-	-	
Grant Revenue	-	-	-	-	
Other income	-	3,162	3,162	-	
Total operating revenues:	**93,000**	**5,022**	**86,601**	**85,000**	
Operating expenses:					
Water purchases	-	-	-	-	
Personnel services	-	-	-	-	
Administrative costs	-	-	-	-	
Utilities, supplies and maintenance	14,700	7,176	9,568	12,000	-18.37%
Insurance	330	1,014	1,014	720	118.18%
Automobile and travel	-	-	-	-	
Professional and directors fees	-	-	-	-	
Research expense	-	-	-	-	
Bad debt	-	-	-	-	
Total operating expenses:	**15,030**	**8,190**	**10,582**	**12,720**	**-15.37%**
Operating income (loss) before deprec.	77,970	(3,167)	76,020	72,280	
Depreciation	1,307	980	1,307	1,307	
Operating income (loss)	76,663	(4,148)	74,712	70,973	
Non-operating revenues (expenses):					
Interest income	46,000	51,398	68,531	63,800	38.70%
Gain on sale of assets	-	-	-	-	
Interest expense	-	-	-	-	
Allocated Administrative Fees	-	-	-	-	
	46,000	51,398	68,531	63,800	
Income (loss) before operating transfers	122,663	47,250	143,243	134,773	
Operating transfers in (out)	-	-	-	-	
Net income (loss)	**122,663**	**47,250**	**143,243**	**134,773**	**9.87%**

RED RIVER AUTHORITY OF TEXAS

CONSOLIDATED ANNUAL OPERATING BUDGET
FISCAL YEAR 2026-2027

Schedule by Division

UTILITY DIVISION 099

	FY 2025-2026 Budgeted	FY 2025-2026 Current YTD	FY 2025-2026 Projected EOY	FY 2026-2027 Budgeted	Percent Change
Operating revenues:					
Water and sewer sales	8,115,000	5,514,844	7,353,125	7,405,000	-8.75%
Charges for materials and services	15,800	10,223	13,631	17,000	7.59%
Administrative fee income (Late Fees)	-	-	-	-	
Grant Revenue	-	-	-	-	
Other income	344,000	287,011	382,134	368,000	6.98%
Total operating revenues:	**8,474,800**	**5,812,078**	**7,748,890**	**7,790,000**	**-8.08%**
Operating expenses:					
Water purchases	1,255,000	946,553	1,262,070	1,255,000	0.00%
Personnel services	2,221,004	1,310,981	1,739,245	1,833,563	-17.44%
Administrative costs	108,150	88,578	118,104	111,550	3.14%
Utilities, supplies and maintenance	1,284,558	1,133,785	1,511,605	1,448,700	12.78%
Insurance	205,700	144,763	193,017	107,260	100.00%
Automobile and travel	416,250	331,316	441,754	449,500	7.99%
Professional and directors fees	1,000	1,670	2,227	49,000	100.00%
Research expense	-	-	-	-	
Bad debt	40,000	50,398	67,197	63,000	57.50%
Total operating expenses:	**5,531,662**	**4,008,043**	**5,335,219**	**5,317,573**	**-3.87%**
Operating income (loss) before deprec.	2,943,138	1,804,035	2,413,671	2,472,427	-15.99%
Depreciation	1,139,719	876,077	1,168,103	1,225,000	7.48%
Operating income (loss)	1,803,419	927,958	1,245,568	1,247,427	-30.83%
Non-operating revenues (expenses):					
Interest income	217,613	163,507	218,009	189,000	-13.15%
Gain on sale of assets	-	15,300	-	-	
Interest expense	(454,006)	(340,389)	(453,852)	(433,897)	-4.43%
Allocated Administrative Fees	(31,500)	(29,399)	(39,199)	(39,480)	25.33%
	(267,893)	(190,981)	(275,041)	(284,377)	6.15%
Income (loss) before operating transfers	1,535,526	736,977	970,527	963,050	-37.28%
Transfers	-	-	-	-	
Loss on Abandonment	-	-	-	-	
Net income (loss)	**1,535,526**	**736,977**	**970,527**	**963,050**	**-37.28%**

Short Term Capital Expenditures	
Rock / Gravel Main Office Equipment Parking	5,000
#626 Hydraulic Coupler	9,000
Rock / Gravel Preston Lake Road	10,000
Self-Contained Breathing Apparatuses for Field Staff	25,000
GIS Mapping Data Collection Equipment	30,000
Childress Yard Improvements	35,000
Heavy Duty Excavator Trailer and Peripherals	35,000
Mini-Excavator	95,000
SCADA System Expansion & Electrical Panel Replacement	100,000
3 New Vehicles and Peripherals	200,000
Subtotal	544,000

RED RIVER AUTHORITY OF TEXAS

Utility Division

Rate Schedule

Effective October 1, 2026

TREATED WATER AND SEWER RATES

Residential Water*

RESIDENTIAL RATES							
Minimum Monthly Charge is $103.00 and includes 2,000 gallons							
Meter Size: 5/8" Base							
GALLONAGE CHARGE:							
TIER	VOLUME				CHARGE		
Tier 1	2,001	to	10,000	gals.	$	7.00	/1000 gals.
Tier 2	10,001	to	20,000	gals.	$	9.00	/1000 gals.
Tier 3	20,001	to	30,000	gals.	$	11.00	/1000 gals.
Tier 4	30,001	to	50,000	gals.	$	13.00	/1000 gals.
Tier 5	50,001	to	Infinity	gals.	$	15.00	/1000 gals.

Commercial Water*

COMMERCIAL RATES							
Minimum Monthly Charge is $114.50 and includes Zero gallons							
Meter Size: 3/4" Base Equivalency				**See Equivalency Table for Other Size Charges**			
GALLONAGE CHARGE:							
TIER	VOLUME				CHARGE		
Tier 1	ZERO	to	2,000	gals.	$	8.00	/1000 gals.
Tier 2	2,001	to	10,000	gals.	$	9.00	/1000 gals.
Tier 3	10,001	to	20,000	gals.	$	11.00	/1000 gals.
Tier 4	20,001	to	30,000	gals.	$	13.00	/1000 gals.
Tier 5	30,001	to	50,000	gals.	$	15.00	/1000 gals.
Tier 6	50,001	to	Infinity	gals.	$	17.00	/1000 gals.

Sewer*

Monthly Rate: $59.75 (only for those with sewer services)

*A late fee in the amount of 10% of the monthly account statement will be assessed against an account for the statement not being paid in full by 5:00 PM on the 16th day after issuance, subject to rule.

The rates are based on all treated water and sewer systems combined within the Utility Division in order to maintain adequate bond coverage ratios. The rates are designed to provide the revenues needed to recover the cost of operating and pay the debt service, and are from the 2022 Utility Division Rate Study.

OTHER RATES

Raw, Wholesale, and Transient water rates, and commercial and industrial sewer rates are designed to provide the revenues needed to recover the costs of acquiring water rights, and ongoing participation in the operation and maintenance of reservoirs, well fields, sewer plants, or other related infrastructure.

These rates are negotiated individually on a contractual basis as permitted by the General Manager.

COMMERCIAL METER EQUIVALENCY TABLE

The Red River Authority of Texas (the Authority) assesses a base availability charge on all accounts. The availability charge is calculated using the AWWA factor based table (Table 1), with the equivalency of the Authority's commercial ¾" meter. The ¾ Factor will multiplied by the base monthly account charge of $114.50 to arrive at the equivalent monthly charge for that size meter.

Table 1

Meter Size	AWWA (capacity)	Factor Based on 3/4	Base Charge
3/4 inch (or 5/8)	30	1.00	$114.50
1 inch	50	1.67	$191.25
2 inch	160	5.33	$610.30
3 inch	300	10.00	$1,445.00
4 inch	500	16.67	$1,909.00
6 inch	1,000	33.33	$3,817.00

RED RIVER AUTHORITY OF TEXAS

Utility Division

Schedule of Fees and Charges for Adoption
Effective October 1, 2026 (FY2027)

Base Charges (Contract)

Administrative Time (per hour, 2 hours min)	$75.00
Backhoe & Excavator (per hour, 2 hours min)	$161.50
Tractor (per hour, 2 hours min)	$64.00
Technician Time* (per hour, 2 hours min)	$48.00
Travel Time* (per hour, 2 hours min)	$48.00
Welder, Mower, or ATV (per hour, 2 hours min)	$53.50
1/2 Ton Truck (per mile)	$1.20
3/4 Ton Truck (per mile)	$1.70
1 Ton Truck (per mile)	$2.25
XHD Truck & Trailer (per mile)	$3.45

* All after-business-hours' time will be assessed at a rate of cost plus 50%.
* All contracted work will be assessed with a 15% contingency

Residential Tap Fees

Water Short Tap Less than 10 feet from main		$2,000.00
Sewer Short Tap (gravity) Less than 10 feet from main		$600.00
Sewer Short Tap (pressure)	Less than 10 feet from main	$2,500.00

Commercial Tap Fees

Short Tap Less than 10 feet from main		$2,000.00
Sewer Short Tap	Less than 10 feet from main	$600.00
Sewer Short Tap (pressure)	Less than 10 feet from main	$2,500.00

Miscellaneous Fees and Charges

Residential Connect (any new contract)	$340.00
Commercial Connect (any new contract)	$450.00
Residential Reconnect	$100.00
Commercial Reconnect	$200.00
Return Check Charge	$25.00
Water or Sewer Service Charge/Call per hour (including meter data log)	$50.00
Meter Accuracy Test (send out other than on-site test)	$100.00
Customer Service Valve	$60.00
Customer Service Inspection Fee	$75.00
Meter Box Replacement	$150.00
Transient Meter Fee (fire hydrant meter)	$500.00
Paper Bill Card Fee	$2.00
Paper Statement Fee	$5.00
Development Review Fee	Quoted by Cost

* All subcontracted work will be assessed with a rate of cost plus 20%.

RED RIVER AUTHORITY OF TEXAS

Environmental Services Laboratory

Price List

Effective October 1, 2026

General Chemical Analyses

Alkalinity, Total	$37.00
Ammonia, Nitrogen	$37.00
BOD_5	$58.00
$CBOD_5$	$58.00
COD	$47.00
Chloride	$42.00
Chlorite	$51.00
Chlorophyll-*a* / Pheophytin*	$51.00
Conductivity	$28.00
Nitrate	$42.00
Nitrate+Nitrite	$89.00
Nitrite	$42.00
Oil & Grease	$110.00
pH	$18.00
Phosphorus, Total	$68.00
Phosphorus Low-Level, Total	$89.00
Sulfate	$42.00
Temperature*	$18.00
Total Dissolved Solids (TDS)	$37.00
Total Kjeldahl Nitrogen (TKN)	$89.00
Total Organic Carbon (TOC)	$52.00
Total Suspended Solids, (TSS / MLSS)	$37.00
Volatile Suspended Solids, (VSS / MLVSS)	$37.00
Turbidity	$26.00

**** Not available for NELAP accreditation through the Texas Commission on Environmental Quality (TCEQ)***

Microbiological Analyses

Coliform, Total (P/A - Colilert)	$24.00
E. coli (IDEXX-MPN)	$39.00
Enterococcus (IDEXX MPN)	$39.00

Auto-Sampling Services

Equipment Rental (per day)	$57.00
Labor (per hour)	$57.00
Mileage	$0.70

Miscellaneous Fees

Sample Filtration	$16.00
Calculation Fee	$75.00
Field Monitoring or Courier	Quote
Fax	$1.50
Copy Fee (black & white)	$0.17/page
Shipping Fee	$50.00
Shipping Fee (Lead and Copper)	$100.00
Handling Fee	$15/customer shipment

Additional analyses not listed above are available for testing by quote.
All subcontracted tests will be charged at a rate of analytical test charge plus 20%.
Customer pays all subcontracted shipping, environmental fees, and cost differential from quote.
When available, after-hours services will be assessed at a rate of $57.00/hour

3000 Hammon Road, Wichita Falls, Texas 76310
Phone Number: (940) 723-1717 Fax Number: (940) 723-6529 Emergency Number: (940) 636-8024

RED RIVER AUTHORITY OF TEXAS

General Division

Office Rental Price List

Effective October 1, 2026

Boardroom Rental Fee	$200.00
Conference Room Rental Fee	$300.00
Cleaning Fee	$180.00

RED RIVER AUTHORITY OF TEXAS

HOLIDAY SCHEDULE AND
REGULARLY SCHEDULED BOARD MEETINGS
FOR FISCAL YEAR 2026-2027

The Red River Authority of Texas will be Closed for these Observed Holidays:

Columbus Day	–	Monday, October 12, 2026
Thanksgiving	–	Thursday, November 26, 2026
Day After Thanksgiving	–	Friday, November 27, 2026
Christmas Eve	–	Thursday, December 24, 2026
Christmas Day	–	Friday, December 25, 2026
New Year's Day	–	Friday, January 1, 2027
Martin Luther King, Jr. Day	–	Monday, January 18, 2027
Presidents Day	–	Monday, February 15, 2027
Good Friday	–	Friday, March 26, 2027
Memorial Day	–	Monday, May 31, 2027
Juneteenth (Observed)	–	Friday, June 18, 2027
Independence Day (Observed)	–	Monday, July 5, 2027
Labor Day	–	Monday, September 6, 2027

Regularly Scheduled Board of Directors Meeting Dates

January 19, 2027 – Executive Committee Meeting

January 20, 2027 – Board of Directors Meeting

April 21, 2027 – Board of Directors Meeting

July 21, 2027 – Board of Directors Meeting

September 15, 2027 – Board of Directors Meeting