



Control Number: 44357



Item Number: 394

Addendum StartPage: 0



Brazos River Authority



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February 19, 2021

Public Utility Commission of Texas
Central Records
1701 N. Congress Avenue, Suite 8-100
Austin, TX 78701

DKt. 44357

Re: Brazos River Authority Comprehensive Annual Financial Report for the Fiscal Years Ended
August 31, 2020 and 2019.

Attention: Sylvia

Dear Sylvia:

Per §22.72(g)(2) and §22.71(c), please find enclosed the following:

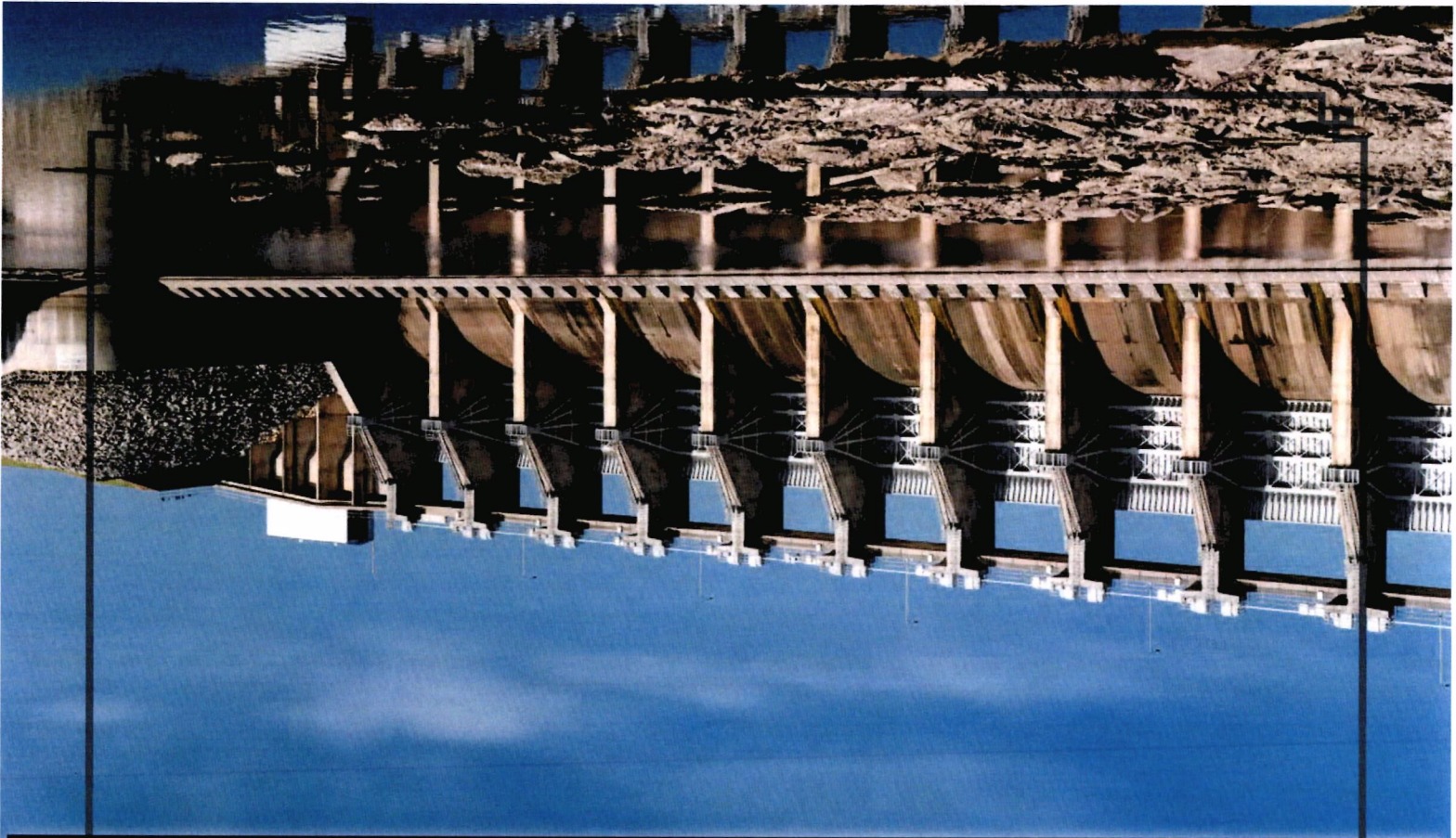
- Three bound copies
- One unbound copy numbered in lower right corner
- Tracking sheet from online filing

Kindest regards,

Matthew Wheelis, CPA

Matthew Wheelis, CPA
Accounting Manager

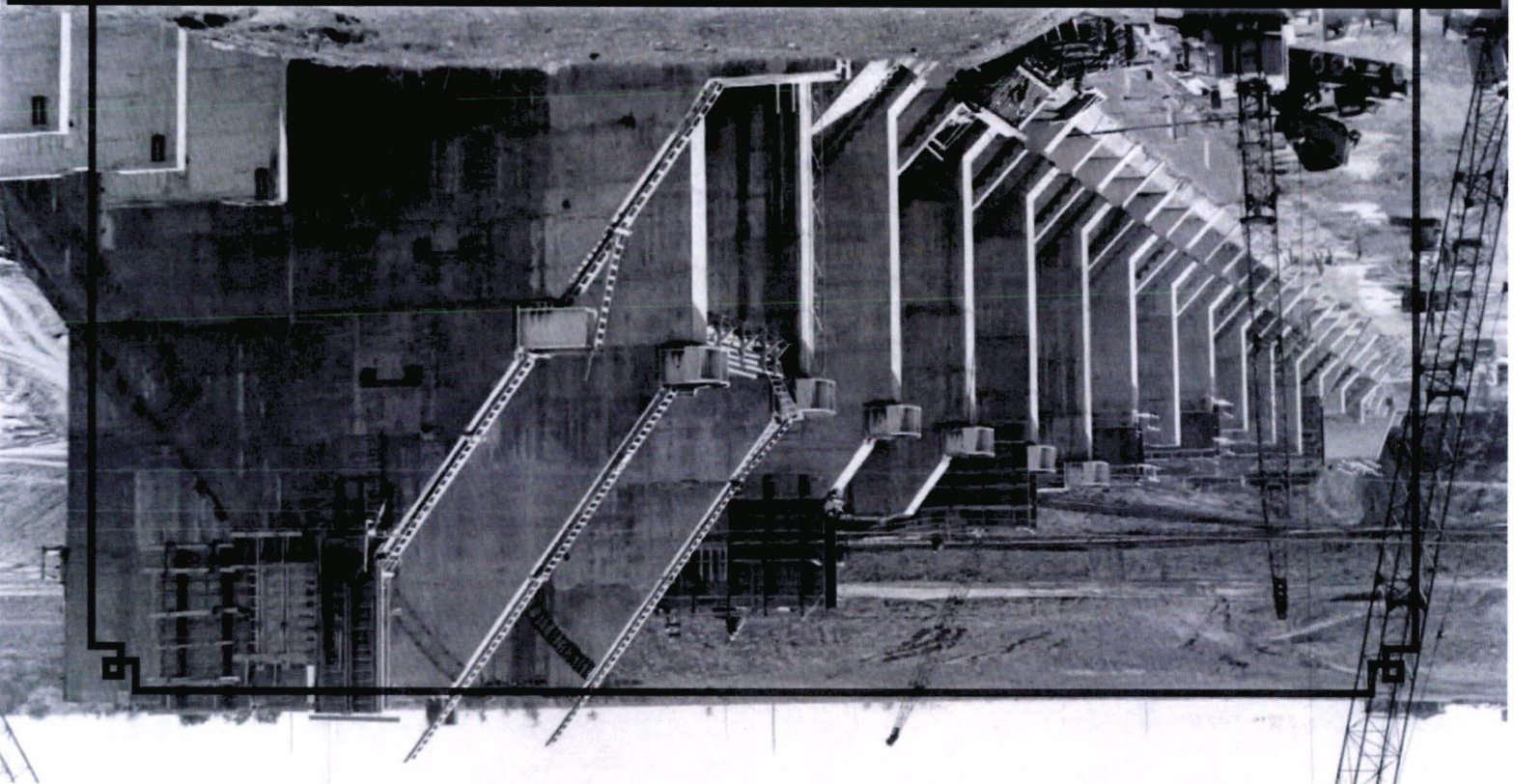
MW/tw
Encl:5



Brazos
River Authority



Comprehensive Annual Financial Report
for the Fiscal Years Ended August 31, 2020
and 2019 : Waco, Texas



Front cover page and page 1- Lake Granbury and the DeCordova Bend Dam construction.



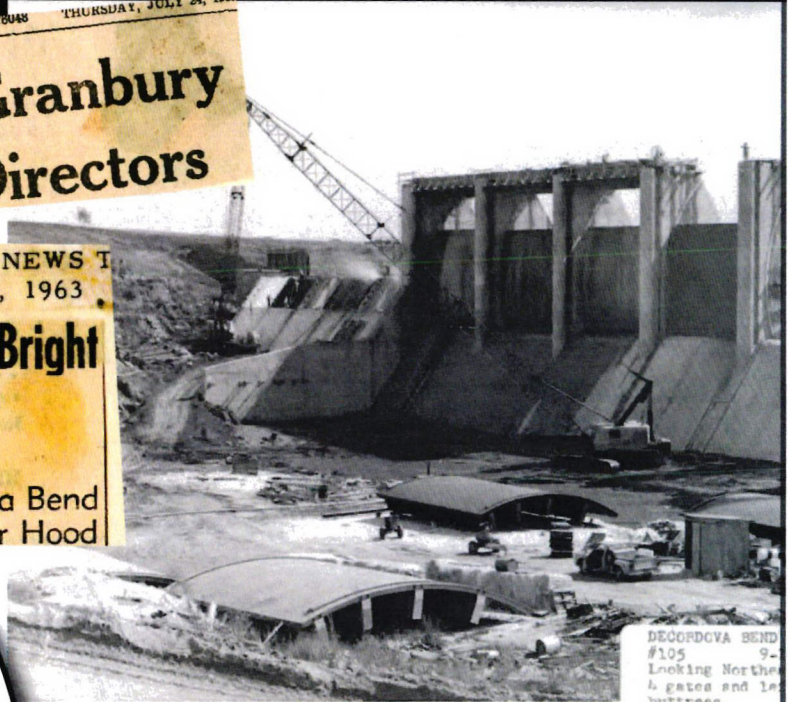
A River Authority of the State of Texas

It's Officially Lake Granbury By Action of BRA Directors

HOOD COUNTY NEWS-TABLET
October 17, 1963

DeCordova Dam Would Mean Bright Future For Hood County

The construction of the DeCordova Bend Dam would mean a bright future for Hood



DECORDOVA BEND
#105
Looking North
& gates and in
butteress.

Celebrating Lake Granbury's 1969-2020 DeCordova Bend Dam

Granbury to Welcome New Dam

BY E. D. ALEXANDER
HOOD COUNTY NEWS-TABLET

Granbury, Tex. (Hood County News-Tablet) — The new river will be laying at a doorstep of downtown Granbury when the DeCordova Bend Dam is completed.

subsequent to the back door. They will welcome the improvement of the old river with even arms, recognizing that the new lake will mean a lot to Granbury. The project will be

to be determined, work will begin on the project which will cost about \$20,000,000.

COL. WALTER J. Wells, formerly with the Corps of Engineers, examined his new job as

this point the river cuts a deep gorge through the terrain. At the south end of the bend the river enters with a mountain-like shape in the right and there back northward to a point within 100 or 150 feet of the

took a boat trip down the Brazos and wrote a fascinating book, entitled "Granbury to a River."

If Granbury citizens were expressing their sentiments they would say "Viva the long live

SUNDAY, JANUARY 20, 1966

Granbury Pinning Hopes Along Reservoir Shores

By ED CAPERS

Granbury — Situated in the hills of the Brazos River valley, the DeCordova Bend reservoir will exist like a gem across most of Hood County.

Beginning at the dam site miles south of here, the rules upstream into Parker County. Measured as the crow flies, the lake will be 17 miles long.

It will cover about 8,500 acres—13 square miles—and contain 155,000 acre-feet of water. An acre-foot is 121,600 gallons.

and planning is in the final stages.

RESIDENTS of Granbury, which will be one of the country's few towns in Texas right on the shores of a large lake, think it will mean big things for the area.

award a construction contract late this year. After that, it will be from 18 months to two years before water is impounded, and the lake begins to fill.

Some dikes will be built in Granbury to protect the new

age dike and

DECORDOVA BEND DAM
#89
June 3,
Looking West at Out

**Comprehensive Annual
Financial Report**
for the Fiscal Years Ended
August 31, 2020 and 2019

Prepared by the Finance and
Administration Department

**BRAZOS RIVER AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED AUGUST 31, 2020 and 2019**

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**BRAZOS RIVER AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Introductory Section

Brazos River Authority



**Board
of
Directors**

Director



**Gary
Boren**

Director



**Austin
Ruiz, O.D.**

Director



**Judy Ann
Krohn, Ph.D.**

Director



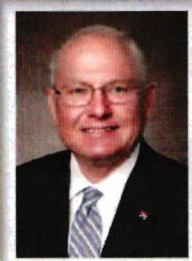
**Royce
Lesley**

Director



**Mike
Fernandez**

Director



**Jim
Lattimore, Jr.**

**BRAZOS
RIVER
BASIN**

Lubbock

Upper
Region

Graford

Abilene

Comanche

Presiding Officer



**Cynthia A.
Flores**

Director

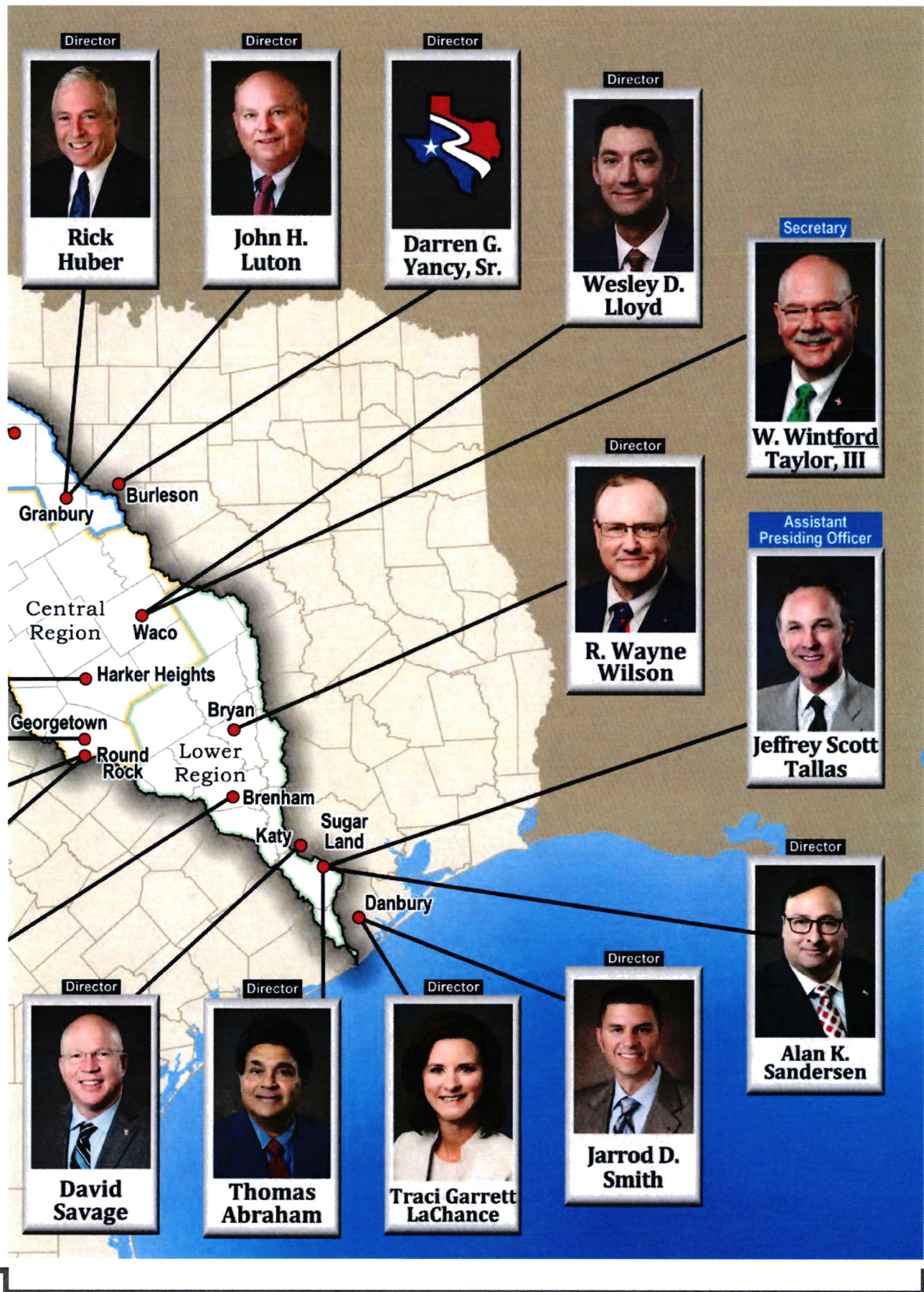


**Jennifer "Jen"
Henderson**

Director



**W.J. "Bill"
Rankin**



Management Team



Aaron Abel
Water Services Manager



Robert Starnes
Security & Safety
Programs Manager



Matt Phillips
Legislative & Governmental
Affairs Manager



Monica Wheelis
Human Resources Manager



Blake Kettler
Technical Services Manager



David Collinsworth
General Manager/CEO



Lauralee Vallon
General Counsel



Courtney Dobogai
IT Manager



David Thompson
Chief Financial Officer



Jon King
Special Projects &
Strategic Initiatives Manager



Brad Brunett
Lower/Central Basin
Regional Manager



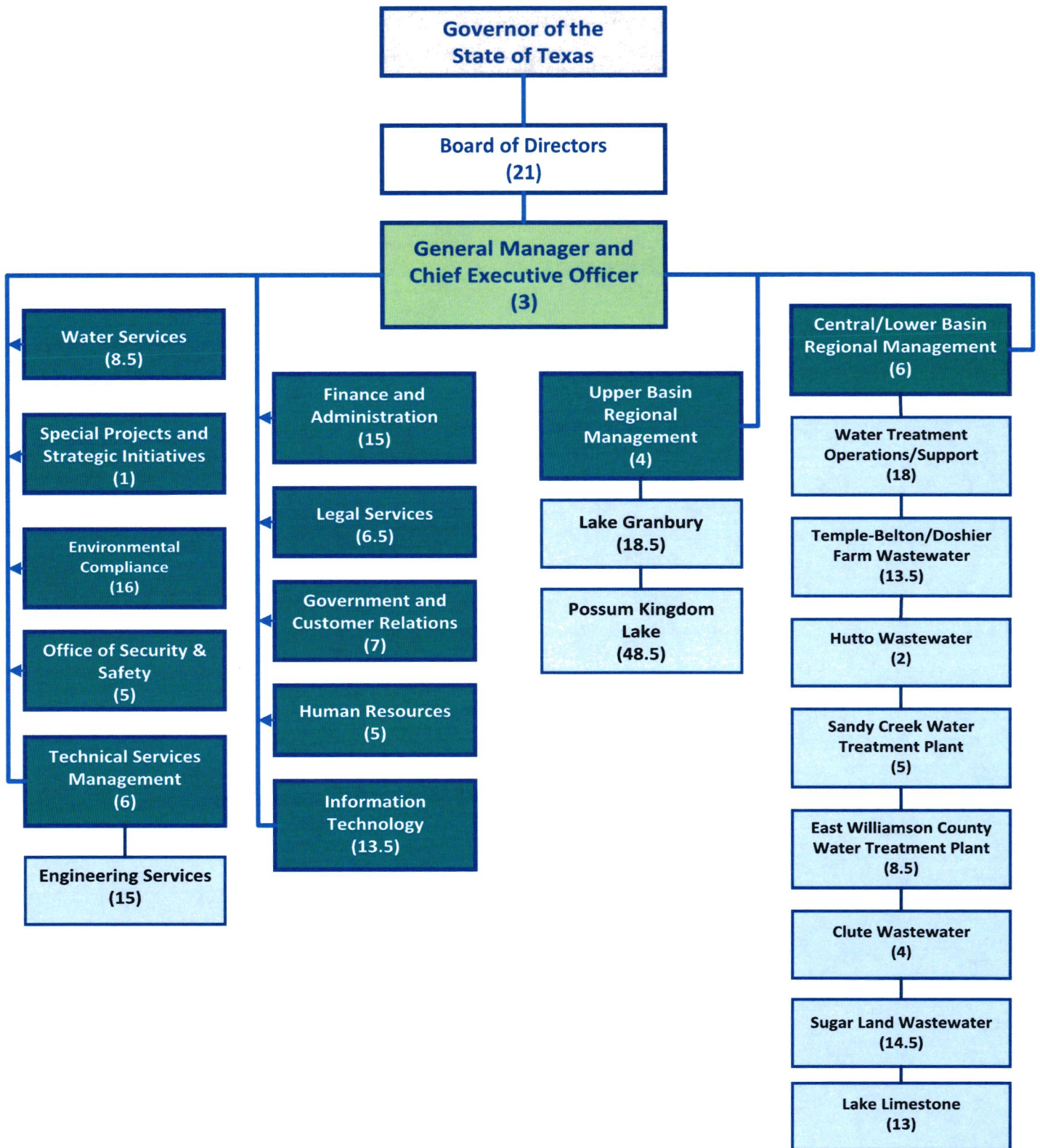
Mike McClendon
Upper Basin
Regional Manager



Tiffany Malzahn
Environmental &
Compliance Manager

Brazos River Authority Organizational Chart

(Including Position Counts)



Source: Brazos River Authority Annual Operating Plan FY 2021



Brazos River Authority

January 25, 2021

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

Directors:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Brazos River Authority (BRA) for the Fiscal Year ended August 31, 2020. The purpose of the report is to provide the Board of Directors, our customers, stakeholders, and other interested parties with reliable financial information about the BRA. The BRA's Finance Department has prepared the CAFR in accordance with Generally Accepted Accounting Principles (GAAP). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the BRA management. We believe the data, as presented, is accurate in all material respects and that it is presented in a manner designed to fairly set forth the financial position and the results of operations of the BRA.

The BRA's financial statements for the Fiscal Years ended August 31, 2020 and 2019 have been audited by Baker Tilly US, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the BRA for the Fiscal Year ended August 31, 2020 and 2019 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion and that the BRA's financial statements for the Fiscal Years ended August 31, 2020 and 2019 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the Financial Section of this report.

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

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

PROFILE OF THE BRA

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

The BRA's Board of Directors (Board) consists of 21 members appointed by the Governor and subject to confirmation by the Texas Senate. Directors serve six-year, staggered terms, with one-third being either replaced or reappointed each odd-numbered year. The Presiding Officer does not have a set term and serves at the pleasure of the Governor. The BRA functions under the direction of a General Manager/CEO, who reports to the Board.

The more than 42,000 square miles that comprise the Brazos River basin are divided into three geographic regions, Upper, Central and Lower Basins, each with distinctive climate, topography and water needs. Each region falls under the direction of a Regional Basin Manager.

Raw Water Supply

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

Together, the eleven reservoirs have conservation storage of more than 1.9 million acre-feet of water. The BRA is permitted by the State of Texas to divert and use 1,026,141 acre-feet of water from this system of reservoirs each year. The BRA contracts to supply water from these reservoirs on a wholesale basis to municipal, industrial, mining and agricultural water customers from West Texas to the Gulf Coast.

Water and Wastewater Treatment

The BRA operates a potable (drinking) water treatment system for the City of Leander, and also owns and operates the East Williamson County Regional Water System (EWCRRWS) at Lake Granger, which supplies treated water to several municipal providers in the area.

Wastewater was treated and discharged by the BRA at nine sewerage systems that it operated within the basin during Fiscal Year 2020: Temple-Belton, Doshier Farm, Sugar Land North and South, Sugar Land Greatwood, Sugar Land New Territory, Clute, Hutto Central and Hutto South. In addition to the treatment plants, BRA operations at some of these facilities includes lift stations and reuse installations. At the Temple-Belton plant, sludge, which is a by-product of the treatment process, is composted with wood chips and sold as fertilizer and soil enhancers to local municipalities and individuals.

Water Quality

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

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

Environmental Flow Standards

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

Regional Water Planning

The BRA continues to support the state and regional water planning process to help meet water supply needs in the Brazos River basin. The BRA participates in the development of regional water plans as established by the Texas Legislature in 1997 with the passage of Senate Bill 1. Significant portions of three of the sixteen planning areas lie within the basin including: Region O (High Plains), Region H (Houston-area), and Region G (Central Texas). The BRA serves as the administrative agency for Region G, and the BRA has a voting member on each of the planning groups for Regions O, G, and H. The next cycle of the regional water planning process will be completed in 2021, culminating in the 2022 State Water Plan.

Regional Flood Planning

During the 2019 legislative session the Texas Legislature created a new state flood planning process. Similar to the state water planning process that has existed for many years, flood planning breaks the state up into multiple Regional Flood Planning Groups that will develop regional plans including local projects to prevent and mitigate flooding in the future. These local plans will then be consolidated into a State Flood Plan by the Texas Water Development Board (TWDB). The Brazos Basin includes two Regional Flood Planning Groups (Upper and Lower Brazos), and the BRA will serve as a voting member on both groups. The BRA has also volunteered to serve as the administrative agent for the Lower Brazos Regional Flood Planning Group. The TWDB will designate members for the regional planning groups at its October 1, 2020 meeting, thus kicking off the regional flood planning process in earnest.

ECONOMIC CONDITION AND OUTLOOK

The fiscal year ended August 31, 2020 was a tumultuous period for the global economy. The U.S. economy had experienced a moderation in growth by the end of 2019 but remained within a healthy range with Gross Domestic Product (GDP) at 2.1% and Unemployment at 3.5%. Expectations were for this environment to hold steady through 2020. Things changed quickly and dramatically when a global pandemic, COVID-19 virus, entered the picture and by mid-March 2020 the global economy shut down and the fixed income markets went into free fall. U.S. GDP for the second quarter of 2020 fell to negative 31.4% and Unemployment topped out at 14.2%. Over 25 million Americans lost their jobs and filed for Unemployment benefits during the first six months of the pandemic. As of August 31, fewer than half of those jobs have been restored and the uncertainty of the ability to combat the virus weighs heavily on economic outlook.

The Federal Open Market Committee (FOMC) enacted two rate decreases in late 2019 and then two rate decreases during early 2020, all in 25 basis-point increments. But when the pandemic-induced market collapse occurred, the FOMC took the unprecedented move to drop rates by 100 basis-points in March 2020. At the beginning of the fiscal year the Fed Funds Rate was in a range of 2.00% to 2.25%, but at the end of the fiscal year it had fallen to a range of 0% to 0.25%. Given the grim outlook for a quick recovery, the FOMC has projected that the Fed Funds Rate will remain in the current range until 2024.

The housing market actually benefitted during the fiscal year due to the extremely low interest rate environment. Most regions of the U.S. have entered into a sellers' market with rising home prices and multiple offers. The current pace may not be sustainable if the economy does not fully open up from the COVID-19 shutdown/restrictions for businesses. There is a bifurcation occurring within the American public's recovery

experience with some seeing little change in their economic situation during 2020 and others seeing a dire outlook. Those having jobs that allow them to work remotely or maintain healthy working conditions only experienced a minor blip in their incomes, but those who rely on workplaces with close proximity to others or in businesses that had to shut down have had a devastating year. The stock market has had a volatile year but ended the fiscal year approximately 7.6% higher than the past year.

The Texas economy has performed well relative to the national economy. The unemployment rate in Texas rose from 3.4% in August 2019 to 6.8% in August 2020, lower than the national rate of 8.4% at the end of the period. Despite the pandemic, Texas increased the number of jobs by 2.1% during the year. By comparison, California has experienced a decrease of 4.0%, New York has decreased 0.01% and Florida has decreased 2.2%. Texas sales tax revenues rose 0.22% during the fiscal year. Texas has seen a favorable housing sector throughout the year.

The outlook for fiscal year 2021 is for continued uncertainty. The market is anticipating that the FOMC will maintain the Fed Funds Rate within the range of 0% to 0.25% for an extended period. The market is also projecting that further stimulus will be required over the next year to support the flagging economy.

Interest rates for investments allowed by the BRA's Investment Policy and State Law have fallen throughout the year, most dramatically during the last five months of the period. Local Government Investment Pool rates are significantly lower than they were at the end of August 2019. Pool rates were 0.16% at the end of August 2020, dramatically below the 2.16% yield at the end of August 2019. Rates for Certificates of Deposit (CD) were also reflective of the economic decline at year end. At the end of August 2020, a one-year CD yielded 0.37%, compared to 2.73% at the end of August 2019. CDs and other financial institution deposits remain significantly more attractive than alternative Treasury and Agency positions.

LONG-TERM FINANCIAL AND STRATEGIC PLANNING

In July 2020, the BRA's Board reviewed the Fiscal Year 2021 Long Range Financial Plan. This look into the future is both an inventory of projects anticipated to be undertaken by the BRA to satisfy its mission, as well as an analysis of the implications of those projects on the BRA's System Water Rate (SWR). The inventory of projects is a mixture of infrastructure repair and replacement, new water source development, operations and maintenance needs, central services projects, security, and water quality initiatives.

Initial indications based on this analysis are that the BRA's SWR over the next several decades will continue to be among the lowest in the State of Texas, while maintaining a level of service sufficient to address the obligations placed upon it by our enabling legislation, our Strategic Plan, and the vision of our Board and management. Future ratemaking will be based upon a combination of both debt-funded initiatives, as well as those in which a cash infusion will be made, through the use of the Board designated series of reserve funds to balance and stabilize rates. Additional information on the BRA's Board Designated Reserves can be found in Note 12 of the Notes to the Basic Financial Statements.

Also in July 2020, the BRA Board of Directors re-adopted the Strategic Plan with updates reflecting changes from the version adopted in 2019, and enhancements to reflect initiatives funded in the Fiscal Year 2021 Annual Operating Plan.

RELEVANT FINANCIAL POLICIES

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

MAJOR INITIATIVES

During Fiscal Year 2020, the BRA managed many new and ongoing water quality and water supply projects. Development of new water supply remains the priority for the BRA as we continue work to (1) pursue groundwater development, (2) initiate permitting and design of Allens Creek Reservoir, and (3) pursue other long-term water supply projects. Approval of the System Operation Permit in September 2016 and subsequent resolution of remaining legal challenges in 2018 allowed the BRA to offer additional water supply to customers and subsequently issued contracts to 21 customers for a total of 92,986 acre-feet. The following is a synopsis of select programs and projects managed by the BRA in Fiscal Year 2020:

WATER SUPPLY

- ***Water Supply Operations and Flood Management***

Below normal precipitation and drought conditions across the Brazos River basin were present at the on-set of Fiscal Year 2020. The BRA's water supply storage was 97 percent full at the beginning of the Fiscal Year, but over the first two quarters lack of rainfall caused additional expansions of short-term drought impacted areas focused within the central and lower portions of the Brazos River basin. Rainfall throughout the upper and central portions of the basin in Spring 2020 provided some drought relief. Heavy rainfall at Possum Kingdom Reservoir on the morning of March 18th caused the first four-gate flood release from Morris Sheppard Dam since 2010. The BRA water supply system was 99 percent full entering the last quarter of Fiscal Year 2020. Dry conditions downstream of the reservoir system caused streamflow along the mainstem of the Brazos River to decline to a point that required the need to initiate downstream water supply releases to customers along the lower portions of the basin. During July and August 2020 approximately 16,000 acre-feet of water was released to satisfy customers within this part of the basin. Approximately 1.1 million acre-feet of floodwater was released through the three BRA owned and operated reservoirs of Possum Kingdom Reservoir, Lake Granbury, and Lake Limestone in Fiscal Year 2020. At the end of Fiscal Year 2020 the BRA's water supply storage was 92 percent full.

- ***Water Conservation***

The BRA continued on-going efforts to develop and encourage water conservation practices in Fiscal Year 2020. These efforts included public education and outreach through the BRA's website, social media pages, newsletters, coordination with other water providers, and evaluation of water conservation information reported to the Texas Water Development Board (TWDB) by the BRA's customers.

The BRA also participated in conservation education through the "*Major Rivers*" water education program, partnering with the TWDB to provide educational materials to all Brazos River basin elementary schools free-of-charge.

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

The BRA has been pursuing reallocation studies in two of the eight US Army Corps of Engineers' reservoirs in which it contracts for water supply storage. Additional water supply can potentially be developed in cases where reservoir storage historically reserved for other purposes, such as flood control or hydroelectric power generation, can be reallocated to water supply. The two reservoirs being considered are Lakes Whitney and Aquilla. Unfortunately, the Assistant Secretary of the Army for Civil Works denied the request for reallocation at Lake Aquilla due to concern over the loss of flood storage, making the future of that project uncertain at best. However, efforts are still underway to initiate a reallocation study at Lake Whitney, including the BRA offering to fully fund the study through what the Corps of Engineers calls a contributed funds package, or alternatively having the

study authorized under the next Water Resources Development Act enacted by the Federal government. Both of these avenues may take several years and multiple attempts to be successful .

- ***Allens Creek Reservoir***

Allens Creek Reservoir is a planned off-channel water storage reservoir that will be constructed on Allens Creek, a tributary of the Brazos River, in Austin County. An off-channel reservoir impounds water pumped from an adjacent river or stream when flows are adequate for storage and subsequent use. The dam for Allens Creek Reservoir will be located on Allens Creek; however, the primary water source for the reservoir will be flows pumped from the Brazos River.

Currently, the BRA, the City of Houston, and the TWDB are partners in the project. However, the 86th Texas Legislature passed House Bill 2846 in 2019, which required the City of Houston to sell its interest in the reservoir to the BRA for \$23 million by January 2020. Implementation of the legislation has been delayed due to the fact that the City filed a lawsuit challenging the constitutionality of the law. The City prevailed in district court, however the State of Texas and the BRA appealed that decision. The appeal is currently pending. It is likely that the issue will ultimately be decided by the Texas Supreme Court. The BRA will continue to work through the legal process with the City and the State of Texas, with the goal of moving this project forward to construction as quickly as possible.

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

The BRA has been actively engaged in groundwater development efforts in Williamson County. In 2020, the BRA reached final completion of its first Trinity aquifer groundwater well at the EWCRRS treatment plant adjacent to Lake Granger. The groundwater will be conjunctively used with Lake Granger surface water to help supply the rapidly growing communities along the Interstate 35 and State Highway 130 corridors in Williamson County. Additional well sites are planned to be added in the future as water needs increase.

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

The BRA is constantly reviewing potentially feasible water supply strategies to address the future needs of the Brazos River basin. There are a wide variety of strategies available, including not only evolving technologies such as seawater and/or brackish groundwater desalination and aquifer storage and recovery, as well as the more traditional approaches of surface water reservoir construction and groundwater well completions. The BRA began development of a comprehensive Integrated Water Resources Plan (IWRP) designed to identify and assess the strategies available to meet future needs.

WATER TREATMENT

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

The EWCRRS and its associated 12.8 million gallons per day (MGD) water treatment plant currently supplies treated drinking water to the City of Taylor, the City of Hutto, Jonah Water Special Utility District, and the Lone Star Regional Water Authority. Additional customers are expected to connect to the system in the future to meet water needs in rapidly growing Williamson County. The BRA has invested in significant upgrades to the EWCRRS since acquiring the water treatment plant from the City of Taylor in 2008. Planning and design for the next expansion will begin in Fiscal Year 2021.

WATER DELIVERY

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

The Williamson County Regional Raw Water Line (WCRRWL) is a water transportation pipeline operated by the BRA for three municipal customers in Williamson County: the City of Georgetown, the City of Round Rock, and Brushy Creek Municipal Utility District. The line delivers water from Lake Stillhouse Hollow in Bell County to Lake Georgetown in Williamson County and is vital for meeting these customers' water needs during dry times. The BRA determines when to pump water based on lake elevation trigger levels. Due to dry conditions in the Lake Georgetown watershed, the WCRRWL was in service for most of Fiscal Year 2020, transferring approximately 30,000 acre-feet of water from Lake Stillhouse Hollow to Lake Georgetown. Planning for the final phase of pumps that will take the system to its ultimate design capacity will begin in Fiscal Year 2021.

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

The BRA has been planning for a new pipeline to connect Lake Belton to Lake Stillhouse Hollow to help meet the growing water needs of customers that divert water from Lake Stillhouse Hollow. These lakes are less than ten miles apart and this connection will help the BRA better manage water supplies in this part of the basin. Preliminary engineering work for this pipeline is currently underway and scheduled for completion in Fiscal Year 2021. The pipeline is expected to be operational in the next five to seven years.

MAINTENANCE

Dam Rehabilitation Projects

As part of proactively addressing the safety, preventive maintenance and ongoing operational efficiency of the BRA-owned dams, the BRA continued modifications to low-flow gates at Lake Granbury's DeCordova Bend Dam. The low-flow gate modification project has taken significantly longer than anticipated due to design and contractor inefficiencies discovered during construction. The BRA expects a satisfactory resolution of the issues within the next fiscal year and significant movement towards completion of the project. The BRA staff completed negotiations and reached a settlement agreement with all parties, recovering sufficient funding to complete the project. The BRA's new consulting engineer is near completion of the design remediation and the expectation is to bid for construction next year. We are proceeding with other dam projects at DeCordova Bend Dam, including the stoplog trolley replacement project.

The BRA's Reservoir System Maintenance Unit (RSMU) group is constantly seeking means and methods to improve its maintenance of the spillway gates which is an annual recurring initiative at Possum Kingdom Lake's Morris Sheppard Dam. RSMU staff obtained design drawings/specifications for the pier plate walls and began self-performance of maintenance improvements to Morris Sheppard Dam's nine spillway gates. Additionally, the BRA staff successfully brought to resolution the ring jet valve shaft and gearbox alignment at the dam allowing for the full capacity of releases through the ring jet valves. Lastly, Gannett Fleming has completed Phase II of a four phase project to review and assess the dam's concrete components and potential concrete remediation activities.

The BRA has also begun a series of comprehensive studies to determine the need for future rehabilitation projects on the forty year old Sterling C. Robertson Dam at Lake Limestone. This is a multi-year effort that initially includes replacement of the five tainter gates that are used to pass floodwater through the dam. Engineering design work for the tainter gate replacement project is underway and is expected to be completed in Fiscal Year 2021. Gate fabrication and construction is expected to begin in Fiscal Year 2022. The BRA is also beginning an assessment of the dam's hydrostatic relief system and repairs that are needed to the stilling basin on the downstream side of the dam.

Internal Engineering Design and Project Oversight

The BRA Water Supply System's most critical assets are the three dams which impound the self-owned and operated reservoirs. In the past, the BRA has relied heavily on outside consultants to deliver all services related to the investigation, maintenance and rehabilitation of these facilities. While we will continue to use consultants to augment resource needs and staff capabilities, we will continue to perform services and reviews internally to make the BRA employees the technical experts on BRA facilities. Internal Engineering efforts in Fiscal Year 2020 included the following:

- Completed the 5-year technical inspections, precision surveys and downstream range line surveys for De Cordova Bend Dam and Sterling C. Robertson Dam
- Working towards completing the annual maintenance inspection, precision survey and downstream range line survey of Morris Sheppard Dam Precision
- Finalizing completion of the 60% Design Phase for the Sterling C. Robertson Dam Tainter Gate Replacement Project
- Completed the 2020 Geotechnical and Instrumentation Data Assessment of Morris Sheppard Dam
- Finalizing the Capacity Evaluation and Tier 1 Hydrologic Modeling Guidelines reports for the Lake Belton-Stillhouse Hollow Pipeline Project. Also, preparing the draft technical memorandums for the Delivery System Phasing Evaluation and Additional Alternatives Evaluation
- Completed the 60% Design Phase for the DeCordova Bend Dam Low Flow Facilities Project
- Completed installation of the East Williamson County Production Well
- Initiated the East Williamson County Regional Water Treatment Facility Phase II Expansion Project
- Initiated the Sterling C. Robertson Dam Hydrostatic Relief System Project
- Initiated various projects at Morris Sheppard Dam to include the Miscellaneous Structural Project, Flow Control Gate Replacement Project, and the Spillway Pump and Piping Project

PROJECT MANAGEMENT OFFICE

The BRA is in the process of implementing a Project Management Office, which is a new department in Technical Services and the organization. The purpose of this department is to support the BRA mission by developing and implementing best practices and methodologies to train, equip and enable project managers to deliver projects that exceed stakeholders' expectations.

We accomplish this by completing the following objectives:

- Develop project management methodology to standardize and improve project delivery
- Support project delivery staff with training and implementation assistance
- Standardize approach and improve efficiency
- Provide project scheduling support for uniformity and accuracy
- Develop consistency and efficiency to deliver projects within scope, schedule, and budget
- Identify industry best practices and standards to improve project delivery

CAPITAL PLANNING

Capital Planning provides a long-range replacement and repair plan for BRA's capital asset portfolio. This includes everything from asset management, to capital projects, repair & replacement criteria, as well as preventative maintenance of assets. Currently our capital planning process consists of prioritizing projects based on needs considering many factors or drivers such as input from departments, priorities, political or customer drivers, resource availability, recommendations from assessments of our operation facilities, and any other significant input. A major initiative for this department is developing a risk-based asset management and capital planning program.

Risk-Based Asset Management and Capital Planning Program

The BRA is in the process of implementing a risk-based and long-term capital planning approach. Currently, we are in the process of selecting a firm to assist us with this process. This program will help improve decision making on asset renewal through improved prioritization of assets across the BRA and also improve long-term capital forecasting through improved assessment of renewal needs. Another part of this project is for the selected consultant to help the BRA in selecting an asset management software.

PROPERTY MANAGEMENT

Property Master Plan

The BRA is in the process of developing a basin wide Property Master Plan per the direction of the newly appointed Property Management Committee. The purpose of this plan will be to provide a current status of all BRA property holdings. This will include a database of all properties, associated easements, and encumbrances. The plan will assess all BRA properties based on various criteria, such as developed, undeveloped, fee-simple, leased property, highest and best use, alternate use, environmental conditions, rare, threatened and endangered species, potential for mitigation banking, operational necessity, future operation necessity, recreation, future recreation development, and archeological significance.

Objectives include:

- Development of a property management tool consisting of an interactive database using GIS that includes all BRA properties and associated features
- Evaluation of properties for consistency with the BRA's Mission Statement
- Development of a comprehensive Property Master Plan that encompasses all BRA retained properties
- Development of a matrix to evaluate properties throughout the basin that can be utilized to help make business decisions associated with the property in the future

ENVIRONMENTAL

Texas Clean Rivers Program and Other Environmental Assessments

Since the 1990's, the BRA has collected and assessed surface water quality data in streams and reservoirs throughout the Brazos River basin as part of the Texas Clean Rivers Program. During Fiscal Year 2020, data collection activities were significantly impacted by COVID-19. For the data the BRA was able to collect, the data completion rate was 97.7% and we submitted approximately 16,319 of the originally planned 23,715 water quality and environmental data points to the Texas Clean Rivers Program.

Environmental Services provided support to the BRA's wastewater and reservoir operations. These services included investigating algal blooms and fish kills, invasive species monitoring, assisting with data collection and analysis for regulatory permitting and compliance, stream assessments for wastewater permitting, assistance with waste classification, storage and disposal, and providing technical assistance to basin customer relation's staff.

Environmental Flow Standard Studies

In support of the System Operation Permit, Water Management, and the State's environmental flow standards program, Environmental Services staff have completed sixty instream flow assessments in eight different river segments and twenty-four channel surveys, riparian assessments, and sediment surveys in six different river segments to contribute to the verification of adopted environmental flow standards. Environmental Services' ability to complete instream flow-related studies in the basin was impeded in Fiscal Year 2020 by travel and social distancing restrictions imposed in response to COVID 19.

Endangered Species Issues Engagement

Currently, two Central Texas freshwater mussels are under consideration by the U.S. Fish and Wildlife Service (USFWS) for Federal endangered species protection. These species are known to currently occur in the Brazos River basin. Listing of these species could impact current and future operations significantly. In response to this concern, the BRA is pursuing a Candidate Conservation Agreement with Assurances (CCAA) with the USFWS. Negotiations with USFWS began in May 2018 and are complete. The CCAA was submitted to USFWS in August 2020 for formal consideration and review.

Reservoir Fisheries Habitat Improvement

The BRA, in partnership with the Texas Parks and Wildlife Department, completed reservoir habitat improvements on Lake Limestone and Lake Somerville. The goal of these efforts is to improve deep-water reservoir habitat to mitigate the negative effects of reduced water levels during prolonged drought on reservoir fisheries.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the BRA for its CAFR for the Fiscal Year ended August 31, 2019. This was the 34th consecutive year that the BRA has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the BRA must publish an easily readable and efficiently organized CAFR. The report must satisfy both GAAP and applicable legal requirements.

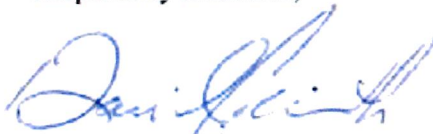
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program requirements and we are submitting the report to the GFOA to determine its eligibility for another certificate.

In addition, the BRA also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for Fiscal Year beginning September 1, 2019. This was the sixth consecutive year the BRA has achieved this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the BRA's budget document had to be judged proficient as a policy document, a financial plan, an operations guide and a communication device.

The preparation of this CAFR would not have been possible without the efficient and dedicated endeavors of the entire staff of the Finance and Administration Department. We would like to express our sincere appreciation to Matt Wheelis, Melissa Anthony, Michele Giroir, Kim Goolsby, Janie Crowder, Marian Kuntz, April Coleman, Annie Mikolajewski, Tom Downey, Clarissa Cabrera, Karen McCleney, Cindy Geer, and all other employees who contributed to the preparation of this report.

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

Respectfully submitted,



David Collinsworth
General Manager/CEO



David Thompson, CPA
Chief Financial Officer

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Government Finance Officers Association

Certificate of
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Presented to

**Brazos River Authority
Texas**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

August 31, 2019

Christopher P. Morill

Executive Director/CEO

50th Anniversary of Lake Granbury and the DeCordova Bend Dam

The Fort Worth Press called it a "Bonanza."

The Brazos River Authority was going to build its second water-supply reservoir on "The Brazos, which snakes across the country at a slow pace, except at floodtime, [holding] the ancient and sleepy little town of Granbury in one of its familiar bends."

A land boom was coming, reads the article, because the "lazy but beautiful Brazos River soon will rise out of its banks and form what will be one of the state's most scenic lakes."

Lake Granbury was born.

It was a long journey to reach that point. More than 300 people from across Hood County and surrounding cities in 1961 listened to then-BRA Board Member Walter Humphrey describe the plans for the dam, according to a March 2, 1961 edition of the Hood County News Tablet.



"A dream which began 30 years ago is close to realization now," Humphrey said, according to the article.

An Oct. 17, 1963 article in the Hood County News Tablet reads: "The construction of the DeCordova Bend Dam would mean a bright future for Hood County." The article lists the benefits of a lake to include water supply, recreation, an increase in tourism and more.



Granbury, "Where Texas History Lives," was already known for its multitude of historic sites and deep Texas history. And in 2020, the area celebrates 50 years of Lake Granbury and the DeCordova Bend Dam.

50 years ago

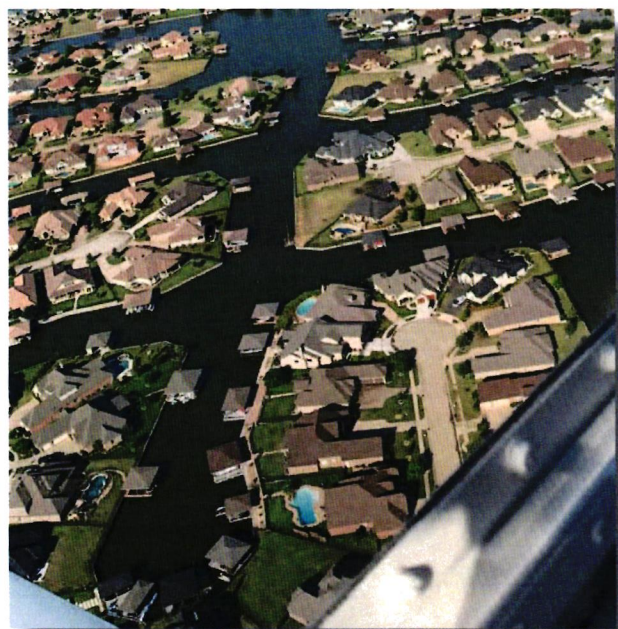
The reservoir that would become Lake Granbury was first conceived as part of a six-dam master plan in 1935 by the founding members of the Brazos River Conservation and Reclamation District, as the Brazos River Authority was then known.

However, following the construction of the Possum Kingdom Lake in 1941, a lack of federal and state funding along with the growth of the U.S. Army Corps of Engineers flood control projects changed the organizations' goals. The DeCordova Bend site, originally planned to be a hydroelectric-producing facility similar to Possum Kingdom Lake, would now serve as a water

supply source for steam-electric production. Through a contract with TXU Electric to purchase water for industrial use, including cooling water for a natural gas-fired steam electric power plant on the reservoir, funding to build the new reservoir would occur entirely without tax dollars.

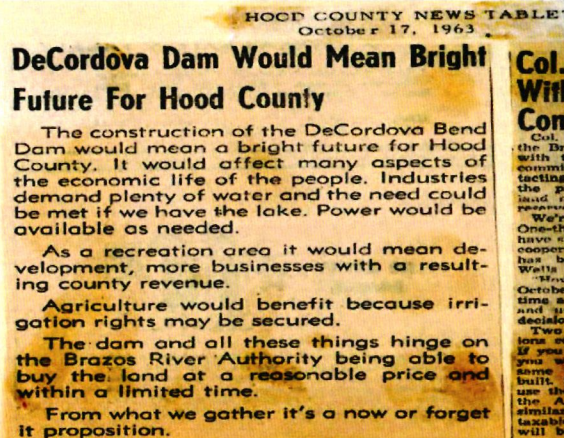
The BRA broke ground for Lake Granbury in December 1966, touching off a rush of development in the Hood County area. Restaurants, hotels, car dealerships and subdivisions began shaping the small town of Granbury. The dam was completed in late 1969, and a formal dedication attended by hundreds was held during the spring of 1970.

Then in 1970, Granbury and Hood County's population saw the beginning of a boom.



According to the Texas State Historical Association, between 1970 and 1980, Hood County ranked sixth among all United States counties for the highest growth rate. Part of that sudden increase was due to the reservoirs' completion, which had turned the county into a popular recreation and resort center and retirement community as anticipated by local officials. In 1970, Hood County had 192 retail establishments, and in 1980, that number jumped to 777, according to the state association. From 1960 to 1980, the population increased threefold, from 5,443 to 17,714.

Fast forward, and in 2020, there are more than 3,300 residential boat docks and another 25 commercial boat docks along the edges of Lake Granbury. Constructed, owned, and operated by the BRA, the dam and lake provide a vital water supply source. The project was authorized



through a permit issued by the State of Texas in 1964 and provides the capacity to store water to meet the needs of municipalities, industries, agriculture, and mining.

The Brazos River flows in a winding pattern north to south through the area, while the Paluxy River flows from the northwest to southeast across the county's southwest corner. Granbury, the county seat, sits 41 miles southwest of Fort Worth on U.S. Highway 377. The city was named for Gen. Hiram Bronson Granbury, who led Confederate troops from this area into battle during the Civil War, according to the historical association. It even took three spirited elections to make Granbury the county seat, instead of the older Glen Rose and Fort Spunky further south.

Namesake

DeCordova Bend Dam is a massive concrete and earthen structure, housing 16 flood gates and stretching 84 feet tall. The structure was named for Jacob Raphael De Cordova, a prominent land agent and colonizer who settled in the area during the late 1830s following the Texas Revolution. DeCordova served a term in the Texas House of Representatives in 1847 and traveled across the Lone Star State, acquiring land to sell to prospective settlers.

Granbury is home to one of the three BRA reservoirs. The other two owned and operated by the BRA include Possum Kingdom Lake, located on the main stem of the Brazos River northwest of Fort Worth, and Lake Limestone, which is located on the upper Navasota River in Limestone, Robertson and Leon counties. All three reservoirs were constructed for water supply purposes.

All three undergo a rigorous maintenance regimen by BRA employees entrusted with prolonging the life of these vital structures.



DeCordova Bend Dam: The man behind the name

The Brazos River Authority built the DeCordova Bend Dam roughly 50 years ago, but the legacy of the man behind the name has lived on long before.

Jacob Raphael De Cordova. Texas land agent. Colonizer. Texas Legislator. Author. Entrepreneur. Namesake of the dam that creates the Brazos River Authority's Lake Granbury.

Jacob Raphael De Cordova's legacy lives on throughout the Brazos River basin and the Lone Star State. It is a legacy of love for Texas, traveling extensively across the state, including the frontier western areas, purchasing and acquiring large tracts of land to sell to settlers after boasting of all the area's many benefits.

"Standing about 5 feet 11 inches tall and weighing around 165 pounds, Jacob De Cordova was handsome, ready with a smile and a jest," according to the book, "Jacob DeCordova, Land Merchant of Texas," by James M. Day, director of State Archives, Texas State Library, and produced by the Heritage Society of Waco in April 1962. "His cosmopolitan wit made him a great favorite among the early-day Texans. Most of them had never seen another man like this. He was a polished mimic, an actor in his charming stories and an orator who could enthrall every audience."

'First recorded braggart'

DeCordova Bend Dam and Lake Granbury saw the first hints of construction by the BRA in December 1966. Both were complete by September 1969 at what was called DeCordova Bend, a curve in the Brazos River, six miles southeast

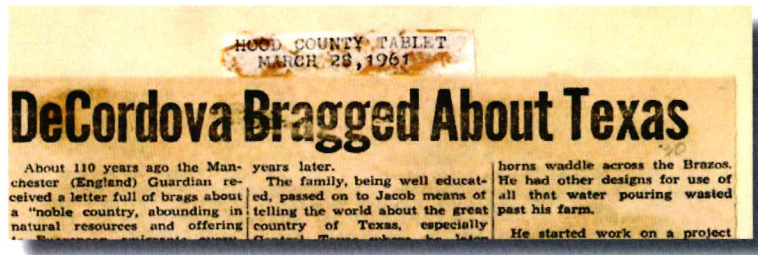


of the town of Granbury in southern Hood and west-central Johnson counties.

But what made De Cordova so special that a bend in the mighty Brazos River was named for him and subsequently the dam that created Lake Granbury?

"About 110 years ago the Manchester (England) Guardian received a letter full of brags about a 'noble country, abounding in natural resources and offering to European emigrants everything they can desire.' The 'noble country' was Texas, and the first recorded braggart of Texas was Jacob De Cordova," reads a March 28, 1961 article in the Hood County Tablet.

The reservoir created by the 16-gate dam provides water for municipalities, industries, agriculture, and mining. It's namesake, who died roughly 100 years prior, was born in Spanish Town, Jamaica, the youngest of three sons of Judith and Raphael De Cordova, according to the Texas State Historical Association.



The De Cordova family originated in Spain, where Gonsolvo de Cordova, a noted Spanish general, had been knighted in the 15th Century for saving King Ferdinand's life by catching a dart by hand, according to Day's book. The Jewish family was eventually forced from their native land because they would not convert to Christianity.



De Cordova's mother died at his birth in 1808, and he was reared by an aunt in England, where he became proficient in English, French, Spanish, German, Hebrew and some Indian dialects. De Cordova later joined his father in Philadelphia, where he met and married Rebecca Sterling in 1826.

In 1832, Andrew Jackson was elected to his second term as President of the United States, and a cholera epidemic hit Philadelphia. De Cordova, who often wrote letters about his poor health, returned to Jamaica, where he started a newspaper, the Kingston Daily Gleaner, with his brother Joshua.

In early 1836, De Cordova again returned to the states, landing in New Orleans, where he shipped cargoes of staples to Texas during its struggle for independence, according to the Texas State Historical Association.

Eye on Texas

"After the battle of San Jacinto in April, 1836 made Texas an independent Republic and opened trading opportunities with the United States, New Orleans businessmen at once entered into commercial relationships with the new nation," according to Day's book. "One of the first merchants to take advantage of the favorable situation was Jacob De Cordova."

De Cordova finally settled in Texas in 1839, six years before Texas became the 28th state to be added to the Union. He lived in several areas across the state, first in Galveston, and later in Houston, where he served two years on the city council.



He was elected a state representative to the Second Texas Legislature in 1847 though lost the reelection for a second term.

"De Cordova was a dreamer of large dreams, a planner and builder," according to Day's book. "He was equally at home in the life and doings of a great city, or with a surveying crew at some desolate forks of the creek."

He was on his way to becoming a land merchant on the Texas frontier.

There wasn't much demand for land in Texas in 1845, but in seeing that it would one day become valuable and with the belief Texas would soon become a part of the United States, De Cordova opened one of the largest land agencies the state was ever to know, according to Day's book.

He traveled the frontier of the Lone Star State, seeing much of Texas firsthand by horseback. He purchased large amounts of land that he later sold to settlers and, at the urging of his wife, De Cordova reserved free sites for schools and churches.

He worked to attract settlers to Texas through passionate speeches in New York, Philadelphia and to the cotton-spinners association in England. His lectures were published on both sides of the Atlantic, according to the Texas State Historical Association.

Namesake

De Cordova and two other men laid out the town of Waco in 1848–49, and in 1850, he was among the men that helped make Waco the county seat of McLennan County, which had been organized six months prior.

De Cordova wrote numerous influential books that helped attract settlers to the state, including *The Texas Immigrant and Traveller's Guide Book* (1856), and *Texas, Her Resources and Her Public Men* (1858). He wrote the first attempt at an encyclopedia of Texas. Along with his brother, he published two early Texas newspapers, the *Texas Herald* (also known as *De Cordova's Herald and Immigrant's Guide*) out of Houston and the *Southwestern American* out of Austin. The latter was at the solicitation of Governor Peter H. Bell, which helped to pass the Compromise of 1850, resulting in a \$10 million payment to Texas for adjusted boundaries after annexation, according to

the Texas State Historical Association.

When he died on January 26, 1868, at age 60, he was buried in a cemetery near Kimball's Bend in Bosque County. However, in 1935, with the family's permission, his body and that of his wife were moved to the State Cemetery, which is located in the eastern part of Austin on land that was formerly the property of Andrew Jackson Hamilton.

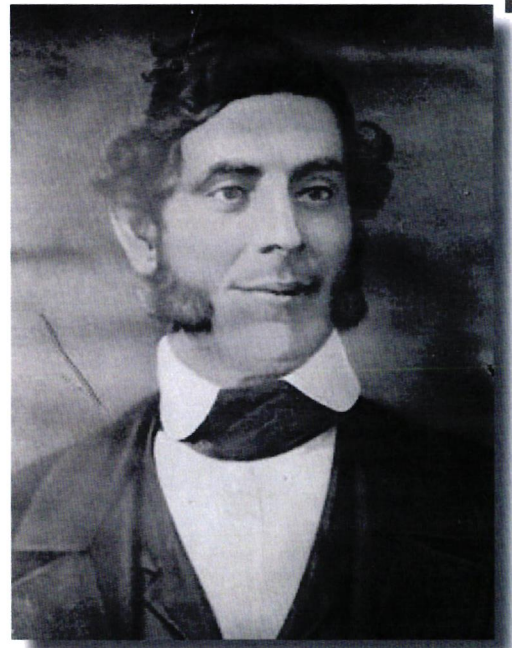
He was survived by five children.

The De Cordova Bend in the Brazos River south of Fort Worth, and the De Cordova Bend Dam that impounds Lake Granbury, were both named for him.

The De Cordova Bend was created by a 27-mile loop in the Brazos River that enclosed 6,000-acres of fertile land that at the time the reservoir was being built was planted entirely in pecans, peaches and other crops. The area was owned by the O.P. Leonard family of Fort Worth, according to the book, 'The Waters of the Brazos,' by Kenneth E. Hendrickson, Jr.

The \$17 million reservoir, ultimately named Lake Granbury, and the DeCordova Bend Dam were dedicated at 3:30 p.m. June 19, 1970, with a formal address by then Governor Preston Smith. The formal dedication was immediately followed by a barbecue supper and music by the Granbury High School Band.

In Day's book, he writes, "I traveled the Brazos River from De Cordova Bend, now owned by the Leonard Brothers of Fort Worth, to Waco. This was De Cordova Country, and I learned to love it as much as he did. It is easy to see why he chose to spend his last years in the Brazos Valley."



Financial Section

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Brazos River Authority
Waco, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Brazos River Authority ("BRA"), as of and for the years ended August 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise BRA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to BRA's preparation and fair presentation of the financial statements 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 BRA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate remaining fund information of BRA as of August 31, 2020 and 2019, and the respective changes in financial position and where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14, BRA adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, effective September 1, 2019. The accounting change has been retrospectively applied to the prior period presented. Our opinions are not modified with respect to this matter.

Other Matter

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the net position (asset)/liability and related ratios and the schedule of BRA's contributions, schedule of investment returns and the related notes to the required supplemental information, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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.

Supplemental Information

Our audits were conducted for the purpose of forming opinions on the financial statements as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements as a whole. The introductory and statistical sections as identified in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated January 5, 2021, on our consideration of BRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of BRA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BRA's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Austin, Texas
January 5, 2021

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2020 AND 2019 (in thousands) (Unaudited)

As Management of the Brazos River Authority (BRA), we offer readers of the BRA's financial statements this narrative overview and analysis of the financial activities of the BRA for the Fiscal Years ended August 31, 2020 and 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on Pages 12 to 21 of the Introductory Section of this report.

Overview of the Financial Statements

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

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

The *Statement of Net Position* presents information on all of the BRA's assets and deferred outflows of resources as well as BRA's liabilities and deferred inflows of resources with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the BRA is improving or deteriorating. The Statement of Net Position can be found on Pages 48 to 49 of this report.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how the BRA's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The increase or decrease in net position may serve as an indicator of the effect of the BRA's current year operations on its financial position. The Statement of Revenues, Expenses and Changes in Net Position can be found on Page 50 of this report.

The *Statement of Cash Flows* summarizes all of the BRA's cash flows into four categories as applicable: 1) cash flows from operating activities, 2) cash flows from noncapital financing activities 3) cash flows from capital and related financing activities, and 4) cash flows from investing activities. The Statement of Cash Flows can be found on Page 51 of this report. The Statement of Cash Flows, along with the related notes and information in other financial statements, can be useful in assessing the following:

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

**BRAZOS RIVER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2020 AND 2019 (in thousands) (Unaudited)**

The *Statement of Fiduciary Net Position* summarizes the BRA's single employer plan and the BRA's Employer 401 (a) plans' assets and liabilities, with the difference between the two reported as net position held in trust for pension benefits. The Statement of Fiduciary Net Position can be found on Page 52.

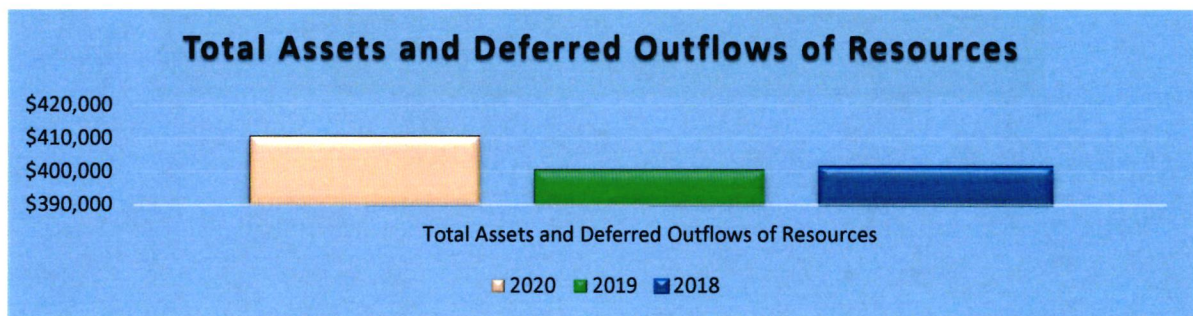
The *Statement of changes in Fiduciary Net Position* presents information showing how the fiduciary funds' net position changed during the years presented on an accrual basis. The Statement of changes in Fiduciary Net Position can be found on Page 52.

The *Notes to the Basic Financial Statement* provides additional information that is essential to a full understanding of the data provided in the basic financial statements. The Notes to the Basic Financial Statements can be found starting on Page 54 of this report.

Financial Highlights

Total Assets and Deferred Outflows of Resources

- Total assets and deferred outflows of resources at the end of Fiscal Years 2020, 2019 and 2018 were \$410,824, \$400,629 and \$397,978, respectively restated. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources at the end of Fiscal Year 2020, 2019 and 2018 by \$294,826, \$281,911 and \$273,988, respectively.
- Total assets and deferred outflows of resources for Fiscal Year 2020 increased by \$10,195 over prior year, primarily as a net result from operations, the increase in the net pension asset from prior year, and the decrease in deferred outflows of resources as a result of the pension expense.
- Total assets and deferred outflows of resources for Fiscal Year 2019 increased by \$2,651 over prior year, primarily as a net result from operations, the decrease in the net pension asset from prior year, and the increase in deferred outflows of resources as a result of the pension expense.
- Total assets and deferred outflows of resources for Fiscal Year 2018 increased by \$2,955 over prior year, primarily as a net result from operations, the loss on sale of the Graham Flood Control project, in the amount of six million dollars, and the decrease in deferred outflows of resources as a result of the pension expense.
- The BRA's net position increased by \$12,915 for the Fiscal Year ended August 31, 2020.



**BRAZOS RIVER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2020 AND 2019 (in thousands) (Unaudited)**

Capital Assets

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

	2020	2019	2018
Net additions/(deletions) to land, storage and water rights	\$ -	\$ -	\$ 6
Additions to construction-in-progress (CIP)	3,798	5,605	3,903
Transfers from CIP to capital assets being depreciated	(4,938)	(3,404)	(761)
Additions and transfers to capital assets being depreciated	6,191	5,476	1,842
Net deletions and transfers	(1,654)	(83)	(7,463)
Normal annual depreciation and amortization	(8,964)	(8,768)	(8,657)
Total	\$ (5,567)	\$ (1,174)	\$ (11,130)

- During Fiscal Year 2020, the BRA had twenty six capital projects that were in progress during the year, two of those were completed during the year at a current year capitalization amount of \$4,938. In addition, the BRA invested \$1,253 in capital equipment. With those additions, the sale of various capital assets, and the recording of depreciation on all depreciable assets, capital assets decreased by \$5,567 during the year. Additional information on the BRA's capital assets can be found on Notes 4 & 10 of this report.
- During Fiscal Year 2019, the BRA had seventeen capital projects that were in progress during the year, three of those were completed during the year at a current year capitalization amount of \$3,404. In addition, the BRA invested \$2,072 in capital equipment. With those additions, the sale of various capital assets, and the recording of depreciation on all depreciable assets, capital assets decreased by \$1,174 during the year. Additional information on the BRA's capital assets can be found on Notes 4 & 10 of this report.
- During Fiscal Year 2018, the BRA had twenty-five capital projects that were in progress during the year, one of those was completed during the year at a current year capitalization amount of \$761. The BRA also deleted one capital project during Fiscal Year 2018 in the amount of \$6,463 as a result of successful negotiations with the City of Graham to take over the project from the BRA. In addition, the BRA invested \$1,842 in capital equipment. With those additions, the sale of various capital assets, and the recording of depreciation on all depreciable assets, capital assets decreased by \$11,130 during the year.

Noncurrent Liabilities

Outstanding debt:

- For Fiscal Year 2020, total outstanding debt (current and noncurrent) decreased by \$4,518. This net decrease is a result of annual principal payments on revenue bonds, refinancing of debt and contracts payable of \$2,715, \$860 and \$943, respectively.
- For Fiscal Year 2019, total outstanding debt (current and noncurrent) decreased by \$3,770. This net decrease is a result of annual principal payments on revenue bonds and contracts payable of \$2,660 and \$1,110, respectively.

**BRAZOS RIVER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2020 AND 2019 (in thousands) (Unaudited)**

Noncurrent Liabilities-continued

- For Fiscal Year 2018, total outstanding debt (current and noncurrent) decreased by \$3,783. This net decrease is a result of annual principal payments on revenue bonds, contracts payable net of accretion on capital appreciation bonds of \$2,605, \$1,194 and \$16, respectively.

Net Pension liability:

- During Fiscal Year 2020, the BRA adjusted its net pension liability from \$14,304 in Fiscal Year 2019 to \$11,471 in Fiscal Year 2020. The reduction is due to the strong earnings experienced with both the Retirement Plan for Employees of the BRA and the Texas County and District Retirement Systems. Additional information on the BRA's Net Pension Liability can be found in Note 8 of this report.
- During Fiscal Year 2019, the BRA adjusted its net pension liability from \$10,711 in Fiscal Year 2018 to \$14,304 in Fiscal Year 2019, primarily for the Retirement Plan for Employees of the BRA as a result of the Plan's actuarial computation. Additional information on the BRA's Net Pension Liability can be found in Note 8 of this report.
- During Fiscal Year 2018, the BRA adjusted its net pension liability from \$10,086 in Fiscal Year 2017 to \$10,711 in Fiscal Year 2018, primarily for the Retirement Plan for Employees of the BRA as a result of the Plan's actuarial computation. Additional information on the BRA's Net Pension Liability can be found in Note 8 of this report.

Financial Analysis

Schedule of Net Position - As noted earlier, net position may serve over time as a useful indicator of the BRA's financial position. In the case of the BRA, assets and deferred outflows of resources exceeded liabilities for Fiscal Years 2020, 2019, and 2018 by \$294,826, \$281,911, and \$273,988, respectively.

The largest portion of the BRA's net position, in any given year has been its investment in capital assets (e.g., land, storage rights, reservoirs, water treatment and sewerage facilities, buildings, and equipment), less any related outstanding debt used to acquire those assets. Although the BRA's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities. For Fiscal Year 2020, the investment in capital assets amounted to 64% of the BRA's net position.

For Fiscal Year 2020, about 66% (\$193,320) of the BRA's net position represent resources that are not available for expenditure (invested in capital assets, restricted for debt service, or restricted for pension asset). The remaining balance of *unrestricted net position* (\$101,506) may be used to meet the BRA's ongoing obligations.

**BRAZOS RIVER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2020 AND 2019 (in thousands) (Unaudited)**

Schedule of Net Position - continued

For Fiscal Year 2019, about 69% (\$194,064) of the BRA's net position represent resources that are not available for expenditure (invested in capital assets or restricted for debt service). The remaining balance of *unrestricted net position* (\$87,847) may be used to meet the BRA's ongoing obligations.

For Fiscal Year 2018, about 70% (\$191,766) of the BRA's net position represent resources that are not available for expenditure (invested in capital assets or restricted for debt service). The remaining balance of *unrestricted net position* (\$82,222) may be used to meet the BRA's ongoing obligations.

**Condensed Schedules of Net Position
August 31, 2020, 2019 and 2018**

	2020	2019*	2018*
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets - unrestricted	\$ 128,409	\$ 111,277	\$ 108,327
Current assets - restricted	3,565	3,315	3,250
Noncurrent assets - restricted	11,690	10,906	11,071
Capital assets, net	263,530	269,097	270,271
Noncurrent assets	2,196	1,512	2,941
TOTAL ASSETS	409,390	396,107	395,860
DEFERRED OUTFLOWS OF RESOURCES	1,434	4,522	2,118
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 410,824	\$ 400,629	\$ 397,978
LIABILITIES AND DEFERRED INFLOWS			
Current liabilities (payable from current assets)	\$ 19,910	\$ 17,598	\$ 22,106
Current liabilities (payable from restricted assets)	6,610	5,475	5,170
Noncurrent liabilities	88,086	95,121	95,772
TOTAL LIABILITIES	114,606	118,194	123,048
DEFERRED INFLOWS OF RESOURCES	1,392	524	942
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	\$ 115,998	\$ 118,718	\$ 123,990
NET POSITION			
Net Investment in capital assets	\$ 184,113	\$ 186,540	\$ 183,910
Restricted for debt service	8,444	7,524	7,856
Restricted for pension assets	763	-	1,349
Unrestricted	101,506	87,847	80,873
TOTAL NET POSITION	\$ 294,826	\$ 281,911	\$ 273,988
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 410,824	\$ 400,629	\$ 397,978

***2018 and 2019 were restated due to the implementation of GASB Statement No. 84. See note 14 for more information**

BRAZOS RIVER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2020 AND 2019 (in thousands) (Unaudited)

Condensed Schedules of Revenues, Expenses and Changes in Net Position
Fiscal Years Ended August 31, 2020, 2019 and 2018

	2020	2019	2018
OPERATING REVENUES			
Water supply system	\$ 59,066	\$ 49,453	\$ 47,214
Cost reimbursable operations	10,199	10,572	15,091
TOTAL OPERATING REVENUES	69,265	60,025	62,305
OPERATING EXPENSES			
Operating and maintenance	47,536	43,863	42,984
Depreciation and amortization	8,965	8,768	8,657
TOTAL OPERATING EXPENSES	56,501	52,631	51,641
OPERATING INCOME	12,764	7,394	10,664
Total net non-operating revenues (expenses)	151	29	(7,516)
INCOME BEFORE CONTRIBUTIONS	12,915	7,423	3,148
Capital contributions		500	-
CHANGE IN NET POSITION	12,915	7,923	3,148
NET POSITION, BEGINNING	281,911	273,988	270,840
NET POSITION, ENDING	\$ 294,826	\$ 281,911	\$ 273,988

The Change in Net Position for Fiscal Years 2020, 2019, and 2018 was \$12,915, \$7,923 and \$3,148, respectively. The results of those changes are noted below.

Operating Revenue

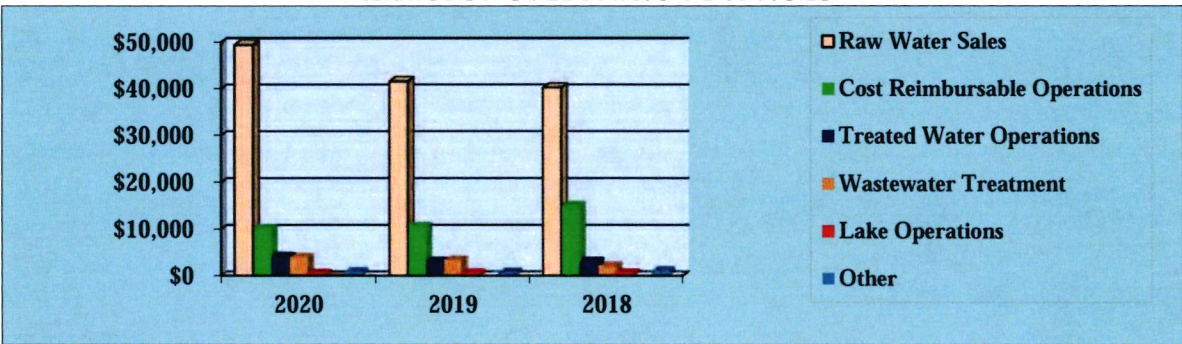
For Fiscal Year 2020, operating revenue increased by 15% over the prior year, primarily as a net result of three events: first, additional water sales as a result of the System Operation Permit that allowed just over eighty five thousand acre feet of additional water sales; second, the rate charged for long term water and interruptible water contracts increased by 3.27% from \$76.50 to \$79.00 per acre feet of water sold; and third, increases in revenues at the East Williamson County Regional Water System and the Sugar Land Wastewater Treatment operations.

**BRAZOS RIVER AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
AUGUST 31, 2020 AND 2019 (in thousands) (Unaudited)**

Operating Revenue (continued)

For Fiscal Year 2019, operating revenue decreased by 3.7% over the prior year, as a net result of two events: first, additional water sales and the rate charged for long term water and interruptible water contracts increased by 3.38% from \$74.00 to \$76.50 per acre feet of water sold. This resulted in additional revenue of \$1,344; and second, the cost reimbursable operations experienced a decrease in revenue as a result of the transitioning of operation of two facilities back to the City of Round Rock for those contracted services.

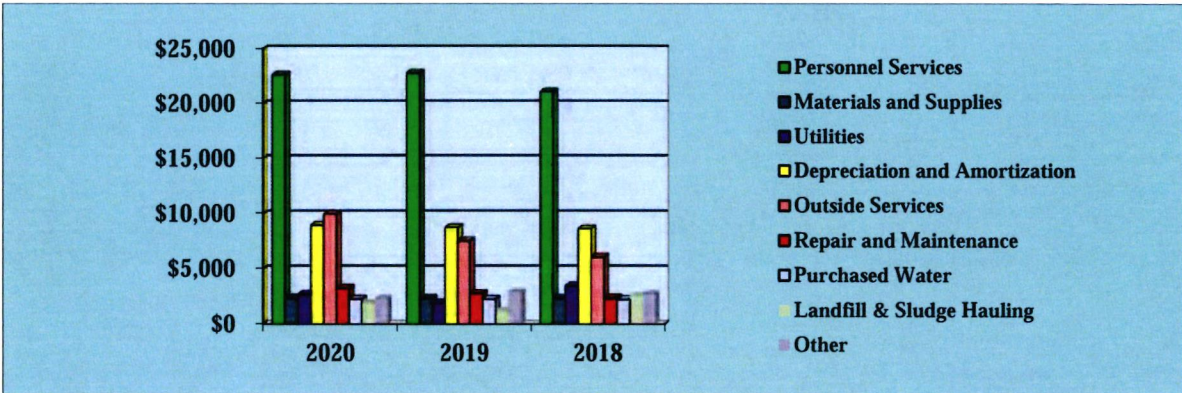
LARGEST OPERATING REVENUES



Operating Expense

Operating expenses, excluding depreciation, over the past three years have increased 7.3% in 2020 and 2.1% in 2019 as a net result of steady increases in wages, health insurance, and other expenses related to capital improvement support efforts with our Cost Reimbursable Operations. Depreciation expense also increased by a modest amount during the current year as a result of normal additions of capital assets purchased during the past year.

LARGEST OPERATING EXPENSES



**BRAZOS RIVER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2020 AND 2019 (in thousands) (Unaudited)**

Total Net Non-Operating Revenues (Expenses)

For Fiscal Year 2020, the amount recorded as net non-operating revenue was \$151. The majority of the net non-operating revenues represents, interest payments on the BRA's debt, in the amount of \$3,429; net of the investment income of \$2,529 and grants of \$1,251.

For Fiscal Year 2019, the amount recorded as net non-operating revenue was \$29. The majority of the net non-operating revenues represents, interest payments on the BRA's debt, in the amount of \$3,842; net of the investment income of \$3,114 and grants of \$904.

For Fiscal Year 2018, the amount recorded as net non-operating expense was \$7,516. The non-operating expense represents, the loss on the sale of capital assets in the amount of \$6,463 as a result of successful negotiations with the City of Graham to take over the project from the BRA. Additionally, interest payments on the BRA's debt, in the amount of \$3,945; and investment income of \$1,830.

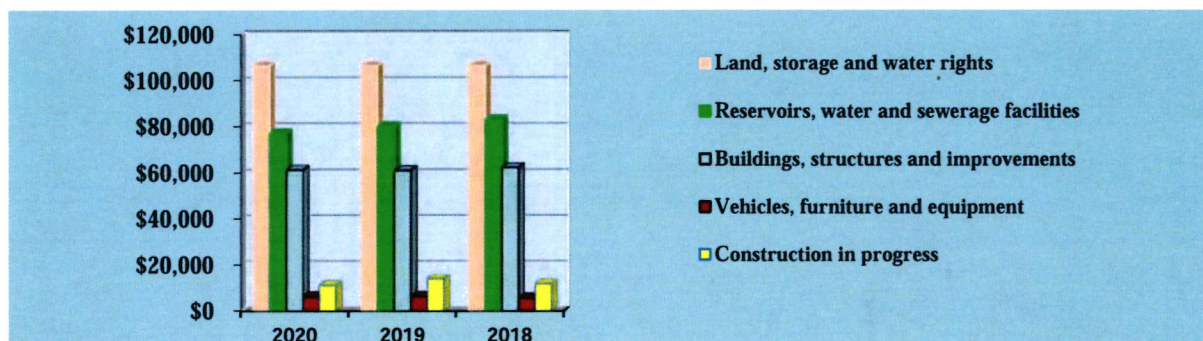
Capital Assets and Outstanding Debt

Capital Assets - The BRA's capital assets, as of August 31, 2020, 2019 and 2018 totaled to \$263,530, \$269,097 and \$270,271, respectively, (net of accumulated depreciation and amortization). For Fiscal Years 2020, 2019, and 2018, the BRA continued its commitment to our customers and stakeholders to ensure the longevity of our capital assets. During Fiscal Year 2020, the BRA invested over \$3,798 on twenty six capital improvement projects.

**Capital Assets
(net of accumulated depreciation and amortization)
August 31, 2020, 2019 and 2018**

	2020	2019	2018
Land, storage and water rights	\$ 106,899	\$ 106,899	\$ 106,899
Reservoirs, water and sewerage facilities	77,496	80,365	83,234
Buildings, structures and improvements	61,545	61,303	62,531
Vehicles, furniture and equipment	6,279	6,433	5,712
Construction in progress	11,311	14,097	11,895
Total	<u>\$ 263,530</u>	<u>\$ 269,097</u>	<u>\$ 270,271</u>

Additional information on the BRA's capital assets can be found in Notes 4 and 10 of this report.

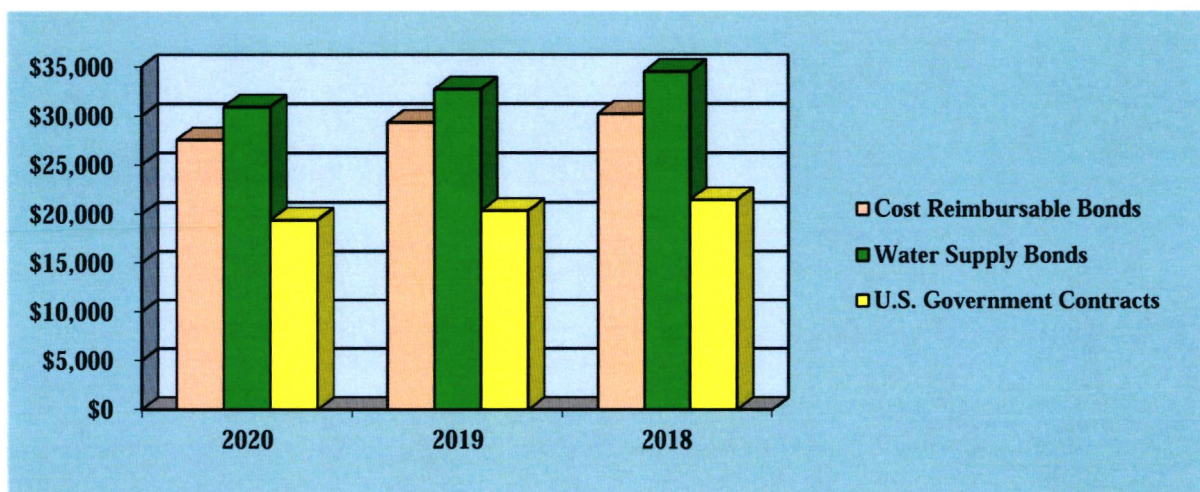


**BRAZOS RIVER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2020 AND 2019 (in thousands) (Unaudited)**

Outstanding Debt – At the end of Fiscal Years 2020, 2019 and 2018 the BRA had total outstanding debt of \$77,902, \$82,420 and \$86,190, respectively. Of the Fiscal Year 2020 amount, 64% and 36% is reflected in Water Supply System and Cost Reimbursable Operations, respectively.

During Fiscal Year 2020, the BRA refunded the Series 1999 Brazos River Authority Texas Water Development Board State Participation Loan for Williamson County Regional Raw Water Line. The debt resolution authorized the issuance in a not to exceed principal amount of \$16,265. The issuance of the Brazos River Authority Contract Revenue Refunding Bonds, Series 2019 (Williamson County Regional Raw Water Line Project) in the amount of \$14,095 provided a net present savings in the amount of \$3,759 over the life of the new debt issuance.

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



The changes in the BRA's debt for Fiscal Years 2020, 2019 and 2018 are shown in the following table:

	2020	2019	2018
Accretion of interest on capital appreciation bonds	\$ -	\$ -	\$ 16
Current refunding of the Series 1999 TWDB Participation Loan	(14,955)		
Contract Revenue Refunding Bonds, New Series 2019	14,095		
Principal payments made during each year	(3,658)	(3,770)	(3,799)
Decrease In Debt	<u>\$ (4,518)</u>	<u>\$ (3,770)</u>	<u>\$ (3,783)</u>

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

**BRAZOS RIVER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2020 AND 2019 (in thousands) (Unaudited)**

Requests for Information

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

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Basic Financial Statements

BRAZOS RIVER AUTHORITY
STATEMENTS OF NET POSITION
AUGUST 31, 2020 and 2019 (in thousands)

	2020	restated 2019
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
UNRESTRICTED:		
Cash and cash equivalents	\$ 45,314	\$ 20,312
Investments	77,161	86,200
Receivables:		
Accounts	3,873	2,743
Accrued interest	105	221
Other current assets	1,956	1,801
TOTAL UNRESTRICTED	<u>128,409</u>	<u>111,277</u>
RESTRICTED:		
Cash and cash equivalents	3,565	3,315
TOTAL RESTRICTED	<u>3,565</u>	<u>3,315</u>
TOTAL CURRENT ASSETS	<u>131,974</u>	<u>114,592</u>
NONCURRENT ASSETS :		
RESTRICTED:		
Cash and cash equivalents	669	597
Investments	11,007	10,272
Interest	14	37
TOTAL RESTRICTED	<u>11,690</u>	<u>10,906</u>
CAPITAL ASSETS:		
Land, storage and water rights	106,899	106,899
Reservoirs, water treatment and sewerage facilities	139,472	139,472
Building, structures and improvements	118,352	113,264
Vehicles, furniture and equipment	20,242	19,330
Construction in progress	11,311	14,097
TOTAL CAPITAL ASSETS	<u>396,276</u>	<u>393,062</u>
Less accumulated depreciation	<u>(132,746)</u>	<u>(123,965)</u>
NET CAPITAL ASSETS	<u>263,530</u>	<u>269,097</u>
OTHER NONCURRENT ASSETS:		
Net pension asset	763	-
Other assets	1,433	1,512
TOTAL OTHER NONCURRENT ASSETS	<u>2,196</u>	<u>1,512</u>
TOTAL NONCURRENT ASSETS	<u>277,416</u>	<u>281,515</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amount on refunding	281	305
Pension plans	1,153	4,217
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,434</u>	<u>4,522</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 410,824</u>	<u>\$ 400,629</u>

The accompanying notes are an integral part of these statements.

BRAZOS RIVER AUTHORITY
STATEMENTS OF NET POSITION
AUGUST 31, 2020 and 2019 (in thousands)

	2020	restated 2019
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES:		
PAYABLE FROM CURRENT ASSETS:		
Accounts payable	\$ 6,673	\$ 7,056
Contracts payable	927	943
Accrued interest	462	487
Unearned revenues	11,848	9,112
TOTAL PAYABLE FROM CURRENT ASSETS	19,910	17,598
PAYABLE FROM RESTRICTED ASSETS:		
Accrued interest	791	1,462
Revenue bonds payable	3,635	2,715
Unearned revenues	1,853	997
Other	331	301
TOTAL PAYABLE FROM RESTRICTED ASSETS	6,610	5,475
TOTAL CURRENT LIABILITIES	26,520	23,073
NONCURRENT LIABILITIES:		
Revenue bonds payable, net of current portion and premium	56,651	59,791
Contracts payable, net of current portion	18,485	19,412
Net pension liability	11,471	14,304
Unearned revenues	181	226
Other liabilities	1,298	1,388
TOTAL NONCURRENT LIABILITIES	88,086	95,121
TOTAL LIABILITIES	114,606	118,194
DEFERRED INFLOWS OF RESOURCES - PENSION PLAN	1,392	524
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	\$ 115,998	\$ 118,718
NET POSITION:		
Net investment in capital assets	\$ 184,113	\$ 186,540
Restricted for debt service	8,444	7,524
Restricted for pension assets	763	-
Unrestricted	101,506	87,847
TOTAL NET POSITION	\$ 294,826	\$ 281,911
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 410,824	\$ 400,629

The accompanying notes are an integral part of these statements.

BRAZOS RIVER AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019 (in thousands)

	2020	2019
OPERATING REVENUES:		
Water Supply System:		
Raw water sales	\$ 49,468	\$ 41,629
Treated water	4,168	3,028
Wastewater treatment	4,019	3,447
Lake operations	487	529
Other	923	820
Cost Reimbursable Operations:		
Water conveyance/supply	3,070	3,107
Water treatment	2,177	1,528
Wastewater treatment	4,953	5,937
TOTAL OPERATING REVENUES	<u>69,265</u>	<u>60,025</u>
OPERATING EXPENSES:		
Personnel services	22,674	22,808
Materials and supplies	2,383	2,340
Utilities	2,667	1,951
Depreciation and amortization	8,965	8,768
Outside services	9,970	7,564
Repair and maintenance	3,279	2,760
Landfill and sludge hauling	1,951	1,229
Purchased water	2,279	2,272
Other	2,333	2,939
TOTAL OPERATING EXPENSES	<u>56,501</u>	<u>52,631</u>
OPERATING INCOME	<u>12,764</u>	<u>7,394</u>
NON-OPERATING REVENUES (EXPENSES):		
Investment income	2,529	3,114
Grants	1,251	904
Interest expense	(3,429)	(3,842)
Other expenses	(220)	(126)
Net gain or (loss) on sale of capital assets	20	(21)
TOTAL NET NON-OPERATING (EXPENSES)	<u>151</u>	<u>29</u>
INCOME BEFORE CONTRIBUTIONS	12,915	7,423
Capital contributions	<u>-</u>	<u>500</u>
CHANGE IN NET POSITION	12,915	7,923
NET POSITION, BEGINNING	<u>281,911</u>	<u>273,988</u>
NET POSITION, ENDING	<u>\$ 294,826</u>	<u>\$ 281,911</u>

The accompanying notes are an integral part of these statements.

BRAZOS RIVER AUTHORITY
STATEMENTS OF CASH FLOWS
FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019 (in thousands)

	2020	restated 2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 73,592	\$ 57,407
Cash paid to suppliers for goods and services	(31,795)	(28,972)
Cash paid to employees for services	(16,181)	(15,193)
Net cash provided by operating activities	25,616	13,242
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from grants	1,251	904
Net cash provided by noncapital financing activities	1,251	904
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for the acquisition and construction of capital assets	(5,026)	(6,158)
Payments of interest on long term debt	(4,177)	(3,902)
Payments for retirement of long term debt	(4,518)	(3,769)
Payments for bond related expenses	(192)	-
Proceeds from revenue bonds	1,407	-
Proceeds from disposal of capital assets	27	58
Proceeds from capital contributions	-	500
Other	(35)	-
Net cash used in capital and related financing activities	(12,514)	(13,271)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales of investments	88,523	60,374
Purchases of investments	(80,220)	(72,673)
Interest received	2,667	3,084
Net cash provided by investing activities	10,970	(9,215)
NET CHANGE IN CASH AND CASH EQUIVALENTS	25,323	(8,340)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR (including \$3,912 and \$4,130, respectively, reported in restricted accounts)	24,225	32,565
CASH AND CASH EQUIVALENTS, END OF YEAR (including \$4,234 and \$3,912, respectively, reported in restricted accounts)	\$ 49,548	\$ 24,225
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 12,764	\$ 7,394
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	8,899	8,735
Amortization	66	33
Change in assets, liabilities and deferred inflows and outflows of resources:		
(Increase)/decrease in accounts receivable	(1,130)	203
(Increase)/decrease in other current assets	(156)	237
(Increase)/decrease in net pension asset	(763)	1,349
Increase/(decrease) in deferred outflows of resources	3,088	(2,403)
Increase in accounts payable	1,246	114
Increase/(decrease) in unearned revenue and other liabilities	3,566	(5,597)
Increase in net pension liability	(2,833)	3,593
(Decrease) in deferred inflows of resources	869	(416)
Total adjustments	12,852	5,848
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 25,616	\$ 13,242
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES		
Bond proceeds used in refunding debt	\$ 15,304	\$ -
Amounts recorded as accruals for Capital Assets	1,628	2,651
Total noncash capital and financing activities	\$ 16,932	\$ 2,651

The accompanying notes are an integral part of these statements.

BRAZOS RIVER AUTHORITY
STATEMENTS OF FIDUCIARY NET POSITION
FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019 (in thousands)

	2020	2019
Assets		
Cash and cash equivalents	\$ 177	\$ 225
Investments, at fair value		
Mutual funds - equities	8,028	8,166
Mutual funds - fixed income/GTAA	5,190	2,656
Mutual funds - international funds	3,123	2,988
Mutual funds - REIT	1,694	1,965
Mutual funds - MLPs	-	1,988
Limited partnership - hedge fund	1,427	1,274
Limited partnership	946	700
Total Investments	<u>20,408</u>	<u>19,737</u>
Accrued interest	<u>1</u>	<u>1</u>
Total assets	<u>20,586</u>	<u>19,963</u>
Liabilities		
Administrative expenses payable	7	7
Benefits Payable	11	-
Total Liabilities	<u>18</u>	<u>7</u>
Net position restricted for pensions	<u>\$ 20,568</u>	<u>\$ 19,956</u>

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FISCAL YEARS ENDED AUGUST 31, 2020 AND 2019 (in thousands)

	2020	2019
Additions		
Employer contributions	\$ 1,463	\$ 1,180
Investment income/(loss)	<u>1,416</u>	<u>679</u>
Total additions	2,879	1,859
Deductions		
Benefits paid to participants	2,187	2,260
Administrative expenses	<u>80</u>	<u>138</u>
Total deductions	<u>2,267</u>	<u>2,398</u>
Net increase / (decrease) in net position	612	(539)
Total net position restricted for pensions at beginning of the year	<u>19,956</u>	<u>20,495</u>
Total net position restricted for pensions at end of year	<u>\$ 20,568</u>	<u>\$ 19,956</u>

The accompanying notes are an integral part of these statements.

*Notes to the
Basic Financial Statement*

BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019 (in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Principles of Accounting - The accompanying basic financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting as prescribed by the Governmental Accounting Standards Board ("GASB"). The BRA consists of a single enterprise fund through which all financial activities are recorded, and one agency fund that reports assets and liabilities held by the BRA in a custodial capacity for others.

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

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

Fiduciary Funds - The BRA's Fiduciary financial statements include two fiduciary funds related to the BRA employee benefit plans: the Retirement Plan for Employees of Brazos River Authority (Plan) with a year end of the last day of February, and the 401 (a) non-vested Deferred Compensation plan. See Note 8 of this report for additional information on these two plans.

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

Deposits and Investments - All cash in bank, money market accounts, non-participating certificates of deposit and highly liquid investments (including restricted assets) with original maturities of three months or less are considered to be cash equivalents. All non-participating certificates of deposit with original maturities of more than three months are considered to be investments and are carried at cost plus accrued interest. All investments in debt securities are reported at fair value. Fair Value is the price that would be received to sell an asset in an orderly transaction between market participants. The BRA held no debt securities as of August 31, 2020 or 2019.

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

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

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

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

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

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

Reservoir facilities	30 to 85 years
Water and sewerage system facilities	25 to 50 years
Buildings, structures, and improvements	20 to 70 years
Vehicles, furniture, and equipment	3 to 35 years

Other Noncurrent Assets - By agreement in 1988, the BRA amended a water contract with a utility company which provided for the sale of 162,000 acre feet of water per year through the year 2030. The amendment returned 79,000 acre feet to the BRA. As consideration for the 79,000 acre-foot reduction, the BRA paid the utility company \$3,823 in 1988. The BRA has sold the 79,000 acre-feet to various third parties under long-term water contracts. The balance of \$1,433 and \$1,512 at August 31, 2020 and 2019, respectively is included in other noncurrent assets and will be amortized against related revenues from such contracts over the contract lives.

BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Unearned Revenue – Unearned revenue is the result of services or monies received in advance from water customers and contracted parties for projects that the BRA is managing. For additional information see Note 5.

Net Pension Liability/(Asset) - A net pension liability/(asset) is recorded in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment to GASB Statement No. 27*. The liability/(asset) is the difference between the actuarial total pension liability and the Plan's fiduciary net position as of the measurement date. For additional information on the BRA's Pension Plans see Note 8.

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

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

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

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

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

Compensated Absences – Prior to May 1, 2002, the BRA's employees were granted vacation and sick leave in specified amounts. Effective May 1, 2002 vacation and sick leave were superseded by Personal Time Off (PTO). The BRA's current policy states that upon termination an employee will be paid for 100% of unused vacation time and 50% of their PTO balance up to a maximum of 160 hours (20 days) combined. In addition, for retirees, unused sick leave is paid out at a rate of 50% of their balance or 144 hours (18 days) whichever is less. The total short-term liability for compensated absences as of August 31, 2020 and 2019 was \$688 and \$617, respectively, and is reported in accounts payable. The total recorded long-term liability for compensated absences, as of August 31, 2020 and

BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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2019 was \$164 and \$171, respectively. Based on historical data, a portion of the accrual for vacation and sick leave are classified as other noncurrent liabilities. See Note 6 on Page 76 for additional information on compensated absences.

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

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates.

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

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

Comparative Data - Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

2. DEPOSITS AND INVESTMENTS

Brazos River Authority

As of August 31, 2020 and 2019, the BRA's portfolio consisted of:

Description	August 31, 2020		August 31, 2019	
	Fair Value	% of Portfolio	Fair Value	% of Portfolio
Deposits:				
Certificates of Deposit	\$ 88,168	64%	\$ 96,083	80%
Bank Money Market Funds	43,351	32%	18,693	16%
Cash	6,192	4%	(127)	0%
Investments:				
Wells Fargo Sweep	-	0%	5,135	4%
TexPool	5	0%	5	0%
	<u>\$ 137,716</u>	<u>100%</u>	<u>\$ 119,789</u>	<u>100%</u>

BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019 (in thousands)

The BRA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level one inputs are quoted prices in active markets for identical assets; Level two inputs are significant other observable inputs; Level three inputs are significant unobservable inputs. For August 31, 2020 and 2019 all BRA investments were in TexPool and Wells Fargo Sweep which are recorded at amortized cost without any limitation or restriction on withdrawals.

Credit Risk

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

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

Wells Fargo Sweep – Treasury Plus Money Market Fund – Invests in high-quality, short-term money market instruments that consist of U.S. Treasury obligations and repurchase agreements collateralized by U.S. Treasury obligations.

Portfolio disclosure as of August 31, 2020 and 2019:

- TexPool - S&P rated AAA-m .
- Wells Fargo Sweep - S&P rated AAA-m and Moody's rated Aaa-mf.

Concentration of Credit Risk

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

	<u>Maximum</u>
a. U.S. Treasury Bills/Notes/Bonds.....	90%
b. U.S. Agencies & Instrumentalities	90%
c. States, Agencies, Counties, Cities, & Other	50%
Limit per issuer.....	5%
d. Financial Institution Deposit.....	100%
e. Authorized Local Government Investment Pools.....	75%
Limit per pool.....	50%
f. Money Market Mutual Funds.....	75%
Limit per fund.....	50%
g. Repurchase Agreements.....	50% (excluding bond proceeds)

BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Interest Rate Risk

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

Portfolio disclosure as of August 31, 2020 and 2019:

- TexPool – WAM 32 days and 38 days respectively.
- Wells Fargo Sweep – WAM 39 days and 24 days respectively.

Custodial Credit Risk

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

Brazos River Authority Fiduciary Funds

The fiduciary financial statements include two fiduciary funds related to the BRA's employee benefit plans: the Retirement Plan for Employees of Brazos River Authority, and the non-vested employer contributions into the BRA's 401(a) plan.

BRA's 401(a) plan

The funds in the 401(a) plan are invested in the Mass Mutual SAGIC Diversified II fund. The objective of the fund is to provide a stated rate of return, generated from performance of a diversified bond portfolio, that insulates the account from daily fluctuations in the bond market. Some of the characteristics of the fund are: Number of holdings 1080, average quality A2/A, average coupon 3.91, Duration (years) 5.76, weighted yield to maturity 3.63%, weighted current yield 3.64 and weighted average life of 10.46 years. The balance in the SAGIC fund at August 31, 2020 and 2019 was \$105 and \$104, respectively.

BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Retirement Plan for Employees of Brazos River Authority

Investment Policy

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

Investment Policy Target Allocation

The following was the Committee's adopted targeted mixture of asset allocation policy as of the Plan year ended February 29, 2020.

Asset Class	Minimum	Maximum	Target
Total Public Equities	40%	70%	50%
Domestic Large Cap Equity	15%	40%	30%
Domestic Sm/Mid Cap Equity	7.5%	12.5%	10%
International Equity	12.5%	17.5%	15%
Total Fixed Income	15%	40%	25%
Other Alternative Investments			
Master Limited Partnerships	0%	0%	0%
Real Estate Investment Trusts	0%	20%	10%
Global Tactical Assets	0%	15%	10%

The following was the Committee's adopted targeted mixture of asset allocation policy as of the Plan year ended February 28, 2019.

Asset Class	Minimum	Maximum	Target
Total Public Equities	40%	70%	50%
Domestic Large Cap Equity	15%	40%	25%
Domestic Sm/Mid Cap Equity	7.5%	12.5%	10%
International Equity	12.5%	17.5%	15%
Total Fixed Income	15%	40%	25%
Other Alternative Investments			
Master Limited Partnerships	0%	15%	10%
Real Estate Investment Trusts	0%	15%	10%
Private Equity Partnerships	0%	10%	5%

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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Investments

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

The following table summarizes the inputs used as of February 29, 2020:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	2/29/2020			
Investments by fair value level				
Equity Securities				
Mutual funds - equities	\$7,923,260	\$7,923,260	-	-
Mutual funds - international funds	3,122,507	3,122,507	-	-
Mutual funds - REIT	1,694,638	1,694,638	-	-
Total equity securities	12,740,405	12,740,405	-	-
Fixed Income Securities				
Mutual funds - fixed income	5,189,694	5,189,694	-	-
Total investments by fair value level	17,930,099	\$17,930,099	-	-
Limited partnership - hedge fund				
fixed income strategy	1,427,405			
Limited partnership	946,583			
Total investments measured at NAV	2,373,988			
Total investments measured at fair value	<u>\$20,304,087</u>			

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The following table summarizes the inputs used as of February 28, 2019:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	2/28/2019			
Investments by fair value level				
Equity Securities				
Mutual funds - equities	\$8,062,338	\$8,062,338	-	-
Mutual funds - international funds	2,987,895	2,987,895	-	-
Mutual funds - REIT	1,965,511	1,965,511	-	-
Mutual funds - MLPs	1,987,910	1,987,910	-	-
Total equity securities	15,003,654	15,003,654	-	-
Fixed Income Securities				
Mutual funds - fixed income	2,656,256	2,656,256	-	-
Total investments by fair value level	17,659,910	\$17,659,910	-	-
Limited partnership - hedge fund fixed income strategy	1,273,840			
Limited partnership	700,428			
Total investments measured at NAV	1,974,268			
Total investments measured at fair value	<u>\$19,634,178</u>			

The carrying value for investments measured at NAV as of February 29, 2020 are as follows:

Investments Measured at Net Asset Value	Carrying Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited partnership - hedge fund fixed income strategy ¹	\$ 1,427,405	None	Semi-annually	90 days
Limited partnership ²	946,583	\$480,983	Not applicable	
Total investments measured at NAV	<u>\$ 2,373,988</u>			

The carrying value for investments measured at NAV as of February 28, 2019 are as follows:

Investments Measured at Net Asset Value	Carrying Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited partnership - hedge fund fixed income strategy ¹	\$ 1,273,840	None	Semi-annually	90 days
Limited partnership ²	700,428	\$777,813	Not applicable	
Total investments measured at NAV	<u>\$ 1,974,268</u>			

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

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

²Limited Partnership – LBC Credit Partners IV, LP

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

Rate of Return and Risk

For the years ended February 29, 2020, and February 28, 2019 the annual money-weighted rate of return on the Plan investments, net of pension plan investment expense, was +7% and +3%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amount actually invested.

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

Custodial Credit Risk

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

Concentration of Credit Risk

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

There were no investments in any one issuer in excess of 5% of plan investments at February 29, 2020 or February 28, 2019. However, the following were investments in any one organization that represent 5% or more of fiduciary net position at February 29, 2020 and February 28, 2019 (other than those issued or guaranteed by the U.S. Government):

BRAZOS RIVER AUTHORITY
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Security Name	Classification	FYE 2020 Fair Value >5%	FYE 2019 Fair Value >5%
Blackrock Multi-Asset Income Fund	Fixed Income	\$1,059,493	\$ -
Cohen & Steers Realty	REIT's	\$1,694,638	\$1,965,511
Euro Pacific Growth Fund	International fund	\$3,122,507	-
Diamond Hill Fund	Equities-small cap	\$ -	\$1,003,224
First Trust N American Energy Infr	Energy Master LP	\$ -	\$1,040,782
Harbor International Fund	International fund	\$ -	\$2,987,895
JP Morgan Income Builder Fund	Fixed Income	\$1,054,701	-
Metropolitan West Fund	Fixed Income	\$2,063,676	\$1,744,613
PIMCO	Fixed Income	\$1,177,415	\$1,157,014
Vanguard 500 Fund	Equities-large cap	\$5,985,775	\$6,031,323
Vanguard Midcap Fund	Equities-small cap	\$ -	\$1,027,791

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Plan investment policy manages foreign currency risk by limiting investments in foreign companies to 17.5% of the Plan's assets, and employing investment managers that select companies whose results are not necessarily tied to the currency of their country of origin. All of the Plan's investments are US dollar denominations and thus are not subject to foreign currency risk.

Credit Risk

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

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

As of February 29, 2020 and February 28, 2019, the credit ratings for mutual funds in fixed income securities were as follows:

Security Name	FYE 2020 Credit Rating	FYE 2019 Credit Rating
Metropolitan West Fund	A	A
Vanguard Short Term Fund	A	A
Blackrock Multi-Asset Income Fund	BB	-
JP Morgan Income Builder Fund	BB	-

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Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. The Plan's investment policy states it is set to establish asset allocation parameters that will provide for sufficient diversification of asset classes to control investment risk and achieve the investment return objectives. The Plan is exposed to minimal interest rate risk, since more than 80% of the fixed income allocation of the plan has an average maturity of less than 4 years, and is benchmarked to the BC Intermediate Government Credit index BC US Credit 1-5 Year Index. The Plan's investment in the Metropolitan West Intermediate Bond fund has a dollar-weighted average maturity expected to range from three to seven years. The average duration of this fund was approximately 3.4 years and 4.3 years at February 29, 2020 and February 28, 2019, respectively. The Plan's investment in the Vanguard Short-Term Investment Grade Admiral Bond fund has a dollar-weighted average maturity expected to range from one to four years. The average duration of this fund was approximately 2.4 years and 3.0 years at February 29, 2020 and February 28, 2019, respectively.

3. RESTRICTED ASSETS

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

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

Restricted assets represent:

- *Bond Proceeds funds* - Construction of facilities, restricted by purpose of the debt issuance.
- *Debt Service funds* - Current interest and principal of bonded indebtedness, as required by bond covenants.
- *Bond Reserve funds* - Payment of final serial maturity on bonded indebtedness or payment of principal and interest of bonded indebtedness when and to the extent the amount in the debt service funds is insufficient, as required by bond covenants.
- *Repair and Replacement funds* - Unexpected or extraordinary expenditures for which funds are not otherwise available or for debt service to the extent of debt service funds deficiencies as required by bond covenants.
- *Other funds* - On November 1, 2019 the BRA executed an irrevocable standby Letter of Credit in favor of the City of Sugar Land for the purpose of securing the BRA's performance under a contract for the operation, maintenance, and management of the City of Sugar Land's wastewater treatment plants and reclaimed water facility in the amount of \$3.4 million. This is in addition to other miscellaneous contractual obligations.

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

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The cash and cash equivalents, investments, and accrued interest components of each fund represented by restricted assets at August 31, 2020 and 2019 were as follows:

	2020			2019		
	Cash and Cash Equivalents	Investments	Accrued Interest	Cash and Cash Equivalents	Investments	Accrued Interest
CURRENT RESTRICTED:						
Water Supply System:						
Debt service funds	\$ 944	\$ -	\$ -	\$ 935	\$ -	\$ -
Other funds	48	-	-	49	-	-
Water Supply System Total	992	-	-	984	-	-
Cost Reimbursable Operations:						
Debt service funds	2,573	-	-	2,380	-	-
Cost Reimbursable Operations Total	2,573	-	-	2,380	-	-
TOTAL CURRENT RESTRICTED	<u>\$ 3,565</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,364</u>	<u>\$ -</u>	<u>\$ -</u>
NONCURRENT RESTRICTED:						
Water Supply System:						
Bond reserve funds	\$ 15	\$ 1,426	\$ -	\$ 1	\$ 1,441	\$ 9
Repair and replacement funds	175	4,956	12	43	5,078	24
Other funds	476	4,116	1	500	3,243	1
Water Supply System Total	666	10,498	13	544	9,762	34
Cost Reimbursable Operations:						
Repair and replacement funds	4	509	-	5	509	3
Cost Reimbursable Operations Total	4	509	-	5	509	3
TOTAL NONCURRENT RESTRICTED	<u>\$ 670</u>	<u>\$ 11,007</u>	<u>\$ 13</u>	<u>\$ 549</u>	<u>\$ 10,271</u>	<u>\$ 37</u>

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4. CAPITAL ASSETS

A summary of changes in capital assets for August 31, 2020 follows:

Classification	Balance at September 1, 2019	Additions and Transfers	Deletions and Transfers	Balance at August 31, 2020
Capital assets, not being depreciated/amortized:				
Land, storage and water rights	\$ 106,899	\$ -	\$ -	\$ 106,899
Construction in progress	14,097	3,798	(6,584)	11,311
Total capital assets, not being depreciated/amortized	120,996	3,798	(6,584)	118,210
Capital assets, being depreciated/amortized:				
Reservoirs, water treatment and sewerage facilities	139,472	-	-	139,472
Buildings, structures and improvements	113,264	5,088	-	118,352
Vehicles	3,531	467	(111)	3,887
Furniture	776	-	(27)	749
Computers	4,951	17	-	4,968
Tools and heavy equipment	10,072	619	(53)	10,638
Total capital assets, being depreciated/amortized	272,066	6,191	(191)	278,066
Total Capital Assets	\$ 393,062	\$ 9,989	\$ (6,775)	\$ 396,276
Less accumulated depreciation/amortization:				
Reservoirs, water treatment and sewerage facilities	\$ 59,107	\$ 2,869	\$ -	\$ 61,976
Buildings, structures and improvements	51,961	4,846	-	56,807
Vehicles	2,587	280	(110)	2,757
Furniture	766	7	(27)	746
Computers	3,257	425	-	3,682
Tools and heavy equipment	6,287	537	(46)	6,778
Total accumulated depreciation/amortization	\$ 123,965	\$ 8,964	\$ (183)	\$ 132,746
Net Capital Assets	\$ 269,097	\$ 1,025	\$ (6,592)	\$ 263,530

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A summary of changes in capital assets for August 31, 2019 follows:

Classification	Balance at September 1, 2018	Additions and Transfers	Deletions and Transfers	Balance at August 31, 2019
Capital assets, not being depreciated/amortized:				
Land, storage and water rights	\$ 106,899	\$ -	\$ -	\$ 106,899
Construction in progress	11,895	6,408	(4,206)	14,097
Total capital assets, not being depreciated/amortized	118,794	6,408	(4,206)	120,996
Capital assets, being depreciated/amortized:				
Reservoirs, water treatment and sewerage facilities	139,472	-	-	139,472
Buildings, structures and improvements	110,615	3,563	(914)	113,264
Vehicles	3,154	549	(172)	3,531
Furniture	776	-	-	776
Computers	4,347	604	-	4,951
Tools and heavy equipment	9,662	760	(350)	10,072
Total capital assets, being depreciated/amortized	268,026	5,476	(1,436)	272,066
Total Capital Assets	\$ 386,820	\$ 11,884	\$ (5,642)	\$ 393,062
Less accumulated depreciation/amortization:				
Reservoirs, water treatment and sewerage facilities	\$ 56,238	\$ 2,869	\$ -	\$ 59,107
Buildings, structures and improvements	48,084	4,746	(869)	51,961
Vehicles	2,523	232	(168)	2,587
Furniture	759	7	-	766
Computers	2,828	429	-	3,257
Tools and heavy equipment	6,117	485	(315)	6,287
Total accumulated depreciation/amortization	\$ 116,549	\$ 8,768	\$ (1,352)	\$ 123,965
Net Capital Assets	\$ 270,271	\$ 3,116	\$ (4,290)	\$ 269,097

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5. UNEARNED REVENUES

Amounts collected from contracting parties relating to long-term contracts are recorded as noncurrent unearned revenues and are amortized to income over periods equal to the lives of the assets being used to provide services under the long-term contracts on a straight-line basis. Amounts collected in advance from contracting parties that do not yet meet the criteria for revenue recognition are recorded as current unearned revenues until eligible costs are incurred. Unearned revenues at August 31, 2020 and 2019 were as follows:

	2020		2019	
	Current Unearned Revenues	Noncurrent Unearned Revenues	Current Unearned Revenues	Noncurrent Unearned Revenues
Unrestricted				
Water Supply System:				
Lake Granbury	\$ 28	\$ -	\$ 291	\$ -
Lake Limestone	1,328	-	-	-
Possum Kingdom Lake	483	-	634	-
Federal Reservoirs	6,952	-	5,638	-
Other Water Supply System	167	-	241	-
Total Water Supply System	<u>8,958</u>	<u>-</u>	<u>6,804</u>	<u>-</u>
Cost Reimbursable Operations:				
Williamson County RRWL	297	181	876	226
Temple-Belton WWTP	1,558	-	526	-
Clute-Richwood RWS	405	-	209	-
Hutto WWS	630	-	697	-
Total Cost Reimbursable Operations	<u>2,890</u>	<u>181</u>	<u>2,308</u>	<u>226</u>
Total Unrestricted	<u>\$ 11,848</u>	<u>\$ 181</u>	<u>\$ 9,112</u>	<u>\$ 226</u>
Restricted				
Cost Reimbursable Operations:				
Williamson County RRWL	\$ 1,853	\$ -	\$ 997	\$ -
Total Restricted	<u>\$ 1,853</u>	<u>\$ -</u>	<u>\$ 997</u>	<u>\$ -</u>

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6. NONCURRENT LIABILITIES

Revenue Bonds Payable

Revenue bonds payable consists of the following at August 31, 2020:

	Balance At September 1, 2019	Additions	Retired	Balance at August 31, 2020	Amount Due Within One Year
<i>Water Supply System:</i>					
Series 2002 State Participation Loan*	\$ 6,000	\$ -	\$ -	\$ 6,000	\$ -
Series 2009 Revenue Bonds*	12,365	-	1,115	11,250	1,135
Series 2015 Revenue Bonds	14,355	-	690	13,665	720
Total Water Supply System	\$ 32,720	\$ -	\$ 1,805	\$ 30,915	\$ 1,855
<i>Cost Reimbursable Operations:</i>					
Series 1999 State Participation Loan*	\$ 14,955	\$ -	\$ 14,955	\$ -	\$ -
Series 2011 Revenue Bonds	14,390	-	910	13,480	950
Series 2019 Revenue Bonds	-	14,095	-	14,095	830
Total Cost Reimbursable Operations	\$ 29,345	\$ 14,095	\$ 15,865	\$ 27,575	\$ 1,780
<i>Net Premium/(Discount) on revenue bonds payable</i>	\$ 441	\$ 1,406	\$ 51	\$ 1,796	\$ -
<i>Total Net Revenue bonds Payable</i>	<u>\$ 62,506</u>	<u>\$ 15,501</u>	<u>\$ 17,721</u>	<u>\$ 60,286</u>	<u>\$ 3,635</u>

Revenue bonds payable consists of the following at August 31, 2019:

	Balance At September 1, 2018	Additions	Retired	Balance at August 31, 2019	Amount Due Within One Year
<i>Water Supply System:</i>					
Series 2002 State Participation Loan*	\$ 6,000	\$ -	\$ -	\$ 6,000	\$ -
Series 2009 Revenue Bonds*	13,465	-	1,100	12,365	1,115
Series 2015 Revenue Bonds	15,020	-	665	14,355	690
Total Water Supply System	\$ 34,485	\$ -	\$ 1,765	\$ 32,720	\$ 1,805
<i>Cost Reimbursable Operations:</i>					
Series 1999 State Participation Loan*	\$ 14,955	\$ -	\$ -	\$ 14,955	\$ -
Series 2000 Capital Appreciation Bonds	300	-	300	-	-
Series 2011 Revenue Bonds	14,985	-	595	14,390	910
Total Cost Reimbursable Operations	\$ 30,240	\$ -	\$ 895	\$ 29,345	\$ 910
<i>Net Premium/(Discount) on revenue bonds payable</i>	\$ 500	\$ -	\$ 59	\$ 441	\$ -
<i>Total Net Revenue bonds Payable</i>	<u>\$ 65,225</u>	<u>\$ -</u>	<u>\$ 2,719</u>	<u>\$ 62,506</u>	<u>\$ 2,715</u>

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

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Revenue bonds payable at August 31, 2020 and 2019 are further detailed as follows:

Water Supply System:

- *Series 2002 (\$6,000) (Direct Placement Bonds) Brazos River Authority State Participation Loan (Allens Creek Project)* – for purchase of land for Allens Creek Reservoir site; due in installments of \$260 to \$580 beginning from 2022 through 2036; interest at 5.776% to 5.876%
- *Series 2009 (\$22,000) (Direct Placement Bonds) Brazos River Authority* – revenue bonds for the construction of a new deep-water intake structure, raw water pump station and transmission pipeline at Granger Lake due in annual installments of \$1,060 to \$1,380 through 2029; interest at .174% to 2.815%
- *Series 2015 (\$16,860) Brazos River Authority Refunding Bonds* – Proceeds from the sale of the bonds were used to refund the Water Supply System Revenue Bonds, Series 2006 (Originally issued to fund the expansion of the East Williamson County Regional Water System.) The new bonds are due in annual installment of \$590 to \$1,120 through 2035; interest at 2.0% to 4.0%

Cost Reimbursable Operation:

- *Series 1999 (\$14,955) (Direct Placement Bonds) Brazos River Authority Texas Water Development Board State Participation Loan for Williamson County Regional Raw Water Line* – due in annual installments of \$860 to \$1,630 beginning from 2021 through 2033; interest at 4.35% to 5.50% **(refunded November 20, 2019 with Series 2019)**
- *Series 2011 (\$17,190) Brazos River Authority Contract Revenue and Refunding Bonds, (Williamson County Regional Raw Water Line Project)* - to refund the serial portion of the Contract Revenue Bonds Series 2000 for Williamson County Regional Raw Water Line. In addition, proceeds from the sale of the bonds were used to add additional pumps to the project intake structure; due in annual payments of \$115 to \$1,545 through 2030; interest at 2.0% to 5.13%
- *Series 2019 (New) (\$14,095) Brazos River Authority Contract Revenue Refunding Bonds, (Williamson County Regional Raw Water Line Project)* - to refund the outstanding payment obligations pursuant to that certain Master Agreement between the Texas Water Development Board and the BRA relating to the construction and acquisition of the Williamson County Regional Raw Water Line, Effective as of November 3, 1999 (the “refunded Obligations”); due in annual payments of \$830 to \$1,540 through 2032; interest at 3.0% to 5.0%

The BRA’s outstanding revenue bonds and outstanding direct placement bonds contain event of default that states the owners may seek a writ of mandamus to compel the BRA or BRA officials to carry out the legally imposed duties with respect to the bonds if there is no other available remedy at law to compel performance of the bonds or the resolution and the BRA’s obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so rest with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Management has evaluated the event of default or termination provisions with possible finance-related consequences and in the opinion of BRA’s management, the likelihood is remote that these provisions will have a significant effect on the BRA’s financial position or results of operations. In addition, no collateral is pledged on the bonds, only the Net Revenues of the BRA.

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On November 20, 2019, the Authority issued \$14,095 of revenue bonds for a current refunding of \$14,955 of the TWDB obligation. The refunding was done to reduce the total future debt service payments. The reacquisition price was less than the net carrying amount of the old debt by \$860. The difference between the present values of the two debt service streams of \$3,759 constitutes the economic gain on the transaction and a reduction of \$4,290 in future debt service payments.

The Water Supply System bond covenants require that the BRA will fix, establish, maintain and collect such rates, charges and fees for the use and availability of the System at all times as are necessary to produce Net Revenues for each year, which are at least 1.10 times the maximum annual debt service requirements of all then outstanding bonds and additional parity obligations. For the years ended August 31, 2020 and 2019, the BRA's coverage rate was 8.26 and 5.42, respectively. The BRA was in compliance with this bond covenant.

The BRA has adopted the provisions of Governmental Accounting Standards Board Statement No. 23, as amended, "Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities." The Statement requires that the difference between the reacquisition price and the net carrying amount of the refunded old debt be deferred and amortized as a component of interest expense in a systematic and rational manner over the shorter of the life of the old debt or the life of the new debt. GASB 65 further requires the difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred outflows of resources or a deferred inflows of resources. For the years ended August 31, 2020 and 2019 the cumulative unamortized deferred outflows of resources amounted to \$281 and \$305, respectively. The deferred amount resulted from refunding of debt in 2011 and 2015.

Annual requirements to retire revenue bonds outstanding including interest at August 31, 2020 are:

	Revenue Bonds		Direct Placement Bonds	
	Principal	Interest	Principal	Interest
2021	\$ 2,500	\$ 1,695	\$ 1,135	\$ 906
2022	2,760	1,434	1,420	592
2023	2,865	1,321	1,465	551
2024	2,975	1,204	1,505	507
2025	3,085	1,091	1,555	460
2026-2030	17,365	3,436	7,150	1,515
2031-2035	9,690	558	2,440	617
2036	-	-	580	34
Total	<u>\$ 41,240</u>	<u>\$ 10,739</u>	<u>\$ 17,250</u>	<u>\$ 5,182</u>

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Contracts Payable consists of the following at August 31, 2020:

	Balance at September 1, 2019	Retired/ (Additions)	Balance at August 31, 2020	Amts Due Within One Year
\$5,124 to acquire water conservation storage space in the Belton Reservoir; due in annual installments of principal and interest of \$170 through 2006 and \$126 from 2007 through 2024; interest at 2.50% to 2.54%	\$ 587	\$ 112	\$ 475	\$ 114
\$7,383 to acquire water conservation storage space in the Somerville Reservoir; due in annual installments of principal and interest of \$266 through 2023 and \$253 from 2024 through 2027; interest at 2.74%	1,843	215	1,628	221
\$15,178 to acquire water conservation storage space in the Granger Reservoir; due in annual installments of principal and interest of \$599 through 2041 and \$598 in 2042; interest at 3.25%	9,598	287	9,311	296
\$7,130 to acquire water conservation storage space in the Georgetown (formerly Northfork) Reservoir; due in annual installments of principal and interest ranging from \$285 through 2032 to \$135 in 2042; interest at 3.25%	4,102	151	3,951	157
\$550 to acquire water rights from Brazos Electric Power Cooperative, Inc; due in annual installments of principal only of \$10 to \$45 through 2020	45	45	-	-
\$5,439 to fund the required repair, replacement and rehabilitation of the Belton Reservoir, due in annual installments of principal and interest of \$311 through 2043; interest at 4.25%	4,180	133	4,047	139
Total	\$ 20,355	\$ 943	\$ 19,412	\$ 927

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Contracts Payable consists of the following at August 31, 2019:

	Balance at September 1, 2018	Retired/ (Additions)	Balance at August 31, 2019	Amts Due Within One Year
\$5,124 to acquire water conservation storage space in the Belton Reservoir; due in annual installments of principal and interest of \$170 through 2006 and \$126 from 2007 through 2024; interest at 2.50% to 2.54%	\$ 696	\$ 109	\$ 587	\$ 112
\$1,314 to acquire water conservation storage space in the Proctor Reservoir; due in annual installments of principal and interest of \$43 through 2015 and \$35 from 2016 through 2024; interest at 2.69% (redeemed in August, 2019)	194	194	-	-
\$7,383 to acquire water conservation storage space in the Somerville Reservoir; due in annual installments of principal and interest of \$266 through 2023 and \$253 from 2024 through 2027; interest at 2.74%	2,052	209	1,843	215
\$15,178 to acquire water conservation storage space in the Granger Reservoir; due in annual installments of principal and interest of \$599 through 2041 and \$598 in 2042; interest at 3.25%	9,876	278	9,598	287
\$7,130 to acquire water conservation storage space in the Georgetown (formerly Northfork) Reservoir; due in annual installments of principal and interest ranging from \$285 through 2032 to \$135 in 2042; interest at 3.25%	4,249	147	4,102	151
\$550 to acquire water rights from Brazos Electric Power Cooperative, Inc; due in annual installments of principal only of \$10 to \$45 through 2020	90	45	45	45
\$5,439 to fund the required repair, replacement and rehabilitation of the Belton Reservoir, due in annual installments of principal and interest of \$311 through 2043; interest at 4.25%	4,308	128	4,180	133
Total	<u>\$ 21,465</u>	<u>\$ 1,110</u>	<u>\$ 20,355</u>	<u>\$ 943</u>

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Annual requirements to retire contracts payable outstanding, including interest at August 31, 2020, were:

	Contracts Payable		Total
	Principal	Interest	
2021	\$ 927	\$ 660	\$ 1,587
2022	957	631	1,588
2023	987	600	1,587
2024	1,006	569	1,575
2025	911	536	1,447
2026-2030	4,251	2,231	6,482
2031-2035	4,396	1,504	5,900
2036-2040	4,579	702	5,281
2041-2042	1,398	69	1,467
Total	<u>\$ 19,412</u>	<u>\$ 7,502</u>	<u>\$ 26,914</u>

Annual requirements to retire contracts payable outstanding, including interest at August 31, 2019, were:

	Contracts Payable		Total
	Principal	Interest	
2020	\$ 943	\$ 689	\$ 1,632
2021	927	660	1,587
2022	957	631	1,588
2023	987	600	1,587
2024	1,006	569	1,575
2025-2029	4,356	2,378	6,734
2030-2034	4,298	1,655	5,953
2035-2039	4,670	868	5,538
2040-2042	2,211	141	2,352
Total	<u>\$ 20,355</u>	<u>\$ 8,191</u>	<u>\$ 28,546</u>

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Other Noncurrent Liabilities Other noncurrent liability activity for the years ended August 31, 2020 and 2019 was as follows:

	Balance at September 1, 2019	Additions	Reductions	Balance at August 31, 2020	Amounts Due Within One Year
Unearned Revenues:					
WCRRWL	\$ 271	\$ -	\$ 45	\$ 226	\$ 45
Total	\$ 271	\$ -	\$ 45	\$ 226	\$ 45
Other Liabilities:					
Trans TX Phase II	\$ 210	\$ -	\$ -	\$ 210	\$ -
Compensated Absences*	171	-	8	163	11
Due to Jonah SUD**	908	802	814	896	-
Other	111	1	72	40	-
Total	\$ 1,400	\$ 803	\$ 894	\$ 1,309	\$ 11

	Balance at September 1, 2018	Additions	Reductions	Balance at August 31, 2019	Amounts Due Within One Year
Unearned Revenues:					
WCRRWL	\$ 316	\$ -	\$ 45	\$ 271	\$ 45
Total	\$ 316	\$ -	\$ 45	\$ 271	\$ 45
Other Liabilities:					
Hydroelectric	\$ 333	\$ 6	\$ 339	\$ -	\$ -
Trans TX Phase II	210	-	-	210	-
Compensated Absences*	159	12	-	171	11
Due to Jonah SUD **	-	908	-	908	-
Other	111	-	-	111	1
Total	\$ 813	\$ 926	\$ 339	\$ 1,400	\$ 12

*Vacation and sick leave are from a frozen plan that employees historically retain until retirement. As a result, the amounts are recorded as long-term liabilities with a portion recorded as a current liability.

** Restated for GASB 84 *Fiduciary Activities*, where the BRA previously reported as a fiduciary activity.

7. NET POSITION

Details of Net Position of investment in capital assets:

	2020	2019
Net capital assets	\$ 263,530	\$ 269,097
Deferred outflows of resources	281	305
Revenue bonds payable - current & noncurrent	(60,286)	(62,507)
Contracts payable - current & noncurrent	(19,412)	(20,355)
Total Net Position of investment in capital assets	\$ 184,113	\$ 186,540

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8. RETIREMENT PLANS

The BRA contributes to two employee retirement plans, the Retirement Plan for Employees of Brazos River Authority and the Texas County and District Retirement System. As of August 31, 2020, and 2019. The BRA had the following balances related to its pension accounts:

	BRA Plan	TCDRS Plan	2020 Total
Net Pension Liability	\$ 11,471	\$ -	\$ 11,471
Net Pension Asset	\$ -	\$ 763	\$ 763
Deferred Outflows of Resources	\$ -	\$ 1,153	\$ 1,153
Deferred Inflows of Resources	\$ 414	\$ 978	\$ 1,392
Pension Expense	\$ 1,800	\$ 1,164	\$ 2,964

	BRA Plan	TCDRS Plan	2019 Total
Net Pension Liability	\$ 12,978	\$ 1,326	\$ 14,304
Deferred Outflows of Resources	\$ 1,474	\$ 2,743	\$ 4,217
Deferred Inflows of Resources	\$ 7	\$ 517	\$ 524
Pension Expense	\$ 2,870	\$ 1,452	\$ 4,322

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

Plan Description

The Plan, a single employer plan, was established in 1959 by the BRA, a governmental agency of the State of Texas, and was amended and restated effective September 1, 1997. Prior to the revision, the Plan was an exclusive defined benefit structure. Effective September 1, 1997, the Plan was changed to a combination defined benefit and defined contribution structure (Internal Revenue Code Section 401 (a) plan) for all eligible employees who first become participants (or who reenter plan participation) on or after September 1, 1997. Employees who were active plan participants on August 31, 1997 made a one-time irrevocable election to choose either to remain under the benefit provisions of the prior plan as it existed August 31, 1997 or to have benefits determined under the new benefit provisions effective September 1, 1997. On July 16, 2007, the Board of Directors of the BRA adopted a resolution to freeze the Plan as of September 30, 2007. The resolution amended the Plan by closing the Plan to new entrants, freezing benefit accrual service, limiting compensation and service contributions to the defined contribution component of the Plan. On October 18, 2010, the Board of Directors of the BRA approved a resolution to amend and restate substantially the form of the Plan effective November 30, 2010. The resolution spun-off the defined contribution portion into its own plan and at the same time made effective November 30, 2010 the termination of the Defined Contribution Plan for Employees of Brazos River Authority. The Plan is administered by a Retirement Committee appointed by the BRA's Board of Directors and has a fiscal year end of the last day in February.

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

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Benefits Provided

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

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

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

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

Employees covered by the Plan

Participation in the Plan, as of the beginning of the year evaluation date, March 1, 2020, and March 1, 2019, is composed of the following:

Group	2020	2019
Retirees and beneficiaries currently receiving benefits	147	150
Terminated Plan members entitled to but not yet receiving benefits	101	99
Deferred beneficiaries	7	7
Transferred Canal Division employees*	4	4
Active Plan members	74	81
Total	333	341

*These participants were transferred to the Galveston County Water Authority on July 21, 1988. These participants are currently employed by the Galveston County Water Authority.

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Contributions

The BRA's employees were not required or allowed to contribute to the Plan. The BRA intends to make, but does not guarantee, annual contributions in amounts at least equal to the amounts that would be required to meet the minimum funding requirements of Section 412 of the Code. The actuarial valuations for the Plan for the valuation date of March 1, 2020 and March 1, 2019 were performed by Arthur J. Gallagher & Co. A copy of the assumptions used and methods of determining the actuarial determined contribution for the fiscal years commencing September 1, 2019 and 2018 can be obtained by contacting the Human Resources Manager at 254-761-3104. The BRA made the minimum funding requirement for the plan years ending February 29, 2020 and February 28, 2019.

Net Pension Liability

The BRA's net pension liability was measured as of March 1, 2020 and March 1, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates.

Actuarial assumptions. The total pension liability in the March 1, 2020 and March 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Information		
	2020	2019
Actuarial valuation date	March 1, 2020	March 1, 2019
Actuarial cost method	Entry age	Entry age
Actuarial Assumptions		
Investment return*	6.5%	6.5%
Projected salary increases	N/A**	N/A**
Inflation	3.5%	3.5%

*Includes inflation at the stated rate

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

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

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

The mortality rates were based on the Pub-2010 General Table, Fully Generational with Scale MP-2018.

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Long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimated ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of the Plan's fiscal year February 28, 2020 and February 29, 2019 are summarized in the following tables:

February 29, 2020

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	40%	7.50%
International equity	15%	8.50%
Domestic fixed income	25%	2.50%
Master limited partnerships	0%	7.50%
Real estate investment trusts	10%	4.50%
Global Tactical Assets	10%	7.80%
Cash	0%	5.50%

February 28, 2019

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	35%	7.50%
International equity	15%	8.50%
Domestic fixed income	25%	2.50%
Master limited partnerships	10%	7.50%
Real estate investment trusts	10%	4.50%
Private equity partnerships	5%	7.80%
Cash	0%	0.00%

Discount rate

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

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Sensitivity in the discount rate

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

	Brazos River Authority's Net Pension Liability		
	1 % Decrease (5.5%)	Current Discount Rate (6.5%)	1 % Decrease (7.5%)
August 31, 2020	\$ 14,796	\$ 11,471	\$ 8,654
August 31, 2019	\$ 16,437	\$ 12,978	\$ 10,052

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 1, 2019	\$ 32,829	\$ 19,851	\$ 12,978
Changes for the year:			
Service cost	46	-	46
Interest	2,068	-	2,068
Differences between expected and actual experience	(861)	-	(861)
Change in assumptions	-	-	-
Benefit payment, including refunds of employee contributions	(2,148)	(2,148)	-
Employer contributions	-	1,425	(1,425)
Net investment income	-	1,414	(1,414)
Administrative expenses	-	(79)	79
Other	-	-	-
Net changes	(895)	612	(1,507)
Balances at August 31, 2020	\$ 31,934	\$ 20,463	\$ 11,471

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 1, 2018	\$ 31,145	\$ 20,434	\$ 10,711
Changes for the year:			
Service Cost	65	-	65
Interest	1,956	-	1,956
Differences between expected and actual experience	(16)	-	(16)
Change in assumptions	1,939	-	1,939
Benefit payment, including refunds of employee contributions	(2,260)	(2,260)	-
Employer contributions	-	1,138	(1,138)
Net investment income	-	676	(676)
Administrative expenses	-	(137)	137
Other	-	-	-
Net changes	1,684	(583)	2,267
Balances at August 31, 2019	\$ 32,829	\$ 19,851	\$ 12,978

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Plan Fiduciary Net Position

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

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

Pension expense:

For the years ended August 31, 2020 and 2019, the Employer GASB 68 pension expense and the components of the expense were as followed:

	2020	2019
Service cost	\$ 46	\$ 66
Interest	2,068	1,956
Amortization of differences between expected and actual experience	(454)	399
Amortization of changes of assumptions	862	1,077
Projected earnings on pension plan investments	(1,265)	(1,288)
Amortization of differences between projected and actual earnings	463	523
Pension plan administrative expenses	80	137
	<u>\$ 1,800</u>	<u>\$ 2,870</u>

Deferred outflows and deferred inflows of resources

For the years ended August 31, 2020 and 2019, the BRA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources: The BRA made no contributions subsequent to the measurement date for the Plan. Employer contributions to the plan occur once a year on September 1st.

August 31, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (323)
Change in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	-	(91)
Total	<u>\$ -</u>	<u>\$ (414)</u>

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Deferred outflows and deferred inflows of resources - continued

August 31, 2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 92	\$ (7)
Change in assumptions	861	-
Net differences between projected and actual earnings on pension plan investments	521	-
Total	<u>\$ 1,474</u>	<u>\$ (7)</u>

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

Year ended August 31, 2020		Year ended August 31, 2019	
2021	\$ (579)	2020	\$ 1,439
2022	102	2021	(226)
2023	92	2022	132
2024	(29)	2023	122
2025	-	2024	-
Thereafter	-	Thereafter	-
Total	<u>\$ (414)</u>	Total	<u>\$ 1,467</u>

Texas County and District Retirement System:

Plan Description

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

Benefits Provided

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

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employee needs to earn a future benefit is called the vesting requirement. When an employee is vested, he or she has the right to a monthly benefit, which includes the employer matching contribution, at age 60 or older.

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

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

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

Employees covered by the Plan

Participation in the Plan, as of the evaluation date December 31, 2019 and December 31, 2018, is composed of the following:

Group	2019	2018
Retirees and beneficiaries currently receiving benefits	74	64
Terminated Plan members entitled to but not yet receiving benefits	97	93
Active Plan members	221	228
Total	392	385

Contributions

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

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

The BRA has elected the annually determined contribution rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer, based on the covered payroll of employee members. Under the TCDRS Act, the annual employer contribution rate for calendar years 2020 and 2019 was 7.50% and 7.13% respectively. The required contribution rate payable by the employee members is 6.0% as adopted by the Board of Directors. The employee and employer contribution rates may be changed by the BRA's Board of Directors within the options available in the TCDRS Act.

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Net Pension Liability

The BRA's net pension liability was measured as of December 31, 2019 and December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates.

Actuarial assumptions. The total pension liability in the December 31, 2019 and the December 31, 2018 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Information		
	2020	2019
Actuarial valuation date	December 31, 2019	December 31, 2018
Actuarial cost method	Entry age	Entry age
Actuarial Assumptions		
Investment return	8.0%	8.0%
Projected salary increases	2.0%	2.0%
Inflation	2.75%	2.75%

For the December 31, 2018 and 2019 actuarial valuation, the mortality rates for depositing members, were based on 90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate Scale after 2014.

Long-term expected rate of return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2019 and January 2018 information for a 10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a thirty-year time horizon; the most recent analysis was performed in 2017. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2013 through December 31, 2016 for more details.

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Long-term Expected rate of return by Asset Class
Actuarial Valuation December 31, 2019
Based on April 2020 information for a 10 year time horizon

Asset Class	Target Allocation	Geometric Real Rate of Return
US Equities	14.50%	5.20%
Private Equities	20.00%	8.20%
Global Equities	2.50%	5.50%
International Equities Developed	7.00%	5.20%
International Equities-Emerging	7.00%	5.70%
Investment-Grade Bonds	3.00%	-0.20%
Strategic Credit	12.00%	3.14%
Direct Lending	11.00%	7.16%
Distressed Debt	4.00%	6.90%
REIT Equities	3.00%	4.50%
Master Limited Partnerships	2.00%	8.40%
Private Real Estate Partnerships	6.00%	5.50%
Hedge Funds	8.00%	2.30%

Long-term Expected rate of return by Asset Class
Actuarial Valuation December 31, 2018
Based on January 2019 information for a 10 year time horizon

Asset Class	Target Allocation	Geometric Real Rate of Return
US Equities	10.50%	5.40%
Private Equities	18.00%	8.40%
Global Equities	2.50%	5.70%
International Equities Developed	10.00%	5.40%
International Equities-Emerging	7.00%	5.90%
Investment-Grade Bonds	3.00%	1.60%
Strategic Credit	12.00%	4.39%
Direct Lending	11.00%	7.95%
Distressed Debt	2.00%	7.20%
REIT Equities	2.00%	4.15%
Master Limited Partnerships	3.00%	5.35%
Private Real Estate Partnerships	6.00%	6.30%
Hedge Funds	13.00%	3.90%

Discount rate

The discount rate used to measure the total pension liability was 8% gross. The projection of cash flows used to determine the discount rate assumed the contributions from the BRA will meet the minimum funding requirements as supplied by the actuarially determined computation. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Sensitivity in the discount rate

The following presents the net pension liability of the BRA calculated using the discount rate of 8%, as well as what the BRA's net pension (asset)/liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	TCDRS net pension liability/(net pension asset)		
	Current		
	1% Decrease (7%)	Discount Rate (8%)	1% Increase (9%)
August 31, 2020	\$ 3,835	\$ (763)	\$ (4,639)
August 31, 2019	\$ 5,453	\$ 1,326	\$ (2,145)

Changes in the Net Pension Liability/(Asset)

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a) - (b)
Balances at September 1, 2019	\$ 29,528	\$ 28,202	\$ 1,326
Changes for the year:			
Service cost	1,840	-	1,840
Interest	2,517	-	2,517
Differences between expected and actual experience	252	-	252
Benefit payment, including refunds of employee contributions	(610)	(610)	-
Employer contributions	-	1,108	(1,108)
Change in assumptions	-	-	-
Member contributions	-	932	(932)
Net investment income	-	4,630	(4,630)
Administrative expenses	-	(26)	26
Other	-	54	(54)
Net changes	3,999	6,088	(2,089)
Balances at August 31, 2020	\$ 33,527	\$ 34,290	\$ (763)

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net (b)	Net Pension Liability/ (Asset) (a) - (b)
Balances at September 1, 2018	\$ 25,965	\$ 27,314	\$ (1,349)
Changes for the year:			
Service cost	1,829	-	1,829
Interest	2,227	-	2,227
Differences between expected and actual experience	114	-	114
Benefit payment, including refunds of employee contributions	(607)	(607)	-
Employer contributions	-	1,076	(1,076)
Member contributions	-	893	(893)
Net investment income	-	(494)	494
Administrative expenses	-	(23)	23
Other	-	43	(43)
Net changes	3,563	888	2,675
Balances at August 31, 2019	\$ 29,528	\$ 28,202	\$ 1,326

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Plan Fiduciary Net Position

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

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

Pension expense:

For the years ended August 31, 2020 and 2019, the Employer GASB 68 pension expense and the components of the expense were as followed:

	2020	2019
Service cost	\$ 1,840	\$ 1,829
Interest	2,517	2,227
Member contributions	(932)	(892)
Effect of plan changes	-	-
Amortization of differences between expected and actual experience	(165)	(216)
Amortization of changes of assumptions	32	32
Projected earnings on pension plan investments	(2,342)	(2,267)
Amortization of differences between projected and actual earnings	242	759
Pension plan administrative expenses	26	23
Other *	(54)	(43)
Total pension expense	<u>\$ 1,164</u>	<u>\$ 1,452</u>

* Relates to allocation of system-wide items

Deferred outflows and inflows of resources:

For the years ended August 31, 2020 and 2019, the BRA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

August 31, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 293	\$ 271
Change in assumption	44	-
Net difference between projected and actual earnings on pension plan investments	-	707
BRA's contributions subsequent to the measurement date *	816	-
Total	<u>\$ 1,153</u>	<u>\$ 978</u>

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Deferred outflows and deferred inflows of resources - continued

August 31, 2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 121	\$ 517
Change in assumption	76	-
Net difference between projected and actual earnings on pension plan investments	1,822	-
BRA's contributions subsequent to the measurement date *	724	-
Total	<u>\$ 2,743</u>	<u>\$ 517</u>

*For Fiscal Years ending August 31, 2020 and 2019, a total of \$816 and \$724 was contributed subsequent to the measurement date of the net pension liability, respectively. The amounts are recorded in deferred outflows of resources that will be recognized as a decrease in the net pension liability in the Fiscal Years ending August 31, 2021 and 2020 respectively.

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

Year ended August 31, 2020		Year ended August 31, 2019	
2021	\$ (291)	2020	\$ 516
2022	(137)	2021	116
2023	175	2022	270
2024	(388)	2023	582
2025	-	2024	18
Thereafter	-	Thereafter	-
Total	<u>\$ (641)</u>	Total	<u>\$ 1,502</u>

BRA's 401(a) plan

In addition to the two pension plans noted above, the BRA also contributes to a 401(a) plan. All regular full-time and part-time employees who contribute to the 457 Deferred Compensation Plan are eligible for employer contributions to the 401(a) plan. The employer contribution is based on 50% of the employee's 457 semi-monthly deferral (maximum employer contribution is 3% of the employee's semi-monthly gross compensation). Employees are vested in the employer contribution and related investment earnings (losses) after completing five or more years of BRA service. Non-vested employer contributions are deposited into the Mass Mutual Sagic Diversified II Fund until vesting occurs. Total deposits into the non-vested account for the twelve months ended August 31, 2020 and August 31, 2019 were \$51 and \$50, respectively.

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9. FINANCING ARRANGEMENTS

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

Contracting Party	Date of Issue	Original Amount	Date of Maturity	Interest Rate	Balance at August 31, 2020
Jonah Water SUD	2007	\$ 3,170	2009-2028	4.0% to 4.5%	\$ 1,580
Jonah Water SUD	2008	\$ 2,630	2010-2029	3.0% to 5.0%	1,460
Jonah Water SUD	2012	\$ 5,090	2015-2032	3.0% to 5.0%	3,730
Total					<u>\$ 6,770</u>

10. RISK MANAGEMENT

The BRA is exposed to various risks of loss related to torts, theft of, damage to and destruction of *assets; errors and omissions, natural disasters, and job-related injuries or illnesses to employees* for which the BRA carries commercial insurance or participates in the Texas Municipal League Intergovernmental Risk Pool (Pool). These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial liability in any of the past three years. There were no significant reductions in coverage compared to the prior year. The BRA's relationship with the Pool parallels that with a commercial insurance company. The Pool has the responsibility to defend any suit seeking damages on account of any liability up to the applicable limits of the agreement. The BRA has the responsibility to notify the Pool of all potential claims and pay for any amounts up to the agreement's deductible. The Schedule of Insurance can be found on Pages 130 to 131 of this report.

11. COMMITMENTS & CONTINGENCIES

Deferred Compensation Plans

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

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

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Other

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

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

Allens Creek Reservoir is a planned off-channel water storage reservoir that will be constructed on Allens Creek, a tributary of the Brazos River, in Austin County. An off-channel reservoir impounds water pumped from an adjacent river or stream when flows are adequate for storage and subsequent use. The dam for Allens Creek Reservoir will be located on Allens Creek; however, the primary water source for the reservoir will be flows pumped from the Brazos River.

Currently, the BRA, the City of Houston (City) and the TWDB are partners in the project. However, the 86th Texas Legislature passed House Bill 2846 in 2019, which requires the City to sell its interest in the reservoir to BRA for \$23 million by January 2020. The BRA and some of its water customers were active in support of this bill during the legislative session. Governor Greg Abbott signed the bill into law, but the City has challenged its constitutionality. BRA will continue to work through the legal process with the City and the State of Texas with the goal of moving this project forward to construction as quickly as possible.

Construction Projects

The BRA has several construction contracts related to the capital improvement plan, approved by the Board of Directors. As of August 31, 2020, the BRA had approximately \$6,642 in open contract commitments, including change orders. The BRA has recorded construction in progress (CIP) related to these contracts totaling \$11,311. The following identifies some of those projects and selected details regarding the commitments.

Name	Construction In Progress at August 31, 2020	Total Project Budgeted Cost	Estimated Project Comp. Date
DeCordova Bend Dam Low Flow Facility	\$ 3,180	\$ 5,155	2021
Lake Limestone Improvement Projects	3,032	68,180	2025+
Lake Granbury Improvement Projects	1,900	11,500	2023+
Lake Belton-Stillhouse Hollow Pipeline	1,330	33,236	2025
Trinity Groundwater Well #2	834	23,436	2025+
Allens Creek Reservoir	472	502,318	2025+
PK Dam Improvement Projects	122	2,643	2022
EWCRWS Expansion Phase II	208	15,500	2025+
Other	233	14,951	various
Total	\$ 11,311	\$ 676,919	

BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019 (in thousands)

12. BOARD DESIGNATED RESERVES

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

The balances of those reserves at August 31, 2020 are represented as follows:

Working Capital Reserve	\$ 10,536
Contingency Reserve Fund	5,000
Self Insurance Fund	500
Rate Stabilization Reserve Fund	92,463
Total	<u>\$ 108,499</u>

13. SUBSEQUENT EVENTS

On July 27, 2020, The Board of Directors of the BRA approved the issuance and sale of Brazos River Authority Contract Revenue Refunding and Improvement Bonds, Series 2020 (Williamson County Regional Raw Water Line Project) to refund the Brazos River Authority Contract Revenue and Refunding Bonds, Series 2011 and to fund the copper ion generator project. The debt resolution authorizes the issuance in a not to exceed principal amount of \$16,000. The bonds were issued September 30, 2020 for \$13,375.

14. RESTATEMENT

GASB Statement No. 84, *Fiduciary Activities*, was effective for reporting periods beginning after December 15, 2018, but subsequently extended by GASB No. 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*, making the new effective date for reporting periods beginning after December 15, 2019.

The BRA has elected to early adopt as of September 1, 2019 and has restated the accompanying 2019 financial statements to reflect a change in accounting principle for the required implementation of GASB 84. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and post-employment benefit arrangements that are fiduciary activities. Prior to this provision, the BRA had recorded the relationship with the City of Jonah as a fiduciary type transaction.

The effect on the August 31, 2019 Statement of Net Position was to increase the Noncurrent Restricted cash, Total Noncurrent Assets, Total Assets and Deferred Outflows of Resources, Noncurrent Liabilities (Other Liabilities), Total Noncurrent Liabilities, Total Liabilities, Total Liabilities and Deferred Inflows of Resources, and Total Liabilities, Deferred Inflows of resources and Net Position. The following summarizes the adjustments made to the 2019 Statement of Net Position.

BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019 (in thousands)

RESTATEMENT

STATEMENT OF NET POSITION

	<u>2019 Restated</u>	<u>2019 As Previously Reported</u>	<u>Difference</u>
NONCURRENT ASSETS:			
RESTRICTED:			
Cash and cash equivalents	\$ 597	\$ 79	\$ 518
Investments	10,271	9,883	388
Interest	38	37	1
Total Restricted	<u>10,906</u>	<u>9,999</u>	<u>907</u>
TOTAL NONCURRET ASSETS	<u>281,515</u>	<u>280,608</u>	<u>907</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 400,629</u>	<u>\$ 399,722</u>	<u>\$ 907</u>
NONCURRENT LIABILITIES:			
Other liabilities	\$ 1,388	\$ 481	\$ 907
TOTAL NONCURRENT LIABILITIES	<u>95,121</u>	<u>94,214</u>	<u>907</u>
TOTAL LIABILITIES	<u>118,194</u>	<u>117,287</u>	<u>907</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>118,718</u>	<u>117,811</u>	<u>907</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 400,629</u>	<u>\$ 399,722</u>	<u>\$ 907</u>

BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019 (in thousands)

In addition to the effects noted on the August 31, 2019 Statement of Net Position the early adoption of GASB Statement No. 84, *Fiduciary Activities*, the Statement of Cash Flows also had increases to the cash flows from investing activities and the cash and cash equivalents and the beginning and ending of the year. The following summarizes the adjustments made to the 2019 Statement of Cash Flows.

RESTATEMENT

STATEMENT OF CASH FLOWS

	2019 Restated	2019 As Previously Reported	Difference
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash provided by investing activities	\$ (9,215)	\$ (9,220)	\$ 5
NET CHANGE IN CASH AND CASH EQUIVALENTS	\$ (8,340)	\$ (8,345)	\$ 5
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	\$ 32,565	\$ 32,051	\$ 514
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 24,225	\$ 23,706	\$ 519

15. RECENTLY ISSUED GASB STATEMENTS

Effects of New Accounting Standards on Current Period Financial Statements:

In January 2017, the GASB issued Statement No 84, *Fiduciary Activities*. The principal objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. See Note 14 on page 92 for the detail of the effects of this standard on the Financial Statements.

Upcoming GASB Standards:

GASB has approved GASB Statement No. 84, *Fiduciary Activities*, Statement No. 87, *Leases*, Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, Statement 90, *Majority Equity Interest*, Statement 91, *Conduit Debt Obligations*, Statement No. 92, *Omnibus*, Statement No. 93, *Replacement of Interbank Offered Rates*, Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, Statement No. 96, *Subscription-Based Information Technology Arrangements*, Statement No. 97, *Certain Component Unit Criteria*, and *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84*, and a *supersession of GASB Statement No. 32*.

The statements referenced above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87 which was postponed by one and a half years. When they become effective, application of these standards may restate portions of these financial statements.

Required Supplemental Information

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

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

	<u>8/31/2020</u>	<u>8/31/2019</u>	<u>8/31/2018</u>	<u>8/31/2017</u>	<u>8/31/2016</u>	<u>8/31/2015</u>
Measurement Date	2/29/2020	2/28/2019	2/28/2018	2/28/2017	2/29/2016	2/28/2015
Total pension liability						
Service cost	\$ 46	\$ 66	\$ 76	\$ 105	\$ -	\$ -
Interest	2,068	1,956	1,934	1,892	1,894	1,765
Differences between expected and actual experience	(861)	(16)	551	689	225	638
Change of assumptions	-	1,939	-	(455)	-	1,259
Benefit payment, including refunds of member contributions	(2,148)	(2,261)	(2,137)	(1,892)	(1,713)	(1,656)
Net change in total pension liability	(895)	1,684	424	339	406	2,006
Total pension liability --beginning	32,829	31,145	30,721	30,382	29,976	27,970
Total pension liability --ending (a)	<u>\$ 31,934</u>	<u>\$ 32,829</u>	<u>\$ 31,145</u>	<u>\$ 30,721</u>	<u>\$ 30,382</u>	<u>\$ 29,976</u>
Plan fiduciary net position						
Employer contributions	\$ 1,425	\$ 1,138	\$ 1,018	\$ 911	\$ 826	\$ 682
Net investment income	1,414	676	1,256	2,972	(2,201)	1,226
Benefit payment, including refunds of member contributions	(2,148)	(2,260)	(2,137)	(1,892)	(1,713)	(1,656)
Administrative expenses	(79)	(137)	(84)	(80)	(81)	(79)
Other	-	-	(256)	-	-	-
Net change in plan fiduciary net position	612	(583)	(203)	1,911	(3,169)	173
Plan fiduciary net position -- beginning	19,851	20,434	20,637	18,726	21,895	21,722
Plan fiduciary net position -- ending (b)	<u>\$ 20,463</u>	<u>\$ 19,851</u>	<u>\$ 20,434</u>	<u>\$ 20,637</u>	<u>\$ 18,726</u>	<u>\$ 21,895</u>
BRA's net pension liability -- (a) - (b)	<u>\$ 11,471</u>	<u>\$ 12,978</u>	<u>\$ 10,711</u>	<u>\$ 10,084</u>	<u>\$ 11,656</u>	<u>\$ 8,081</u>
Plan fiduciary net position as a percentage of the total pension liability	64.08%	60.47%	65.61%	67.18%	61.64%	73.04%
Covered payroll	\$ 7,130	\$ 7,026	\$ 7,405	\$ 7,674	\$ 7,990	\$ 7,962
Net pension liability as a percentage of covered payroll	160.88%	184.71%	144.65%	131.40%	145.88%	101.49%

* Fiscal Year 2015 was the first year of implementation of GASB 68, therefore, only six years are shown.

Notes to schedule:

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

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

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

	8/31/2020	8/31/2019	8/31/2018	8/31/2017	8/31/2016	8/31/2015
Measurement Date	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Total pension liability						
Service cost	\$ 1,840	\$ 1,829	\$ 1,841	\$ 1,921	\$ 1,682	\$ 1,615
Interest	2,517	2,227	1,958	1,640	1,511	1,296
Effect of plan changes	-	-	-	-	(326) ⁽¹⁾	-
Differences between expected and actual experience	252	114	31	(153)	(1,320)	32
Change of assumptions	-	-	33	-	164	-
Benefit payment, including refunds of member contributions	(610)	(607)	(442)	(349)	(254)	(225)
Net change in total pension liability	3,999	3,563	3,421	3,059	1,457	2,718
Total pension liability --beginning	29,528	25,965	22,544	19,485	18,028	15,310
Total pension liability --ending (a)	<u>\$ 33,527</u>	<u>\$ 29,528</u>	<u>\$ 25,965</u>	<u>\$ 22,544</u>	<u>\$ 19,485</u>	<u>\$ 18,028</u>
Plan fiduciary net position						
Employer contributions	\$ 1,108	\$ 1,075	\$ 1,028	\$ 1,002	\$ 1,010	\$ 1,023
Member contributions	932	893	871	843	827	789
Net investment income	4,630	(494)	3,314	1,448	(418)	1,049
Benefit payment, including refunds of member contributions	(610)	(607)	(442)	(349)	(254)	(225)
Administrative expenses	(26)	(22)	(18)	(16)	(13)	(13)
Other	54	43	19	184	(24)	6
Net change in plan fiduciary net position	6,088	888	4,772	3,112	1,128	2,629
Plan fiduciary net position -- beginning	28,202	27,314	22,542	19,430	18,302	15,673
Plan fiduciary net position -- ending (b)	<u>\$ 34,290</u>	<u>\$ 28,202</u>	<u>\$ 27,314</u>	<u>\$ 22,542</u>	<u>\$ 19,430</u>	<u>\$ 18,302</u>
BRA's net pension (asset) / liability -- (a) - (b)	<u>\$ (763)</u>	<u>\$ 1,326</u>	<u>\$ (1,349)</u>	<u>\$ 2</u>	<u>\$ 55</u>	<u>\$ (274)</u>
Plan fiduciary net position as a percentage of the total pension liability	102.28%	95.51%	105.20%	99.99%	99.72%	101.52%
Covered payroll	\$ 15,539	\$ 14,873	\$ 14,524	\$ 14,049	\$ 13,783	\$ 13,148
Net pension (asset) / liability as a percentage of covered payroll	-4.91%	8.92%	-9.29%	0.01%	0.40%	-2.08%

* Fiscal Year 2015 was the first year of implementation of GASB 68, therefore only six years are shown.

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

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

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

Year Ended August 31	Actuarially determined contribution (a)	Contributions in relation to the actuarially determined contribution (b)	Contribution deficiency (excess) (b-a)	Covered payroll	Contributions as a percentage of covered payroll
2020	\$1,425,166	\$1,425,166	-	\$7,013,273	20.32%
2019	\$1,137,903	\$1,137,903	-	\$7,031,535	16.18%
2018	\$1,018,208	\$1,018,208	-	\$7,255,347	14.03%
2017	\$911,424	\$911,424	-	\$7,412,926	12.30%
2016	\$826,368	\$826,368	-	\$7,887,499	10.48%
2015	\$682,436	\$682,436	-	\$8,028,405	8.50%
2014	\$750,287	\$750,287	-	\$7,815,209	9.60%
2013	\$655,971	\$655,971	-	\$7,864,785	8.34%
2012	\$302,314	\$302,314	-	\$8,406,599	3.60%
2011	\$222,879	\$222,879	-	\$9,028,907	2.47%

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

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

Year Ended August 31	Actuarially determined contribution (a)	Contributions in relation to the actuarially determined contribution (b)	Contribution deficiency (excess) (b-a)	Covered payroll	Contributions as a percentage of covered payroll
2020	\$1,191,350	\$1,191,350	-	\$16,145,852	7.38%
2019	\$1,087,874	\$1,087,874	-	\$15,187,265	7.16%
2018	\$1,061,610	\$1,061,610	-	\$14,785,789	7.18%
2017	\$1,014,973	\$1,014,973	-	\$14,302,486	7.10%
2016	\$1,004,040	\$1,004,040	-	\$13,952,415	7.20%
2015	\$1,019,633	\$1,019,633	-	\$13,636,040	7.48%
2014	\$1,013,122	\$1,013,122	-	\$12,983,412	7.80%
2013	\$1,011,451	\$1,011,451	-	\$12,879,290	7.85%
2012	\$1,037,780	\$1,037,780	-	\$13,175,002	7.88%
2011	\$1,020,002	\$1,020,002	-	\$13,057,123	7.81%