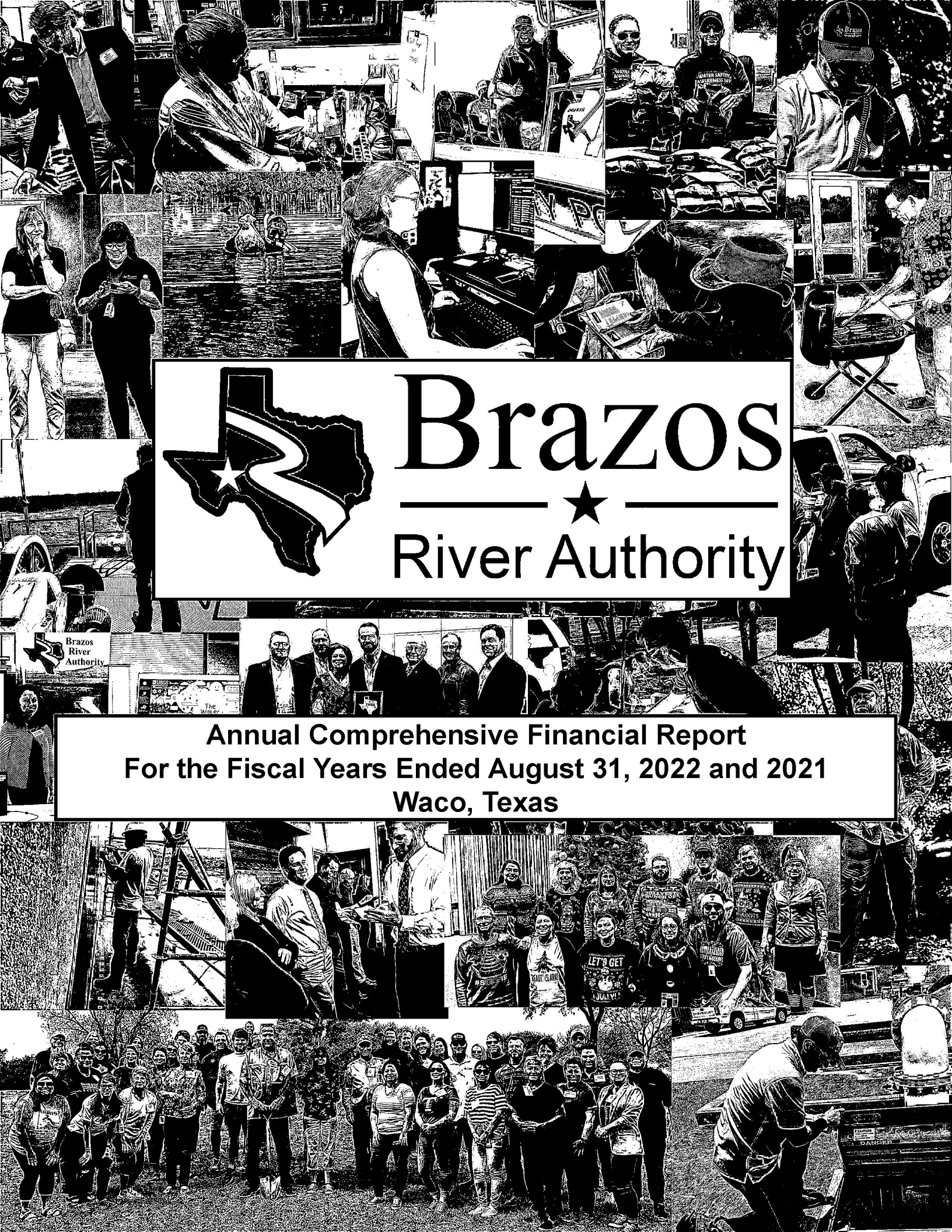




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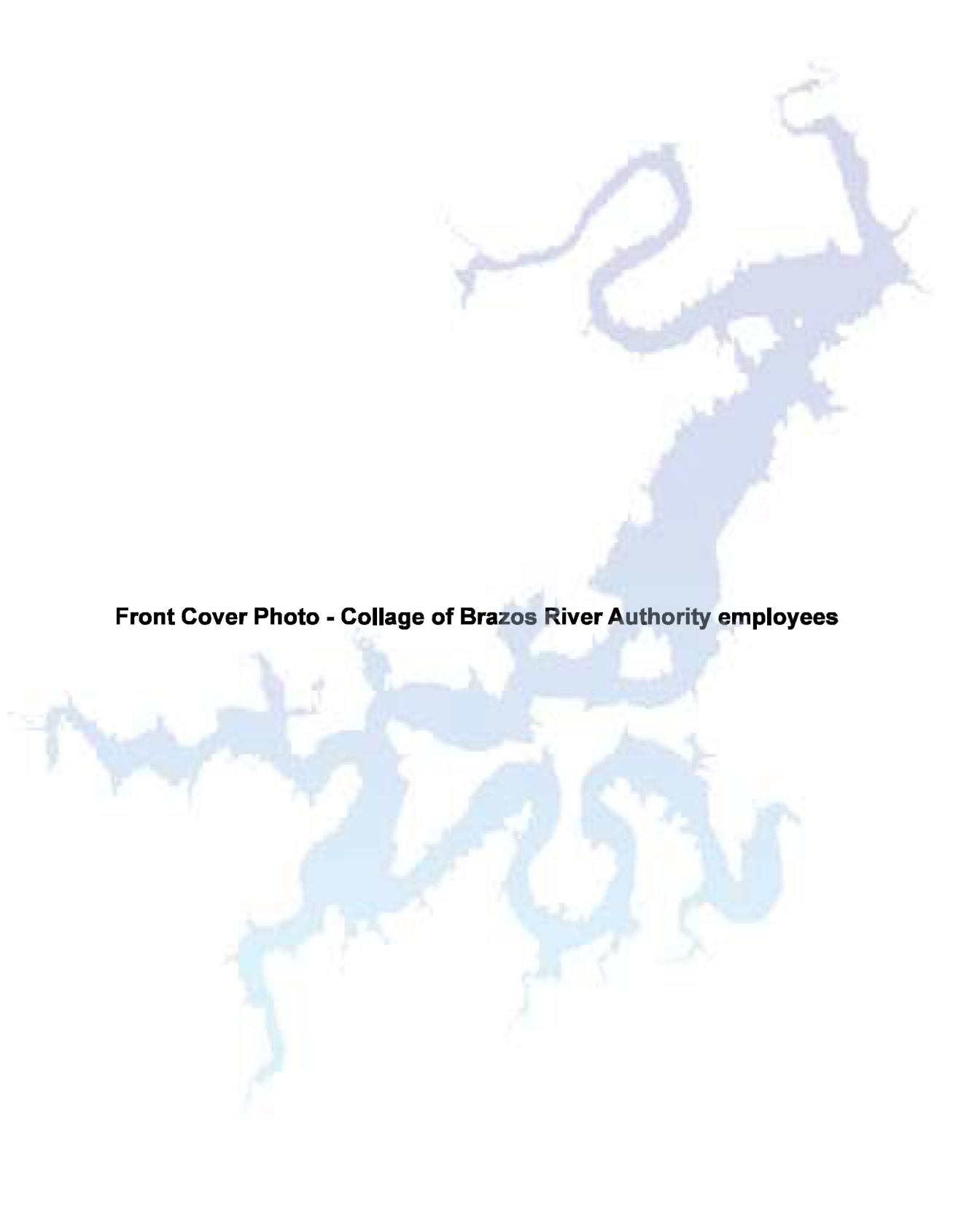
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Brazos

River Authority

Annual Comprehensive Financial Report For the Fiscal Years Ended August 31, 2022 and 2021 Waco, Texas



Front Cover Photo - Collage of Brazos River Authority employees

Backbone of the Brazos River Authority

A River Authority of the State of Texas

What makes the Brazos River Authority successful at developing, managing, and protecting the water resources of the Brazos River basin? It's employees!

Our employees' expertise, skill sets, and experience are invaluable and intangible assets in our efforts to provide water to thirsty Texans.

No role is too small to make a difference in the organization's overall success.

The BRA is responsible for providing water to municipalities, water districts, water supply corporations, agricultural users, irrigators, steam electric generating facilities, manufacturing entities, and mining operations within the Brazos basin. And it takes a village, as they say, to make that happen.

The BRA is the largest provider of wholesale surface water within the basin. We store water in three wholly owned and operated reservoirs: Possum Kingdom Lake, Lake Granbury, and Lake Limestone. The BRA also contracts for conservation storage space in eight US Army Corps of Engineers - reservoirs in the basin: Lakes Whitney, Aquilla, Proctor, Belton, Stillhouse Hollow, Georgetown, Granger, and Somerville. Our team stretches across counties, making communication and teamwork vital.

Besides water supply, the BRA works to ensure the water quality within the basin by providing services such as potable water treatment, wastewater treatment, and continuous monitoring for specific contaminants through the Texas Clean Rivers Program. To accomplish those goals, we must have a wide variety of talents dedicated to embodying the organization's mission. Having hardworking and dependable staff is a business' core, and the BRA is privileged to have some of the finest employees. I'm very proud of this large team.

The BRA also conducts comprehensive water quality monitoring, analysis, and data management, providing scientific information on basin environmental conditions. This information is used to develop and implement effective watershed-based strategies to maintain and improve water quality throughout the Brazos River basin. Additionally, the BRA maintains a surface water quality laboratory that is National Environmental Laboratory Accreditation Program (NELAP) accredited through TCEQ, which means the lab successfully adheres to national standards for laboratory operations.

All this couldn't happen without our plant managers, maintenance crews, leadership, project managers, our financial team, hydrologists, and so many more. There are a lot of departments that work behind the scenes who keep the day-to-day and long-term plans rolling and who go above and beyond.

I wanted to take a moment to highlight just a few of those employees and give you a glimpse into all the different departments that help make the BRA who it is. Their concentration and commitment to excellence have carefully nurtured everything the BRA has achieved.



- David Collinsworth
BRA GM/CEO



**Annual Comprehensive Financial Report for the Fiscal Years
Ended August 31, 2022 and 2021
Prepared by the Finance and Administration Department**

**BRAZOS RIVER AUTHORITY
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED AUGUST 31, 2022 and 2021**

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ANNUAL COMPREHENSIVE FINANCIAL REPORT
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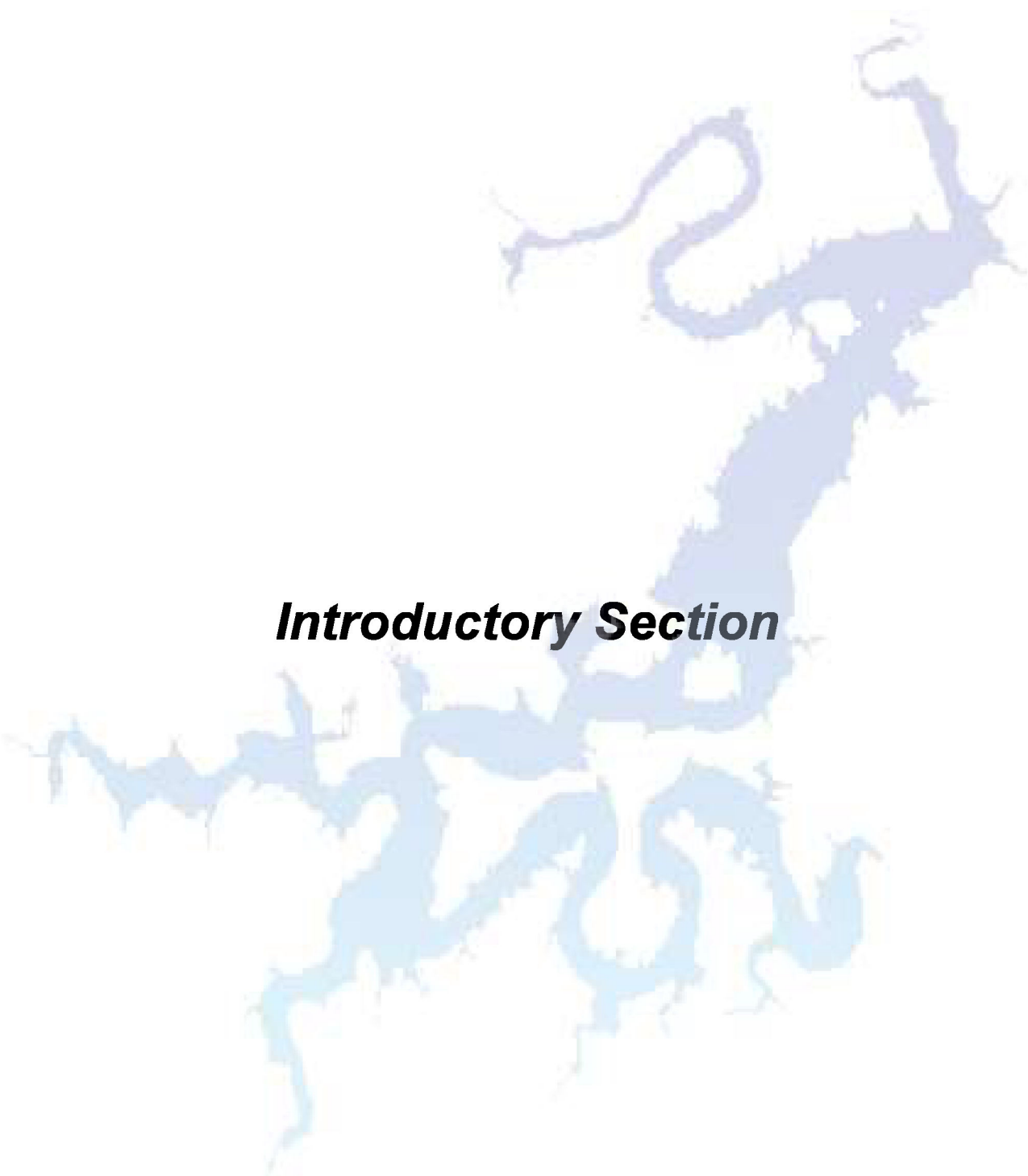
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Introductory Section

Brazos River Authority



**Board
of
Directors**

Director



**Gary
Boren**

Director



**Austin
Ruiz, O.D.**

Director



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

Director



**Royce
Lesley**

Presiding Officer



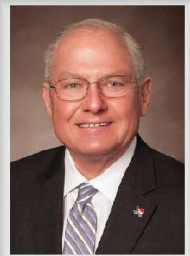
**Cynthia A.
Flores**

Director



**Mike
Fernandez**

Director



**Jim
Lattimore, Jr.**

**BRAZOS
RIVER
BASIN**

Lubbock

Upper
Region

Graford

Abilene

Comanche

Director



**Jennifer "Jen"
Henderson**

Director



**Christine
Giese**

As of November 2022



Management Team



Aaron Abel
Water Services Manager



Robert Starnes
Security 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



Luke Collins
Information & Cyber
Technology Manager



David Thompson
Chief Financial Officer



Jon King
Special Projects &
Strategic Initiatives Manager



Brad Brunett
Lower/Central Basin
Regional Manager



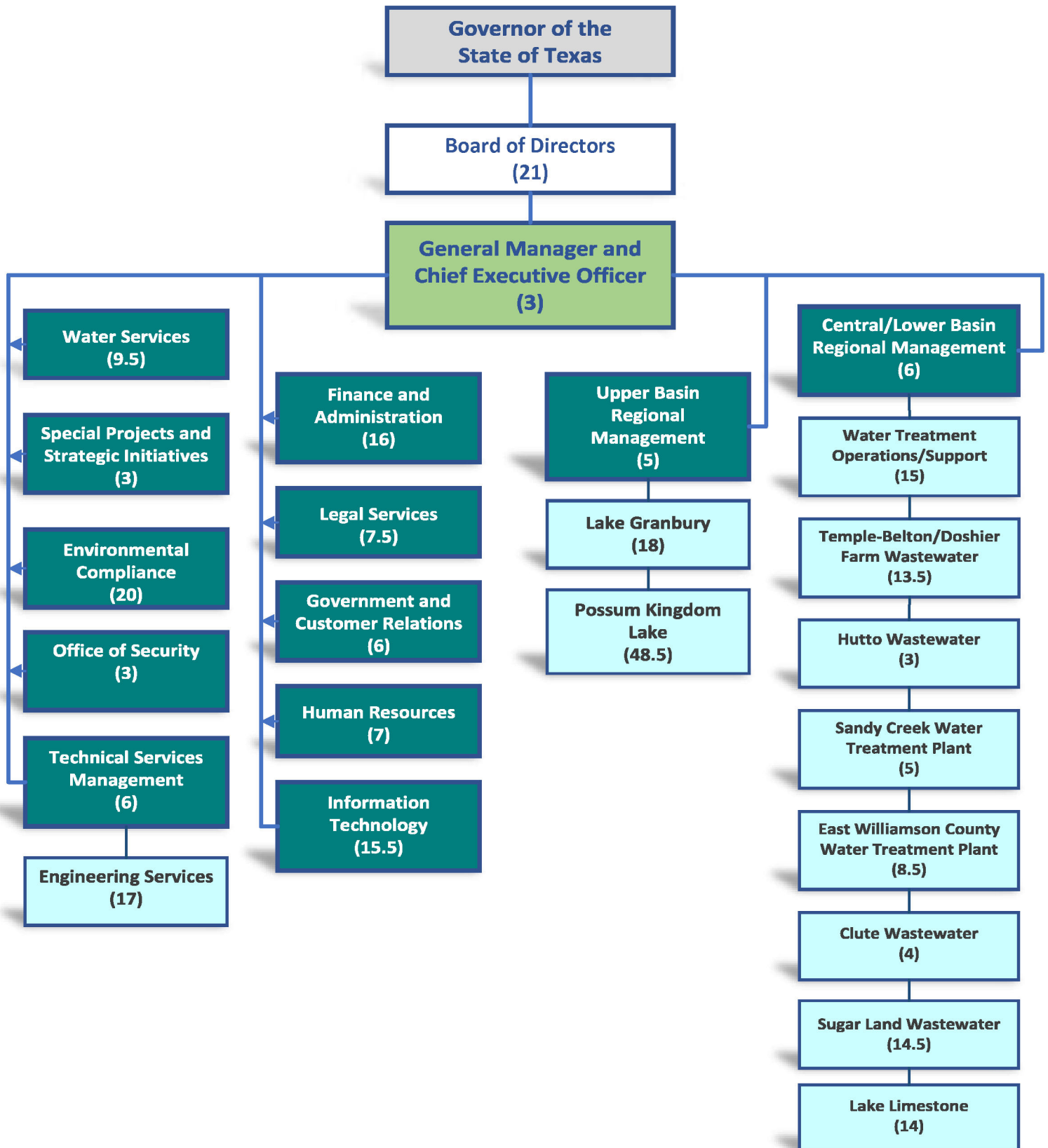
Mike McClendon
Upper Basin
Regional Manager



Tiffany Malzahn
Environmental &
Compliance Manager

Brazos River Authority Organizational Chart

(Including Position Counts)





Brazos River Authority



January 30, 2023

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 Annual Comprehensive Financial Report (ACFR) of the Brazos River Authority (BRA) for the Fiscal Year ended August 31, 2022. 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 ACFR 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 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, 2022 and 2021 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 Years ended August 31, 2022 and 2021 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, 2022 and 2021 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 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.

4600 Cobbs Drive • P.O. Box 7555 • Waco, Texas 76714-7555
254-761-3100 • FAX 254-761-3215

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. Additionally, BRA owns the water rights for the proposed Allens Creek Reservoir planned for construction in Austin County.

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 1,095,896 acre-feet of water 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 owns and operates the East Williamson County Regional Water System (EWCRRS) at Lake Granger, which supplies treated water to several municipal providers in the area. Approximately 2.4 billion gallons were treated and provided to EWCRRS customers in Fiscal Year 2022. The BRA also operates a potable (drinking) water treatment system for the City of Leander. This system supplied approximately 1.7 billion gallons in Fiscal Year 2022.

Wastewater was treated and discharged by the BRA at nine sewerage systems that it operated within the basin during Fiscal Year 2022: Temple-Belton, Doshier Farm, Sugar Land North and South, Sugar Land Greatwood, Sugar Land New Territory, Clute-Richwood, 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 water 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.

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), with BRA serving as voting members on both groups. Additionally, BRA serves as the administrative agency for the Lower Brazos Regional Flood Planning Group.

ECONOMIC CONDITION AND OUTLOOK

The fiscal year ended August 31, 2022 saw substantial changes from one year ago. Since March 2022, the Federal Open Market Committee (FOMC) has voted to raise the Fed Fund rate at each of its subsequent meetings. The target rate range began the fiscal year at 0% - 0.25% and ended August 2022 at 2.25% - 2.50%. Rising inflation was thought to be a transitory issue that would resolve with supply chain improvements; however, continued backlogs have maintained the trend of increasing costs forcing the FOMC to take quick action. The FOMC continues to implement restrictive measures to rein in inflation and establish price stability in an uncertain economic environment, but certain factors remain out of their control. The Russian invasion of Ukraine, which has been ongoing since February 2022, has contributed to soaring energy and supply costs putting a strain on the global economy.

U.S. Gross Domestic Product was marked by two consecutive negative quarters to begin 2022, -1.6% January-March 2022 and -0.6% April-June 2022. While some recession concerns loom, unemployment continued its drop from 5.2% in August 2021 to 3.7% one year later.

The housing sector began feeling the pressure as mortgage rates climbed. The average 30-year mortgage rate ended August 2022 at 5.80% compared to 3.03% in August 2021. The increased cost to borrow coupled with high home prices made the market unaffordable for many prospective buyers this year.

The Texas economy has continued to improve, although slow by comparison to the recovery from last year. The Texas unemployment rate decreased from 5.4% in August 2021 to 4.1% in August 2022, slightly higher than the national average of 3.7% at the end of the period. Texas increased the number of jobs by 6.0% during the year. By comparison, California experienced an increase of 6.2%, New York has increased 6.3%, and Florida has increased 7.6%. Texas sales tax revenues rose 13.4% during the fiscal year. While home sales in Texas declined during the year, home prices have continued to increase.

Interest-earning investments permitted by the BRA's Investment Policy and State Law have seen significant increases since August 2021. Local Government Investment Pool rates were 0.02% at the end of last fiscal year and climbed to 2.23% by the end of August 2022. Rates for Certificates of Deposit (CD) also saw sizable increases among banks that could take on additional deposits. At the end of August 2022, a one-year CD was yielding 3.35%, compared to 0.15% at the end of August 2021. Treasury and Agency security rates also adjusted upward throughout the year. Treasury and Agency rates began the fiscal year below 0.10% and ended August 2022 around 3.40%.

LONG-TERM FINANCIAL AND STRATEGIC PLANNING

In May 2022, the BRA's Board reviewed the Fiscal Year 2023 Proposed Annual Operating 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. In July 2022, the BRA Board of Directors adopted the Fiscal Year 2023 Annual Operating Plan.

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.

In May 2022, the BRA's Board participated in the initial Annual Strategic Plan Workshop which focused on input and guidance on strategic initiatives and refinements to the existing Strategic Plan. Additionally, in July 2022, the BRA Board of Directors adopted the Strategic Plan with updates reflecting changes from the version adopted in 2021, and enhancements to reflect initiatives funded in the Fiscal Year 2023 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 2022, the BRA managed many new and ongoing water quality and water supply projects. Development of new water supply remains a 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. The following is a synopsis of select programs and projects managed by the BRA in Fiscal Year 2022:

WATER SUPPLY

- ***Water Supply Operations***

The BRA's water supply storage was 98 percent full at the beginning of Fiscal Year 2022. After a very wet ending to Fiscal Year 2021, drought conditions generally increased over the basin throughout most of Fiscal Year 2022 due to below normal rainfall. Downstream water supply releases were initiated primarily in the third and fourth quarters of Fiscal Year 2022. Approximately 83,000 acre-feet of stored water was released from the reservoirs within the BRA water supply system by the end of Fiscal Year 2022 to satisfy BRA's raw water customers located below the reservoirs. Widespread rainfall across much of the basin was received as Fiscal Year 2022 ended which allowed these stored water releases to be discontinued with the start of Fiscal Year 2023. At the end of Fiscal Year 2022, the BRA's water supply system storage was 77 percent full. Throughout Fiscal Year 2022, the BRA water supply system operated as designed by capturing the needed water during the wetter times to be used during drier times and having successfully met the needs of our customers throughout the basin, both lakeside and downstream.

- ***Water Conservation***

The BRA continued on-going efforts to develop and encourage water conservation practices in Fiscal Year 2022. 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 access to educational materials free-of-charge.

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

The BRA is pursuing a reallocation study at Lake Whitney, one of the reservoirs in which the BRA contracts for water supply with the US Army Corps of Engineers. 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 BRA was successful in working with its congressional delegation and the US Army Corps of Engineers to secure New Start funding for the study, which is expected to begin in Fiscal Year 2023.

- ***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.

The BRA, the City of Houston, and the TWDB have been partners in the project for a number of years. However, initiation of engineering design and environmental permitting work has been delayed as a result of a lack of agreement between the partners as to when the project is needed. These differences were resolved in an agreement reached between the BRA and the City of Houston in Fiscal Year 2022. The BRA is now the sole sponsor/owner of the project and plans to initiate engineering and environmental permitting work needed to advance the project in Fiscal Year 2023.

- ***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 completed its first Trinity aquifer groundwater well at the EWCRWS 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 property was acquired in Fiscal Year 2022 to accommodate future well sites as water needs increase. Expansion planning for the entire EWCRWS is currently underway, and one of the elements of this effort is to develop detailed plans for blending the Trinity aquifer groundwater with surface water from Lake Granger. The potential for aquifer storage and recovery (ASR) is also being investigated. An ASR project would treat excess surface water from Lake Granger and inject it into the Trinity aquifer for storage and future use.

- ***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 development. In Fiscal Year 2022, the BRA initiated development of a comprehensive and strategic Integrated Water Resources Plan (IWRP) focused on the high growth within the Little River watershed. The IWRP will include detailed analysis of future water needs, apply risk and uncertainty consideration to future conditions, and provide recommendations for potential strategies to meet future needs.

WATER TREATMENT

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

The EWCRWS and its associated 12.8 million gallons per day (MGD) water treatment plant currently supplies treated drinking water to the City of Taylor, the 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 EWCRWS since acquiring the water treatment plant from the City of Taylor in 2004. Planning and design for the next expansion are currently in progress, which will involve a new treated water line and increasing the plant capacity to 18 MGD.

WATER DELIVERY

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

The Williamson County Regional Raw Water Line 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 2022, transferring approximately 40,000 acre-feet of water from Lake Stillhouse Hollow to Lake Georgetown. A comprehensive engineering evaluation of the pump station and pipeline is currently underway as well as planning for the final phase of pumps that will take the system to its ultimate design capacity. Additionally, installation of a copper ion generator system will be installed at the pump station in Fiscal Year 2023 to help control zebra mussels.

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

The BRA has been planning for a new pipeline that will 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 was completed in Fiscal Year 2022. Next steps will involve detailed engineering design, agency coordination and permitting, public outreach, and right-of-way acquisition. 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 continues to pursue modifications to low-flow gates at Lake Granbury's DeCordova Bend Dam. Construction began in Fiscal Year 2022 and will culminate in Fiscal Year 2023. Assessment and preliminary engineering design were completed on the reinforced concrete components project at DeCordova Bend Dam, and the stop log trolley replacement project has been mediated with settlement pending.

At Morris Sheppard Dam, the BRA's Reservoir System Maintenance Unit (RSMU) group constantly seeks to improve its maintenance of the spillway gates which is an annual recurring initiative at Possum Kingdom Lake. 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. Construction work was completed on Gate two pier plate walls in Fiscal Year 2022 and work began on Gate four in the last quarter of Fiscal Year 2022. Additionally, BRA staff continues to pursue final design of the spillway pump and piping project which should start construction in Fiscal Year 2023. Design work for the replacement of the flow control gates that assist in operation of the nine spillway gates reached sixty percent and should move to construction in late Fiscal Year 2023. Lastly, Gannett Fleming has reached the closing stages of Phase III of a four-phase project to review and assess the dam's concrete components and identify 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 was completed in Fiscal Year 2022, and the project has moved to the construction phase. The first new gate is expected to be installed in Fiscal Year 2023, with project completion near the end of Fiscal Year 2024. The BRA is also conducting an assessment of the dam's hydrostatic relief system on the downstream side of the dam in order to identify any needed repairs or improvements necessary to continue safe operation of the dam into the future.

Internal Engineering Design and Project Oversight

The BRA Water Supply System's most critical assets are the facilities that we own and/or operate to provide water to our customers and meet our Mission Statement. This includes three dams which impound the self-owned and operated reservoirs, water and wastewater treatment facilities, pipelines, and future water supply strategies. In the past, the BRA has relied heavily on outside consultants to deliver all services related to the investigation, planning, 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 engineering services and reviews internally to provide engineering support and technical expertise on BRA facilities. Internal Engineering efforts in Fiscal Year 2022 included the following:

Upper Basin

- **Possum Kingdom Lake (Morris Sheppard Dam)**
 - Coordinated the annual maintenance inspection for Morris Sheppard Dam
 - Coordinated the 2022 Geotechnical and Instrumentation Data Assessment of Morris Sheppard Dam
 - Reviewed and provided input for 60% and 95% Design Phases for the Morris Sheppard Dam Spillway Pump and Piping Project and plan to start construction in Fiscal Year 2023
 - Coordinated Phase II and Phase III of the Concrete Assessment and Service Life Extension (CAASLE) Project and moving forward with development of the Long-Term Structural Concrete Testing and Repair Program
 - Reviewed and provided input for the 30% and 60% Design Phases for the Flow Control Gate Replacement Project
- **Lake Granbury (DeCordova Bend Dam)**
 - Coordinated the annual maintenance inspection for DeCordova Bend Dam
 - Completed the design, awarded and began construction of the DeCordova Bend Dam Low Flow Facilities Project
 - Coordinated the Preliminary Engineering Analysis as part of the DeCordova Bend Dam Reinforced Concrete Components Project which included repair options
 - Completed the design, awarded and completed construction of the Hunter Park Bulkhead Extension

Central Basin

- **East Williamson County Water Treatment Facility**
 - Initiated the East Williamson County Regional Water Treatment Facility Phase II Expansion Project
 - Coordinated the design and awarded the construction contract for the Granger Lake Intake Slope Repair Project
 - Provided technical support for purchase and installation of the backup generation capability at the East Williamson County Regional Water System and other locations to meet the requirements for Senate Bill 3
- **Williamson County Regional Raw Water Line**
 - Completed the 100% Design Phase for the Copper Ion Generator for the WCRRWL. Construction planned to begin in Fiscal Year 2023.
 - Initiated Phase 3 Pump Expansion and 5-Year Inspection Assessment for the WCRRWL intake structure
- **Belhouse Drought Preparedness**
 - Provided technical support for the preparation of the Preliminary Engineering Report and Belhouse Drought Preparedness Project Public Hearing

Lower Basin

- **Lake Limestone (Sterling C. Robertson Dam)**
 - Coordinated the annual maintenance inspection for Sterling C. Robertson Dam

- Completed the design phase and awarded the construction contract for the Lake Limestone Tainter Gate Replacement Project. Construction is scheduled through Fiscal Year 2023.
- Coordinated the 30% Design of the Lake Limestone Hydrostatic Relief System Project
- Provided technical support and construction oversight for completion of the Lake Limestone Park 5 roads repair and resurfacing

Central Office & Basin Wide

- Coordinated the 60% design for the Environmental Services Building Project at the Central Office facility

PROJECT MANAGEMENT OFFICE

The BRA is continuing implementation of a Project Management Office (PMO). This multi-year initiative that began in 2020 and is well underway towards full implementation. 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. The PMO provides support and direction for project managers on an individual project level and a portfolio level, assists in supporting the Risk Management Committee (RMC) functions, and provides project analytics for reporting purposes.

This will be accomplished 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 forecast of our portfolio of projects via our Capital Improvement Plan (CIP) which is included within our Annual Operating Plan. The BRA CIP is a planning and fiscal management tool used to coordinate the planning, scheduling and financing of capital improvement projects into the future. Capital improvements are referring to major, non-recurring expenditures such as infrastructure, major studies, land, buildings, and equipment. The CIP provides a working blueprint for sustaining and improving the BRA's infrastructures and coordinates strategic planning, financial capacity, and physical development. It also identifies, prioritizes, and optimizes the financing of the capital projects, links strategic and comprehensive plans with fiscal capacity, and provides information about the BRA's investment in infrastructure. The CIP includes everything from asset management, 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: department and organization priorities, project prioritization matrix, political or customer drivers, resource availability, recommendations from assessments of our operation facilities, and any other significant input. In the near future, another component of developing the CIP will be including information derived from the 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. BRA is in development of this initiative with Carollo Engineers, which is expected to span multiple years. 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. BRA should start to see results from this program within the next couple years.

PROPERTY MANAGEMENT

Property Management Database

The BRA developed and implemented a basin wide Property Management Database per the direction of the Property Management Committee. The purpose of the Property Management Database was to develop a centralized repository of property data that includes all BRA properties, easements, associated features, and encumbrances. This database is used to manage BRA properties and easements quickly and efficiently by all levels of the organization to accomplish our mission.

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 2022, data collection activities returned to normal after the shutdowns caused by COVID 19 and Winter Storm Uri in FY 2021. For FY 2022, BRA had a data completion rate of 98% for the data we planned to collect for the year.

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, 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-four instream flow assessments and thirty-six channel surveys, riparian assessments, and sediment surveys in eight different river segments to contribute to the verification of adopted environmental flow standards. Three biological assessments and three riparian assessments and sediment surveys were completed in Fiscal Year 2022.

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 has entered into a Candidate Conservation Agreement with Assurances (CCAA) with the USFWS. In FY 2022, BRA completed its first year of implementation of conservation measures for the CCAA including monitoring of key populations, a draft study design for tolerance testing, public outreach, and a draft Drought Contingency Plan.

Reservoir Fisheries Habitat Improvement

The BRA, in partnership with the Texas Parks and Wildlife Department, completed reservoir habitat improvements on Lake Granbury, Lake Belton, and Lake Georgetown. 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 ACFR for the Fiscal Year ended August 31, 2021. This was the 36th 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 ACFR. 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 ACFR 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, 2021. This was the eighth 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 ACFR 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, Charlie L Shugart, Marian Kuntz, April Coleman, Annie Mikolajewski, Karen McCleney, Cindy Geer, Maegan Nix, Kathy Rios, Allison Sheeler, Cassidy Kelley 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
Achievement
for Excellence
in Financial
Reporting

Presented to

**Brazos River Authority
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

August 31, 2021

Christopher P. Morrill

Executive Director/CEO

Everything BRA resolves around water ~ *Water Services*

I oversee the daily water supply operations, provide hydrologic expertise in support of BRA activities

and conduct flood management operations

for the three BRA-owned reservoirs. We must constantly perform hydrologic analyses regarding every aspect of the water supply system to ensure that we **can continue to effectively supply water to all the entities that rely on the BRA system.** I really enjoy problem-solving and trying to develop creative and **innovative solutions to problems.** People find it interesting that I manage most large lakes, ensuring thirsty Texans don't run out of water. Not to sound too cliché, but one main reason for hanging around the BRA is because I feel like **I'm making a real difference in people's lives, as well as the atmosphere and the culture that the leadership and the people here at the BRA have created.** It feels like people really care and are happy, and I think that's the most important thing for any organization to succeed. I have 14-year-old twins that keep us busy with sports, band, piano and golf. My only real hobby is cooking. I have an outdoor kitchen to feed that passion, which I practically live in.

Chris Higgins

16 Years at BRA



Lead Hydrologist

To store the water, we need reservoirs, pipelines, and maintenance of these areas ~ *Technical Services & Special Projects*



**Capital Improvement
Planning Administrator**

David Jones

16 Years at BRA

The main responsibilities of my job are to provide strategic direction to BRA's risk-based capital planning and

management program. This includes developing an annual 50-year forecast of capital improvements for renewal and replacement of BRA assets and assisting in developing an annual set of recommended projects based on the relative risk priority of assets. I also provide project engineering services for the planning, development and execution of projects. Being a part of a group that protects and develops the water resources within the basin is the most interesting part of my job, as well as interacting with our employees, which **creates a team effort approach.** I also enjoy gardening, church activities, propagating lemon tree cuttings, spending time with family, following Texas A&M sports, and, most of all, grandparenting my three grandkids. We are planning a trip to the Grand Canyon with the kids and grandkids.

My everyday tasks include collaborating with the BRA team to develop project leadership

methodology to standardize and improve project delivery, supporting staff with training and implementation assistance, finding industry best practices and standards to improve project delivery and managing projects within Technical Services. I've found the most interesting part of my job is working with other project managers while also managing certain projects for Technical Services. Organization and communication are key in my position. The biggest reason I love working at the BRA is the people. These folks are some of the best I have ever worked with and for. In my free time, I enjoy spending time with my wife watching movies, going to the zoo and traveling. My faith, my family and my friends (in that order) are what makes me most happy.

Aaron Vaughan

4 Years at BRA



**Project Development
Analyst**

I provide project management support for the BRA. This includes participating in risk-based capital planning and management initiatives and performing project management duties on select projects, identifying project challenges, recommending solutions and utilizing project management software tools. Additional tasks include assisting with project budget preparation and monthly reviews, serving on project teams to develop requests for proposals, evaluating proposals and selecting vendors. The best part of my job is that nothing is ever the same. **Each project is different in many ways, so it is always a learning experience** and keeps you on your toes. Everyone at the BRA is professional and **passionate in what they do. I feel I am making a difference working here.** Outside work, I spend my time with my wife and two children. I also enjoy **working in my ever-expanding vegetable garden with my kids, being an amateur (ham) radio operator, reading books on history and amateur astronomy/astrophotography.** I was born and raised in south Louisiana and graduated from Louisiana State University in 2012 with a degree in Construction Management.

Jared Gallo

3 Years at BRA



Project Manager



Project Development Analyst

Skye Peha

1 Year at BRA

I help develop and manage special projects for the BRA. If someone in my position didn't do their job well, fewer projects would be carried out to support the Brazos River Authority's mission. On a day-to-day basis, the most interesting part of my job is **analyzing a complex problem and working to find a solution.** On a grand scheme, my job is interesting because I get to be a part of helping to bring water to people that need it. Skills that help me succeed in my position are **flexibility, strategic analysis, and the ability to think outside the box.** The BRA has been a great place to work because of all the awesome people that work here, and it allows a healthy work-life balance. I also feel like I am making a positive difference in the community while working for BRA, which is extremely important to me. Outside of work, my boyfriend and I are still settling in and exploring Texas after moving here about a year and a half ago from the Pacific Northwest! In my spare time I enjoy cooking and baking, hanging out with family and friends, and traveling. The things that make me happy are my dog, Rocco, keeping up with fashion and home decor trends, and reading.

We need to pay for it all ~ Finance

I supervise Accounts Payable and Accounts Receivable and support other accounting activities.

If someone in my position did not do their job well, the Brazos River Authority would not receive or make payments timely and accurately. This position requires people skills, administrative, organizational and computer skills. The most interesting part of my job is interacting with people outside the organization, employees under my supervision or throughout the BRA. I continue to work at the BRA after 30 years because of the people I work with and the BRA as an organization. The people are supportive and do their jobs well. We are a team, and I enjoy being part of that team. The BRA has always provided a secure, comfortable and enjoyable place to work. I enjoy spending time with my family, husband Mark, daughter Brooke and husband Austin, and our newborn grandson. Three things outside work that make me happy are family & friends, church and the outdoors – God's creation.

Kimberly Goolsby

30 Years at BRA



Accounting Supervisor

As an Accountant, my responsibilities are maintaining the fixed assets of the BRA, assisting with audits of the BRA, and arranging closing of the financial software both monthly and at year's end. Someone in this position needs to be detailed-oriented and have the flexibility of doing different tasks. My job affects the accuracy of the numbers in reporting. The most interesting part of my job is its various parts, so I get a good mixture of accounting functions. I stay in this position because I have a good supervisor, good folks to work with, awesome benefits, and a caring organization. I love knowing I am helping in a small way with providing water. I feel very blessed by God! I love garage sales and craft shows. Spending time with my flowers and plants helps me to relax. I enjoy spending time with our dog, Charlie. I enjoy God, my family, and my grandsons.

Janie Crowder

30 Years at BRA



Accountant



Budget Manager

Michele Giroir

21 Years at BRA

I prepare, monitor, and report on annual operations & management, project budgets, updating and running various scenarios in the Long-Range Financial Planning model and assist customers and staff with questions. In 21 years at the BRA, I have really enjoyed learning about the water/wastewater treatment side of our business. I know more about what happens after you flush than I ever thought I would! Working on the Long-Range Financial Model can be challenging, but it keeps things new and interesting. In my job, advanced Excel skills are a must, but also a desire to be of service and a strong sense of curiosity helps. I enjoy my work and love the people I work with. Outside work, I spend time reading, cycling, hiking, and traveling. Our family loves being outdoors, and we often travel together to go exploring, especially at Big Bend! We are planning trips to Japan and Hawaii in 2023 and have a long bucket list of places to go after that!

And, make sure we're doing it within the legal parameters established by the state and the feds ~ *Legal*

I handle legal matters for the BRA, including negotiating and drafting contracts, drafting policies and procedures, and offering legal advice and assistance to all departments. The opportunity to work in multiple areas of law and with each of the departments is the most interesting part of my position. There is no shortage of interesting issues to explore. Water is a very important issue for Texas, and it is an honor to play a part in ensuring its continued availability for generations to come. In this position, it helps to seek creative solutions, be a good listener, pay attention to detail, and understand there is often more than simply a legal answer to a question. Often there are multiple perspectives that must be considered, as well as a willingness to be a perpetual learner. When the legal department fails to perform its job, it can place the organization in peril of litigation, increased liability, unfavorable contracts and an inability to proactively address and avoid liability. Outside of work, most of my time is spent with my family, working around the house, driving kids to and from school and sporting events, gardening and reading.

Riley Woods

17 Years at BRA



Senior Staff Counsel

And, work with our customers ~ *Regional Government & Customer Relations - Business Development*

I consider it part of my job to educate everyone I encounter about water. I am the contact for prospective water customers and work with the Water Services and Legal departments to prepare water contracts. I plan customer meetings held every summer to update customers about projects and provide information about water issues. I also represent the BRA at various community events. The most interesting part of my job is getting to know customers and being able to provide quality service to them. Rarely a day goes by when I do not learn something new about the water industry, **whether it's about drought, flooding, conservation, or new procedures that help us operate better.** The staff is nice, our mission is important, and there a lot of people who don't know anything about water. I love spending time with my family, especially my great nieces and nephews and all my 4-legged pets. I also enjoy spending time with my St. Philip Catholic Mission friends and helping with projects that raise money so that we can build a church. I love traveling, spending time in national parks, all kinds of music and the symphony.

Cathy Dominguez

21 Years at BRA



**Lower Basin Government
& Customer Relations
Manager**

And, manage all aspects of the reservoirs ~ *Reservoirs*



Limestone Lake Ranger

Justin Prichard

5 Years at BRA

My main responsibilities as a Lake Ranger are to make sure the dam is always secure, to complete boater safety checks, to keep the BRA parks safe and secure for all to enjoy, and to tend to gate operations during heavy rain events. Lake Limestone is the most family-oriented job I've ever had. We are all like family to each other, often spending time even when not at work. I started out in maintenance, and the BRA has helped me achieve my career goal in law enforcement. The most interesting part of my job is it changes from minute to minute. One minute I might be talking to an unruly intoxicated person about going to jail, and the next, I might be talking to a 5-year-old child about what they want to do when they grow up. The things that make me the happiest outside of work are **watching my kids in the show ring. I'm proud to see them show off the heifers** that they have worked so hard on. I get joy out of taking my kids hunting just spending time with them in the outdoors. I also enjoy sitting on the front porch on a cool early morning, drinking coffee with my wife.

I am a welder, crane operator and scuba diver at PK. My responsibilities are making sure the maintenance on the dam is performed in a correct and professional manner. Every project must be taken very seriously. Concentration is one of the most important skills I rely on while operating the crane. Overhead lifts can turn into catastrophic failure. Everyone involved must be on the same page. On the welding side, if welds aren't properly executed, structural failure could result in gate failure, which would be a major disaster. The most interesting part of my job is diving. We perform dives on both the lakeside and river side of the dam. It is nice to be able to do your job and get to see things that most don't people get to see. I continue to work at the BRA because I enjoy working on the dam. I appreciate the opportunities to grow as an employee and broaden my expertise. Outside work, I enjoy watching my kids play sports, being outdoors, hunting and fishing.

Dustin Parker

4 Years at BRA



**Welder/Crane Operator/
Scuba Diver**

Kent Edwards

30+ Years at BRA

As an Inspection Supervisor, I do inspections for on-site sewage facilities (OSSF), docks, construction, property management and transfers of permits. You need to have knowledge of OSSF's and good communication skills to perform this job well. If I did not do my job, there would be possible environmental hazards and violations of Brazos River Authority regulations. The most interesting part of my job is getting to interact with the public. I've worked for the BRA for more than 30 years, and there's always something new and interesting. Outside of work, you'll find me working on the family ranch and playing with the grandkids. Three things outside work that make me happy are hunting, fishing and the grandkids.



Inspection Supervisor



Senior Administrative Assistant

Emily Guerrero

8 Years at BRA

My primary responsibility is to provide support to the employees of Lake Granbury and BRA-wide. If I do not know the answer, I will find it! I provide support and correct information to the public who call in or come by the office. Being friendly and helpful goes a long way to help the BRA's public perception and encourage trust. I am responsible for Lake Granbury budgets, purchasing, and P-Card reconciliation and help on the administrative side with project management and keeping a "to-do list." I find every aspect of my job interesting. I enjoy being challenged and learning something new every day. The employees at Lake Granbury are great. The supervisors are supportive and encourage professional growth. There is a lot that goes into Lake Granbury's day-to-day operations as well as their capital projects. I like to learn these different facets, not just to understand better, but so I can support everyone to the best of my ability. Life outside of work is busy! My husband is in the Air Force Reserves and is gone regularly. We have three kids, ages 8, 6, and 2. My oldest two are in cheer and football. I am in my final semester at Tarleton State University, and I cannot wait to graduate in December! Go, Cowboys!

In my job, I maintain Brazos River Authority properties, buildings and grounds, as well as new construction of buildings and other projects to improve the safety and needs of the location. I also take part in monthly dam inspections, running equipment, and scuba diving. The scuba diving and dam work is the most interesting part of the job. I've been with the BRA for 11 years and know that failures could happen on the dam without notice, injuries could occur, and costly repairs could build up - which is why it's so important to do the job well. Because of this job's many different maintenance requirements, you need good mechanical skills and a lot of common sense. I like my job because it works well with the needs of my personal life. I enjoy spending time with my wife and kids, doing fun activities. I love my family, my firearms, and all outdoor activities in nice weather.

Michael Miller

11 Years at BRA



Senior Maintenance Worker

And, look out for water quality ~ *Water & Wastewater Treatment & Environmental*

I perform chemical and microbiological testing on water samples from bodies of water throughout the Brazos River basin and track, maintain, and dispose of chemical wastes generated by the ESL Lab. If I didn't do my job well, there could be an environmental impact. Fish and other aquatic/land-living wildlife who live in and consume the water throughout the basin could be put in **jeopardy**. Human lives could also be affected, concerning recreational water activities. I am surrounded by good, hard-working, professional people. That aspect of my job keeps me content, happy, and my work/life balance exactly where it should be. You need a good sense of the science behind what we do and why we do it. You also need a healthy balance of analytical skill and common sense. A strong work ethic and good time management practices are also a must. I was born and raised in West Texas and am a die-hard Texas Tech Red Raider fan. There is nothing better than college football. I've been happily married to my wife, Meridith, for nearly 20 years, and we have two wonderful boys, Hans and Ziggy. I enjoy the great outdoors. My wife and I love to travel to Germany and Austria to visit our friends who live "across the pond."

David Sellers

6 Years at BRA



**Laboratory Technician IV/
Micro Technical Manager/
Chemical Safety Officer**



Aquatic Scientist III

Cory Scanes

3 Years at BRA

I am responsible for collecting and processing environmental data (e.g., water quality, organismal community and habitat data) to ensure overall **stream health throughout the basin**. I **organize biological surveys of fish, freshwater mussels, and benthic invertebrates (bugs!)** for the Field Operations team at our designated sites from Palo Pinto down to Rosharon. Without proper data collection, assessment and reporting, a skewed narrative could lead to improper decisions regarding our precious water resources. The BRA is an excellent place to work because supervisors and managers encourage personal and professional growth through training, seminars, and even graduate education. I appreciate the leadership of my superiors, and I, in turn, feel appreciated. Field scientists need to have a strong work ethic, mental and physical toughness, a good sense of humor, an analytical mind, and to be adaptable in any situation that they come across. When I hang up my BRA hat, I am happiest when doing something outdoors, hiking on my family's ranch, traveling internationally or just **in our backyard, fishing, or simply pushing my toddler around the neighborhood** in her buggy. My daughter and wife are my pride and joy.

As Chief Operator at Sandy Creek Regional Water Treatment Plant, I produce quality water for the city of Leander. The most interesting thing about my job is working hand in hand with the City of Leander to make sure everything is going right and making sure they are happy. If I didn't do my job well, the public could get sick. It's helpful for me to have communication and time management skills, as well as knowing the rules that Texas Commission on Environmental Quality has in place and being able to work well with others. I've worked at the BRA for eight years, and I stay because it's a good place to work. The organization has treated me well, and my supervisor gives me the freedom to make decisions. In my life outside of work, I'm a single dad trying to take care of his family in the best way possible. Three things that make me happy are my kids, playing softball and watching my kids succeed in sports.

Bruce Miller

8 Years at BRA



Chief Operator

My main responsibilities are management and administration of the Industrial Pretreatment Program for the Cities of Temple-Belton, as well as maintaining regulatory compliance with TCEQ Storm Water general permit for Wastewater Treatment Plants. Industrial Pretreatment is a niche within wastewater treatment operations that is critical in the management and protection aspects of the BRA's mission. This requires a unique and variable skillset to interpret and apply federal and state regulations to a wide variety of industrial applications. Regional Operations Programs act as a regulatory liaison, on behalf of our customer cities, between the industrial community. Interpersonal skills are also critical when communicating technical information to an ever-changing audience. The BRA values my well-being, as well as the well-being of my community and natural environment. Outside work, I love spending time with my lovely wife, Loren, and our son Royce. We enjoy boating and fishing on Lake Belton and taking our dogs for a walk. I would gladly live on the Texas Gulf Coast fishing day and night.

Troy Zwerneman

5 Years at BRA



**Regional Operations
Program Coordinator**



Maintenance Crew Leader

Michael Massar

14 Years at BRA

I maintain and repair equipment for Temple-Belton and Doshier Farms wastewater plants, Temple lift stations and Williamson County's raw water pump station. In our roles, we must be flexible meeting challenges resulting in the unpredicted failure of equipment from weather, contamination and general wear. Not performing our job well could significantly impact public health and safety due to overflows of wastewater systems. I believe that BRA works diligently in water treatment efforts to protect the resources of the basin and continuously maintain public health and safety. I appreciate being part of an entity that operates with integrity and with its employees and community in mind. When I am not working, I am doing things with my family. I enjoy my son's baseball games, riding horses with my daughter and hunting with the family. We keep very busy outside of work. In the small amount of extra time, we are working on our property, which we just built on last year.

And make sure we can communicate with each other ~ *IT & Government & Customer Relations*

I oversee all of the BRA's GIS (geographic information system) related aspects. I create, organize, edit, and update spatial databases. I act as the lead cartographer, producing maps for meetings, reports, and presentations. Ensuring effective map communication ensures that each map produced meets its intended purpose. This position requires heavy computer and data management, especially with spatial data and map design skills, combining technology and science with art. Having at least one professionally trained cartographer on staff is essential. Data visualization is one of the best ways to communicate complex information in an effective way. Erroneous or unreliable data, along with poor map skills, can lead to poor decision-making. I absolutely love what I do and enjoy going to work every single day. My supervisors and co-workers have provided tremendous support for the GIS program. I've had the privilege of working with some outstanding people, some have become truly great friends. Away from the office, I enjoy attending as many Baylor sporting events as possible, bowling, stargazing through my telescope, spending time with my two grandkids and my dog.

Van Walker

29 Years at BRA



GIS Coordinator

My job responsibilities are to make contact with elected officials and monitor state and

federal legislation that could impact the BRA and our mission. I would say the most interesting part of my role is being a part of the Legislative Session and monitoring all the bills being introduced. If someone in my position didn't do their job well, we could lose out on funding to protect our resources and not know of legislation being passed that affects us. In this position, you need to have good communication skills and pay attention to little details to understand the bigger picture. I continue to work here because I love the family atmosphere of the BRA and how everyone is helpful to each other. Outside work, I spend my weekends on our ranch and with family.

I recently became engaged and will be getting married in September 2023.

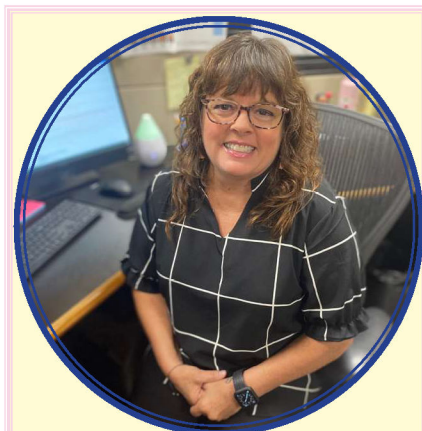
Three things outside work that make me happy are my family, fiancé and son, animals on the ranch, hunting and fishing.

Stasi Vance

9 Years at BRA



**Legislative & Governmental
Affairs Coordinator**



**Public Information
Coordinator**

Candice Sheridan

1 Year at BRA

I'm responsible for social media at the BRA, informing our followers about anything from upcoming BRA meetings and new regulations to boater safety and water conservation tips. I also write articles for the website and newsletter. Educating the public about the BRA is very interesting. It's important to have skills in communication, writing and design. Without someone in my position, information may not be shared with the public, our customers or those who enjoy our lakes. The more information we share, the more the public learns to trust us, understand our purpose, and believe that we are doing good work for everyone in the Brazos River basin. Water is a vital natural resource and being in a position that allows me to educate people about water is fascinating.

Outside work has me adjusting to a life with my daughter away at college. It's hard; she's my only child. I'm happiest when I'm with my freshman daughter, getting wind therapy on my Harley, or spending time with my husband.

Making sure we have the best people for the right jobs and that they do their work safely ~ HR & Security

I manage the overall administration of the BRA's employee benefits plans. Every day

brings a variety of scenarios that provide opportunities to assist and tap into good HR business acumen. We need to first take care of our number one resource — our people. We look out for our employees, not just while they are actively employed but also in preparing them for a great retirement. This job requires a good balance of being analytical yet compassionate and empathetic. Getting to assist and be around our employees energizes me. I am a native Husker fan from Nebraska and a self-proclaimed foodie. I attended the Air Force Academy in Colorado Springs and then served in the Air Force both on active duty and as a civil servant in fun places like Germany and England. Outside work, I can be found on the golf course with my husband, Bill. We have a 6-year-old rescue dog named Kayak who enjoys walks every morning before work. My husband and I love to travel both in Texas and beyond and we are planning to celebrate our 40th wedding anniversary next June back in Colorado.

Michele Harris

6 Years at BRA



HR Benefits Administrator

I coordinate recruiting, pre-employment activities and hiring efforts, compensation and position structure, and employee development and relations programs. I work with many people in very different professions and learn something new daily because of those interactions. The most important part of HR is connecting with the employees you serve, so excellent communications and people skills are necessary to be successful. After nearly 15 years with the BRA, I've learned that having the right people in the right positions is incredibly important and could impact our ability to accomplish our mission. I work with the best group of professionals for a company that is a steward of one of our greatest resources. We also have great pay and excellent benefits, so that helps too!!

Outside work, I enjoy listening to podcasts and audiobooks, helping my husband with our small cattle operation, and playing with my kids—we do lots of Legos and puzzles!

Crystal Wilde

14 Years at BRA



Human Resources
Coordinator



Facility Protection
Technician

David Coston

12 Years at BRA

My job helps to improve the security posture of the BRA to help protect employees and facilities. In my 12 years with the BRA, I've learned security is everyone's job. However, having folks dedicated to security efforts can help prevent crimes, business disruptions, and large-scale catastrophic events. Being situationally aware, flexible and multi-tasking is imperative. I like the people at BRA and the values of the organization.

My free time has been spent completing my master's degree in Security Management & Cybersecurity. We have a small farm where we have goats and chickens. I value my time spent on the tractor. Having goats automatically makes me a professional fence repairer. I enjoy tinkering with "computer stuff" such as new gadgets, Linux operating systems, and other open-source software and other things as assigned by my wife. I especially love my family, being outside working or playing, and being done with school!

Finally, we make sure we record everything for posterity and reference since 1929 ~ *Records Admin*

The main responsibility of my job is to maintain and preserve the records of the BRA. If someone were not in my position, access to important paperwork or contracts located in Central Files would be difficult. The most interesting part of my job is seeing all the different aspects of the BRA. From historic and current board minutes, contracts, construction plans and maps, they are all stored in Central Files. It is amazing how many people and departments are involved in the paperwork. The main skill needed in this position is organization. Everything stored here needs to be well-organized and easily accessible. The people at the BRA are wonderful and so caring. It makes it easy to come to work when you love your job and the people you work with. Outside work, I enjoy gardening, training my dog, Mia, a mini Australian Shepard, spending time with my family and going to my grandkids' sporting events. I also love traveling to tropical destinations and getting my toes in the sand. Believe it or not, I like to go scuba diving with my sister.

Susan Trammell

20 Years at BRA



Records Management
Officer



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Financial Section

Independent Auditors' Report

To the Board of Directors of
Brazos River Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the Brazos River Authority (BRA), as of and for the years ended August 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the BRA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and fiduciary activities of the BRA as of August 31, 2022 and 2021, and the changes in financial position and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the BRA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the fiduciary activities were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The supplementary 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 supplementary information is fairly stated in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical information as identified in the table of contents but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2023 on our consideration of the 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 the 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 the BRA's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Austin, Texas
January 3, 2023



Management's Discussion and Analysis

BRAZOS RIVER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2022 AND 2021 (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, 2022 and 2021. 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 9 to 19 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 47 to 48 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 49 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 50 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, 2022 AND 2021 (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 51.

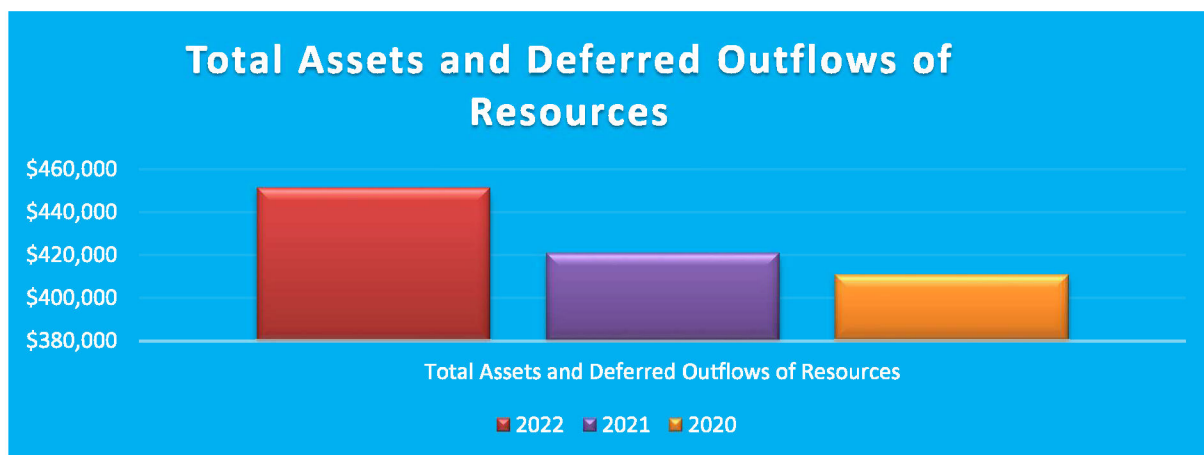
The *Statement of changes in Fiduciary Net Position* presents information showing how the fiduciary funds’ net position changed during the years presented on an accrual basis. The Statement of changes in Fiduciary Net Position can be found on Page 51.

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 53 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 2022, 2021 and 2020 were \$451,386, \$421,004 and \$410,824, respectively. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources at the end of Fiscal Year 2022, 2021 and 2020 by \$326,962, \$309,632 and \$294,826, respectively.
- Total assets and deferred outflows of resources for Fiscal Year 2022 increased by \$30,382 over prior year, primarily as a net result from operations, increase in net pension asset and the increase in the net capital assets, as noted in the Capital Asset section of the Management Discussion and Analysis, found on Page 44.
- Total assets and deferred outflows of resources for Fiscal Year 2021 increased by \$10,180 over prior year, primarily as a net result from operations, and the increase in the deferred outflows of resources related to pension plans from prior year.
- 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.



- The BRA’s net position increased by \$17,330 for the Fiscal Year ended August 31, 2022.

BRAZOS RIVER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2022 AND 2021 (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:

	2022	2021	2020
Net additions/(deletions) to land, storage and water rights	\$ 77,212	\$ -	\$ -
Additions to construction-in-progress (CIP)	9,161	2,617	3,798
Transfers from CIP to capital assets being depreciated	(2,411)	(881)	(4,938)
Additions and transfers to capital assets being depreciated	1,955	3,067	6,191
Net deletions and transfers	(91)	(166)	(1,654)
Normal annual depreciation and amortization	(9,195)	(9,146)	(8,964)
Total	\$ 76,631	\$ (4,509)	\$ (5,567)

- During Fiscal Year 2022, the BRA had twenty-four capital projects that were in progress during the year, with five of those being completed during the year at a current year capitalization amount of \$2,411. In addition, the BRA invested \$1,955 in capital equipment, completed the purchase of the land and water rights for the Allens Creek Reservoir Project (Project) for \$75,761, and the purchase of land related to ground water projects for \$1,451. With those additions, the sale of various capital assets, and the recording of depreciation on all depreciable assets, capital assets increased by \$76,631 during the year. Additional information on the BRA's capital assets can be found on Notes 4 & 11 of this report.
- During Fiscal Year 2021, the BRA had twenty-three capital projects that were in progress during the year, with one of those being completed during the year at a current year capitalization amount of \$881. In addition, the BRA invested \$3,067 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 \$4,509 during the year.
- 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.

- Noncurrent Liabilities**

Outstanding debt:

- For Fiscal Year 2022, total outstanding debt (current and noncurrent) decreased by \$11,046. This net decrease is a result of the early payoff of the *series 2002 Brazos River Authority State Participation Loan for the Allens Creek Project*, annual principal payments on revenue bonds, and contracts payable of \$6,000, \$4,090 and \$956, respectively.

**BRAZOS RIVER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2022 AND 2021 (in thousands) (Unaudited)**

Noncurrent Liabilities-continued

- For Fiscal Year 2021, total outstanding debt (current and noncurrent) decreased by \$3,717. This net decrease is a result of annual principal payments on revenue bonds, refinancing of debt and contracts payable of \$2,685, \$105 and \$927, respectively.
- 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.

Net Pension liability:

- During Fiscal Year 2022, the BRA adjusted its net pension liability from \$9,654 in Fiscal Year 2021 to \$6,695 in Fiscal Year 2022. 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 2021, the BRA adjusted its net pension liability from \$11,471 in Fiscal Year 2020 to \$9,654 in Fiscal Year 2021. 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.
- 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.

Other Noncurrent Liabilities:

Other Noncurrent Liabilities experienced a substantial increase in Fiscal Year 2022 as result of the Agreement between the City of Houston and the Brazos River Authority where the City of Houston assigned and conveyed all of its rights in or to the Project interest to the BRA. As set forth in the agreement, in the event specific contingencies occur, with regard to the issuance of a 404 Permit for the Project by the US Army Corps of Engineers, the BRA shall pay the City of Houston an additional contingency payment of \$15 million dollars.

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 2022, 2021, and 2020 by \$326,962, \$309,632, and \$294,826, 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 2022, the net investment in capital assets amounted to 79% of the BRA's net position.

BRAZOS RIVER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2022 AND 2021 (in thousands) (Unaudited)

Schedule of Net Position - continued

For Fiscal Year 2022, about 83% (\$270,696) 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* (\$56,266) may be used to meet the BRA's ongoing obligations.

For Fiscal Year 2021, about 62% (\$192,743) 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* (\$116,889) may be used to meet the BRA's ongoing obligations.

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.

Condensed Schedules of Net Position
August 31, 2022, 2021 and 2020

	2022	2021	2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets - unrestricted	\$ 88,988	\$ 139,171	\$ 128,409
Current assets - restricted	3,983	3,853	3,565
Noncurrent assets - restricted	13,551	14,034	11,690
Capital assets, net	335,652	259,021	263,530
Noncurrent assets	6,121	1,355	2,196
TOTAL ASSETS	448,295	417,434	409,390
DEFERRED OUTFLOWS OF RESOURCES	3,091	3,570	1,434
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 451,386	\$ 421,004	\$ 410,824
LIABILITIES AND DEFERRED INFLOWS			
Current liabilities (payable from current assets)	\$ 26,601	\$ 17,947	\$ 19,910
Current liabilities (payable from restricted assets)	6,949	7,405	6,610
Noncurrent liabilities	83,400	82,833	88,086
TOTAL LIABILITIES	116,950	108,185	114,606
DEFERRED INFLOWS OF RESOURCES	7,474	3,187	1,392
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	124,424	111,372	115,998
NET POSITION			
Net Investment in capital assets	257,207	184,238	184,113
Restricted for debt service	8,644	8,505	8,444
Restricted for pension assets	4,845	-	763
Unrestricted	56,266	116,889	101,506
TOTAL NET POSITION	326,962	309,632	294,826
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 451,386	\$ 421,004	\$ 410,824

BRAZOS RIVER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2022 AND 2021 (in thousands) (Unaudited)

Condensed Schedules of Revenues, Expenses and Changes in Net Position
Fiscal Years Ended August 31, 2022, 2021 and 2020

	2022	2021	2020
OPERATING REVENUES			
Water supply system	\$ 63,159	\$ 58,333	\$ 59,066
Cost reimbursable operations	13,866	11,857	10,199
TOTAL OPERATING REVENUES	77,025	70,190	69,265
OPERATING EXPENSES			
Operating and maintenance	51,210	45,355	47,536
Depreciation and amortization	9,195	9,146	8,965
TOTAL OPERATING EXPENSES	60,405	54,501	56,501
OPERATING INCOME	16,620	15,689	12,764
Total net non-operating revenues (expenses)	710	(883)	151
CHANGE IN NET POSITION	17,330	14,806	12,915
NET POSITION, BEGINNING	309,632	294,826	281,911
NET POSITION, ENDING	\$ 326,962	\$ 309,632	\$ 294,826

The Change in Net Position for Fiscal Years 2022, 2021, and 2020 was \$17,330, \$14,806 and \$12,915, respectively. The results of those changes are noted below.

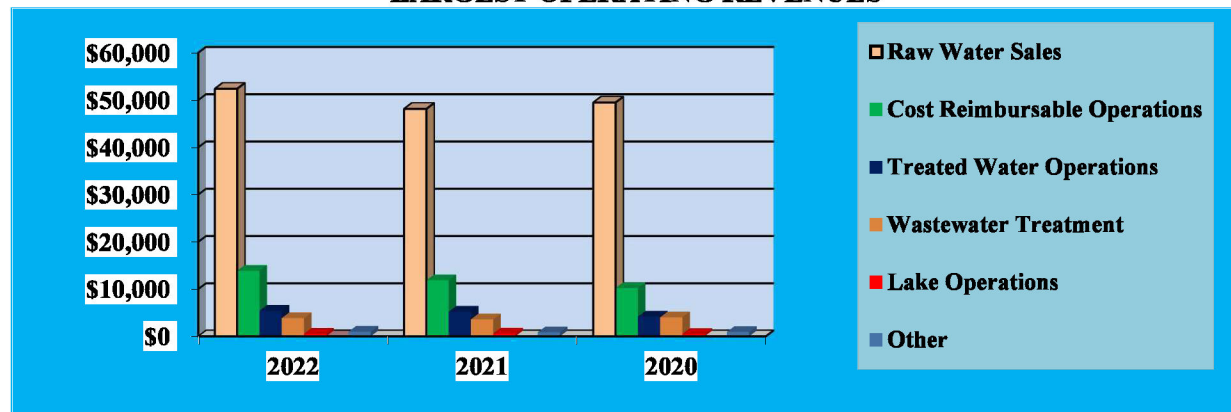
Operating Revenue

For Fiscal Year 2022, operating revenue increased by 10% over the prior year, primarily as a net result of four events: first, an increase in sales of our interruptible water that totaled \$1,654; second, the increase in sales at our water treatment and wastewater treatment operations of \$2,009; third, the system rate charged for long term system rate contracts, changed from \$79 per acre-feet to \$83 per acre-feet, resulting in additional revenue of \$2,885; and finally, around fourteen thousand additional acre-feet of water contracts were entered into during Fiscal Year 2022 for a total of \$1 million dollars of additional revenue.

For Fiscal Year 2021, operating revenue increased by 1% over the prior year, primarily as a net result of two events: first, a reduction in sales of our interruptible water that totaled \$2,099; second, that reduction was offset by the increase in sales at our water treatment and wastewater treatment operations of \$2,355. The system rate charged for long term system rate contracts remained the same for Fiscal Year 2021 and Fiscal Year 2020 at \$79.00 per acre feet of water sold, as a result of Covid-19 and the economic impact an increase would have on our customers.

**BRAZOS RIVER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2022 AND 2021 (in thousands) (Unaudited)**

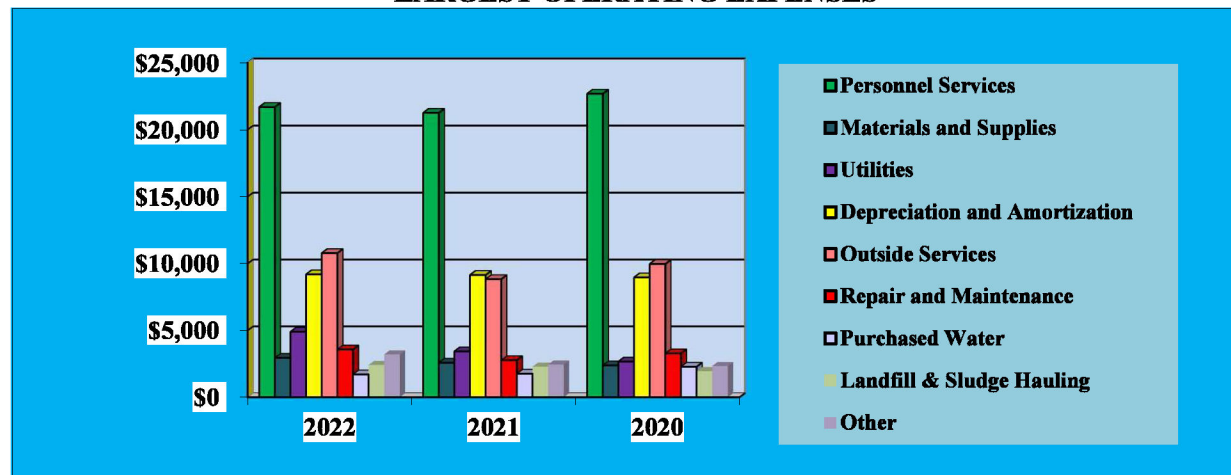
LARGEST OPERATING REVENUES



Operating Expense

Operating expenses, excluding depreciation, over the past two years have fluctuated. In Fiscal Year 2022, they increased by 13% as a net result of steady increases in wages, health insurance, an increase in outside services cost related to the support of our State grants programs, and other expenses related to capital improvement support efforts with our Cost Reimbursable Operations. In Fiscal Year 2021, decreases in operating expenses occurred in all departments. In addition, as a result of Covid-19, the BRA gave no salary increases as those increases would cause an economic hardship to our customers.

LARGEST OPERATING EXPENSES



Total Net Non-Operating Revenues (Expenses)

For Fiscal Year 2022, the amount recorded as net non-operating revenues was \$710. The majority of the net non-operating revenues represents interest payments on the BRA's debt, in the amount of \$1,767; net of the investment income of \$636 and grants of \$1,623.

For Fiscal Year 2021, the amount recorded as net non-operating expense was \$883. The majority of the net non-operating expenses represents interest payments on the BRA's debt, in the amount of \$2,432; net of the investment income of \$929 and grants of \$1,021.

BRAZOS RIVER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2022 AND 2021 (in thousands) (Unaudited)

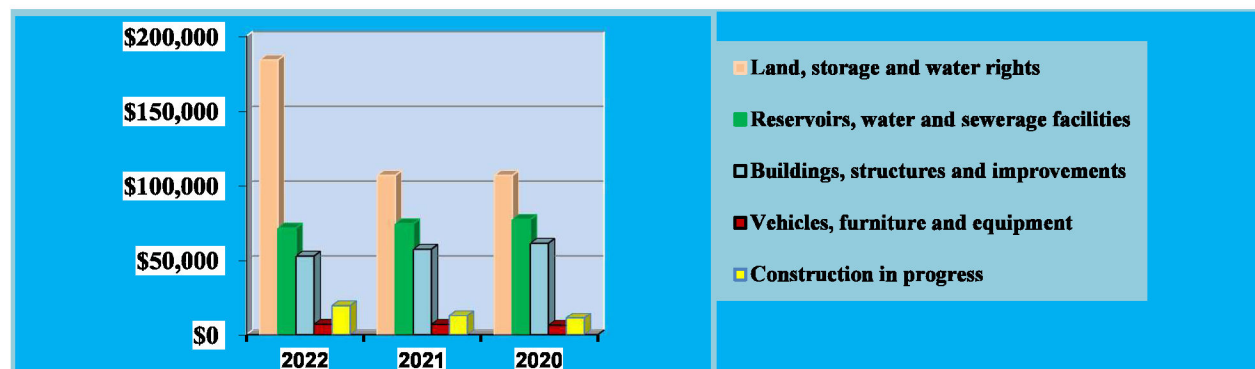
For Fiscal Year 2020, the amount recorded as net non-operating revenue was \$151. The majority of the net non-operating revenues represents interest payments on the BRA's debt, in the amount of \$3,429; net of the investment income of \$2,529 and grants of \$1,251.

Capital Assets and Outstanding Debt

Capital Assets - The BRA's capital assets, as of August 31, 2022, 2021 and 2020 totaled to \$335,652, \$259,021 and \$263,530, respectively, (net of accumulated depreciation and amortization). For Fiscal Years 2022, 2021, and 2020, the BRA continued its commitment to our customers and stakeholders to ensure the longevity of our capital assets. During Fiscal Year 2022, the BRA invested over \$77,212 in land acquisition for ground water and the site of the Allens Creek Reservoir Project. In addition, the BRA invested over \$9,161 on twenty-four capital improvement projects.

Capital Assets
(net of accumulated depreciation and amortization)
August 31, 2022, 2021 and 2020

	2022	2021	2020
Land, Storage and water rights	\$ 184,111	\$ 106,899	\$ 106,899
Reservoirs, water and sewerage facilities	71,758	74,626	77,496
Buildings, structures and improvements	53,008	57,585	61,545
Vehicles, furniture and equipment	6,978	6,864	6,279
Construction in progress	19,797	13,047	11,311
Total	<u>\$ 335,652</u>	<u>\$ 259,021</u>	<u>\$ 263,530</u>

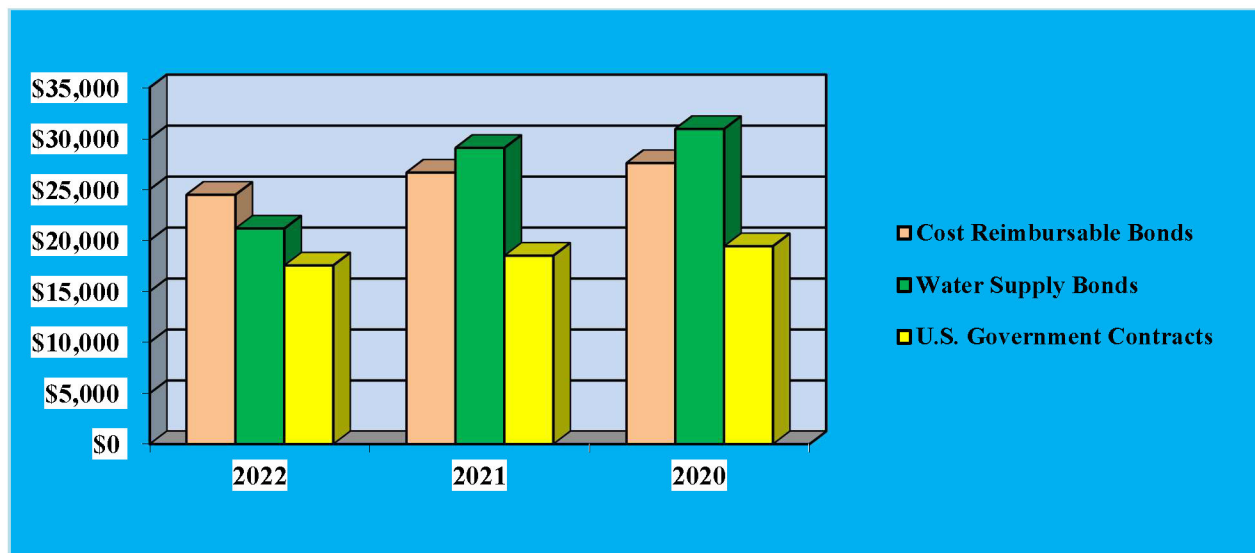


Outstanding Debt – At the end of Fiscal Years 2022, 2021 and 2020 the BRA had total outstanding debt of \$63,139, \$74,185 and \$77,902, respectively. Of the Fiscal Year 2022 amount, 61% and 39% is reflected in Water Supply System and Cost Reimbursable Operations, respectively.

On April 19, 2022, the Board of Directors of the Brazos River Authority approved a resolution to redeem its share of the outstanding portion of the Master Agreement Between the Texas Water Development Board, Brazos River Authority, and City of Houston for the Allens Creek Reservoir Project totaling \$6 million dollars. See Footnote 6 for additional information of this transaction.

BRAZOS RIVER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2022 AND 2021 (in thousands) (Unaudited)

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 2022, 2021 and 2020 are shown in the following table:

	2022	2021	2020
Current refunding of the Series 2011	\$ -	\$ (13,480)	\$ -
Contract Revenue Refunding Bonds, New Series 2020	-	13,375	
Current refunding of the Series 1999 TWDB Participation Loan	-	-	(14,955)
Contract Revenue Refunding Bonds, New Series 2019	-	-	14,095
Redeemed Series 2002 TWDB State Participation Loan	(6,000)		
Principal payments made during each year	(5,046)	(3,612)	(3,658)
Decrease In Debt	<u>\$ (11,046)</u>	<u>\$ (3,717)</u>	<u>\$ (4,518)</u>

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

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.



Basic Financial Statements

BRAZOS RIVER AUTHORITY
STATEMENTS OF NET POSITION
AUGUST 31, 2022 and 2021 (in thousands)

	<u>2022</u>	<u>2021</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
UNRESTRICTED:		
Cash and cash equivalents	\$ 46,684	\$ 78,819
Investments	36,531	54,735
Receivables:		
Accounts	3,535	3,138
Accrued interest	28	19
Other current assets	2,210	2,460
TOTAL UNRESTRICTED	<u>88,988</u>	<u>139,171</u>
RESTRICTED:		
Cash and cash equivalents	3,983	3,853
TOTAL RESTRICTED	<u>3,983</u>	<u>3,853</u>
TOTAL CURRENT ASSETS	<u>92,971</u>	<u>143,024</u>
NONCURRENT ASSETS :		
RESTRICTED:		
Cash and cash equivalents	2,804	4,608
Investments	10,746	9,425
Interest	1	1
TOTAL RESTRICTED	<u>13,551</u>	<u>14,034</u>
CAPITAL ASSETS:		
Land, storage and water rights	184,111	106,899
Reservoirs, water treatment and sewerage facilities	139,472	139,472
Building, structures and improvements	119,818	119,384
Vehicles, furniture and equipment	21,261	21,181
Construction in progress	19,797	13,047
TOTAL CAPITAL ASSETS	<u>484,459</u>	<u>399,983</u>
Less accumulated depreciation	(148,807)	(140,962)
NET CAPITAL ASSETS	<u>335,652</u>	<u>259,021</u>
OTHER NONCURRENT ASSETS:		
Net pension asset	4,845	-
Other assets	1,276	1,355
TOTAL OTHER NONCURRENT ASSETS	<u>6,121</u>	<u>1,355</u>
TOTAL NONCURRENT ASSETS	<u>355,324</u>	<u>274,410</u>
TOTAL ASSETS	<u>448,295</u>	<u>417,434</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amount on refunding	183	201
Pension plans	2,908	3,369
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,091</u>	<u>3,570</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 451,386</u>	<u>\$ 421,004</u>

The accompanying notes are an integral part of these statements.

BRAZOS RIVER AUTHORITY
STATEMENTS OF NET POSITION
AUGUST 31, 2022 and 2021 (in thousands)

	<u>2022</u>	<u>2021</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES:		
PAYABLE FROM CURRENT ASSETS:		
Accounts payable	\$ 9,356	\$ 6,339
Contracts payable	987	956
Accrued interest	420	442
Unearned revenues	15,838	10,210
TOTAL PAYABLE FROM CURRENT ASSETS	<u>26,601</u>	<u>17,947</u>
PAYABLE FROM RESTRICTED ASSETS:		
Accrued interest	409	458
Revenue bonds payable	4,220	4,350
Unearned revenues	2,320	2,246
Other	-	351
TOTAL PAYABLE FROM RESTRICTED ASSETS	<u>6,949</u>	<u>7,405</u>
TOTAL CURRENT LIABILITIES	<u>33,550</u>	<u>25,352</u>
NONCURRENT LIABILITIES:		
Revenue bonds payable, net of current portion and premium	43,799	54,249
Contracts payable, net of current portion	16,542	17,529
Allens Creek contingent compensation liability	15,000	-
Net pension liability	6,695	9,654
Unearned revenues	90	135
Other liabilities	1,274	1,266
TOTAL NONCURRENT LIABILITIES	<u>83,400</u>	<u>82,833</u>
TOTAL LIABILITIES	<u>116,950</u>	<u>108,185</u>
DEFERRED INFLOWS OF RESOURCES - PENSION PLAN	<u>7,474</u>	<u>3,187</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>124,424</u>	<u>111,372</u>
NET POSITION:		
Net investment in capital assets	257,207	184,238
Restricted for debt service	8,644	8,505
Restricted for pension assets	4,845	-
Unrestricted	56,266	116,889
TOTAL NET POSITION	<u>326,962</u>	<u>309,632</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 451,386</u>	<u>\$ 421,004</u>

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, 2022 AND 2021 (in thousands)

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES:		
Water Supply System:		
Raw water sales	\$ 52,382	\$ 48,125
Treated water	5,419	5,213
Wastewater treatment	3,841	3,589
Lake operations	538	568
Other	979	838
Cost Reimbursable Operations:		
Water conveyance/supply	5,763	4,343
Water treatment	2,226	2,115
Wastewater treatment	5,877	5,399
TOTAL OPERATING REVENUES	<u>77,025</u>	<u>70,190</u>
OPERATING EXPENSES:		
Personnel services	21,686	21,252
Materials and supplies	2,948	2,576
Utilities	4,894	3,429
Depreciation and amortization	9,195	9,146
Outside services	10,785	8,836
Repair and maintenance	3,572	2,769
Landfill and sludge hauling	1,706	1,757
Purchased water	2,414	2,287
Other	3,205	2,449
TOTAL OPERATING EXPENSES	<u>60,405</u>	<u>54,501</u>
OPERATING INCOME	<u>16,620</u>	<u>15,689</u>
NON-OPERATING REVENUES (EXPENSES):		
Investment income	636	929
Grants	1,623	1,021
Interest expense	(1,767)	(2,432)
Other expenses	(15)	(238)
Net gain or (loss) on sale of capital assets	233	(163)
TOTAL NET NON-OPERATING REVENUES (EXPENSES)	<u>710</u>	<u>(883)</u>
CHANGE IN NET POSITION	17,330	14,806
NET POSITION, BEGINNING	<u>309,632</u>	<u>294,826</u>
NET POSITION, ENDING	<u>\$ 326,962</u>	<u>\$ 309,632</u>

The accompanying notes are an integral part of these statements.

BRAZOS RIVER AUTHORITY
STATEMENTS OF CASH FLOWS
FISCAL YEARS ENDED AUGUST 31, 2022 AND 2021 (in thousands)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 83,835	\$ 70,724
Cash paid to suppliers for goods and services	(32,933)	(32,980)
Cash paid to employees for services	(20,209)	(16,403)
Net cash provided by operating activities	<u>30,693</u>	<u>21,341</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from grants	1,503	1,021
Net cash provided by noncapital financing activities	<u>1,503</u>	<u>1,021</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payments for the acquisition and construction of capital assets	(70,376)	(3,854)
Payments of interest on long-term debt	(2,396)	(3,207)
Payments for retirement of long-term debt	(11,047)	(4,561)
Payments for bond related expenses	-	(415)
Proceeds from revenue bonds	-	2,370
Proceeds from disposal of capital assets	304	1
Net cash used in capital and related financing activities	<u>(83,515)</u>	<u>(9,666)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales of investments	68,960	100,197
Purchases of investments	(52,077)	(76,189)
Interest received	627	1,028
Net cash provided by investing activities	<u>17,510</u>	<u>25,036</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(33,809)</u>	<u>37,732</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		
(including \$8,461 and \$4,234, respectively, reported in restricted accounts)	<u>87,280</u>	<u>49,548</u>
CASH AND CASH EQUIVALENTS, END OF YEAR		
(including \$6,787 and \$8,461, respectively, reported in restricted accounts)	<u>\$ 53,471</u>	<u>\$ 87,280</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 16,620	\$ 15,689
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	9,148	9,099
Amortization	47	47
Change in assets, liabilities and deferred inflows and outflows of resources:		
(Increase)/decrease in accounts receivable	(277)	735
(Increase)/decrease in other current assets	250	(33)
(Increase)/decrease in net pension asset	(4,845)	763
(Increase)/decrease in deferred outflows of resources	461	(2,136)
Increase/(decrease) in accounts payable	2,217	(1,116)
Increase/(decrease) in unearned revenue and other liabilities	5,743	(1,684)
Decrease in net pension liability	(2,959)	(1,817)
Increase in deferred inflows of resources	4,288	1,794
Total adjustments	<u>14,073</u>	<u>5,652</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 30,693</u>	<u>\$ 21,341</u>
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:		
Bond proceeds used in refunding debt	\$ -	\$ 13,480
Amounts recorded as accruals for capital assets	2,605	1,708
Total noncash capital and financing activities	<u>\$ 2,605</u>	<u>\$ 15,188</u>

The accompanying notes are an integral part of these statements.

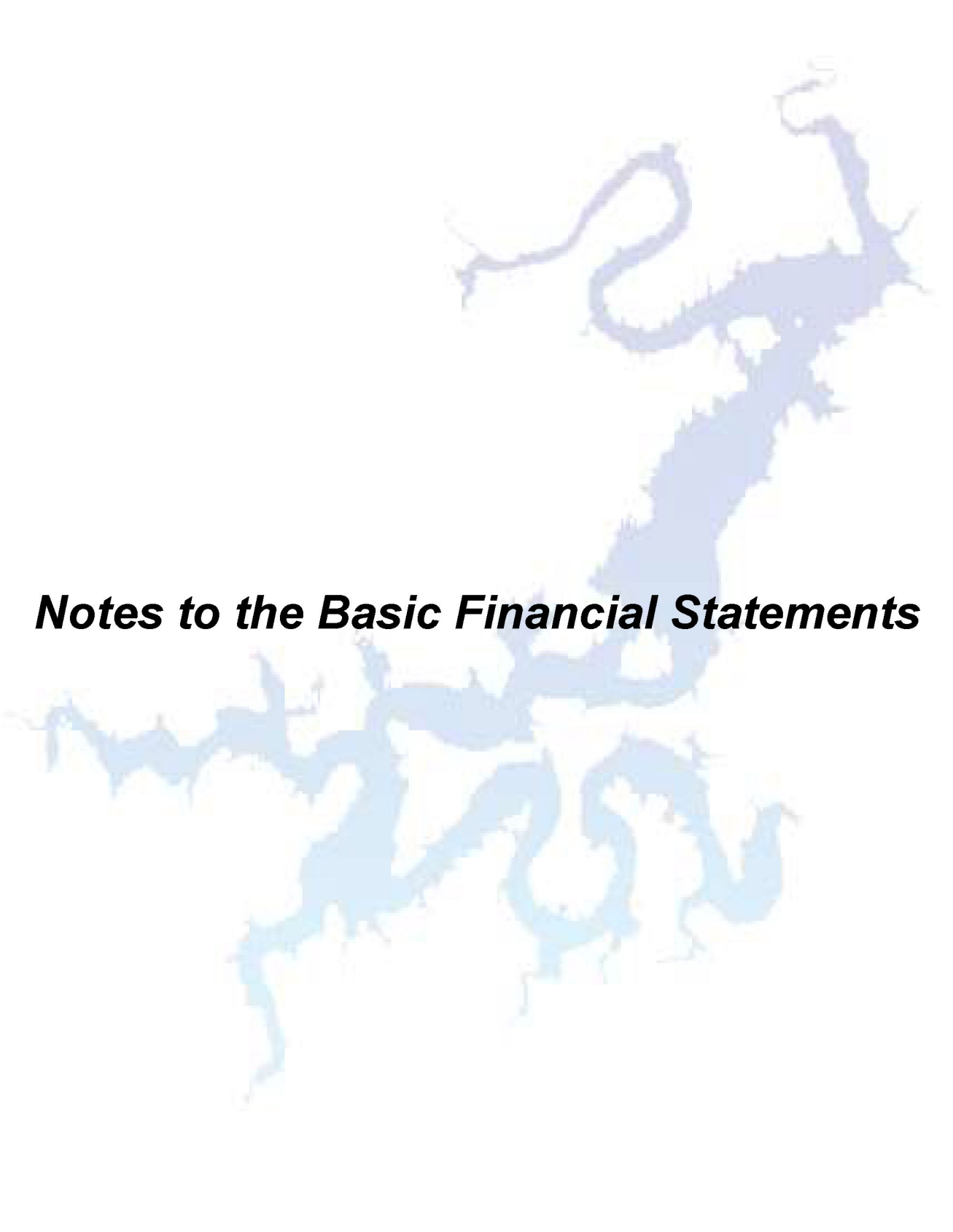
BRAZOS RIVER AUTHORITY
STATEMENTS OF FIDUCIARY NET POSITION
AUGUST 31, 2022 AND 2021 (in thousands)

	2022	2021
Assets		
Investments, at fair value		
Mutual funds - equities	10,102	9,996
Mutual funds - fixed income/GTAA	6,416	5,449
Mutual funds - international funds	3,193	3,761
Mutual funds - REIT	1,541	1,669
Limited partnership - hedge fund	2,637	1,794
Limited partnership	430	834
Cash and cash equivalents	197	191
Total Investments	<u>24,516</u>	<u>23,694</u>
Benefits receivable	2	-
Total assets	<u>24,518</u>	<u>23,694</u>
Liabilities		
Administrative expenses payable	<u>7</u>	<u>7</u>
Net position restricted for pensions	<u><u>\$ 24,511</u></u>	<u><u>\$ 23,687</u></u>

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FISCAL YEARS ENDED AUGUST 31, 2022 AND 2021 (in thousands)

	2022	2021
Additions		
Employer contributions	\$ 1,426	\$ 1,426
Investment income/(loss)	<u>1,863</u>	<u>4,052</u>
Total additions	3,289	5,478
Deductions		
Benefits paid to participants	2,379	2,277
Administrative expenses	<u>86</u>	<u>82</u>
Total deductions	<u>2,465</u>	<u>2,359</u>
Net increase / (decrease) in net position	824	3,119
Total net position restricted for pensions at beginning of the year	<u>23,687</u>	<u>20,568</u>
Total net position restricted for pensions at end of year	<u><u>\$ 24,511</u></u>	<u><u>\$ 23,687</u></u>

The accompanying notes are an integral part of these statements.



Notes to the Basic Financial Statements

BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021 (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 two fiduciary funds that reports assets, liabilities and changes in net position for two of the BRA employee benefit plans.

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, 2022 or 2021.

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).

BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021 (in thousands)

The BRA's collateral agreement requires that all deposits be fully collateralized by government securities or obligations of other political subdivisions 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 revenue 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	5 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-feet 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 \$1,276 and \$1,354 on August 31, 2022 and 2021, respectively is included in other noncurrent assets and will be amortized against related revenues from such contracts over the contract lives.

Leases – With the issuance of GASB Statement No. 87 *Leases*, effective for reporting periods beginning after December 15, 2019 and later postponed an additional eighteen months, the standard became effective for the BRA in Fiscal Year 2022. It has been determined by the BRA that the amount of lessee and lessor transactions for Fiscal Year 2022 are immaterial to the financial statements.

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*

BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021 (in thousands)

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 assets 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 assets 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 has been met.

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, 2022 and 2021 was \$563 and \$513, respectively, and is reported in accounts payable. The total recorded long-term liability for compensated absences, as of August 31, 2022 and 2021 was \$124 and \$134, 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 72 for additional information on compensated absences.

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.

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

BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021 (in thousands)

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.

2. DEPOSITS AND INVESTMENTS

As of August 31, 2022 and 2021, the BRA's portfolio consisted of:

Description	August 31, 2022		August 31, 2021	
	Fair Value	% of Portfolio	Fair Value	% of Portfolio
Deposits:				
Certificates of Deposit	\$ 47,277	47%	\$ 64,160	42%
Bank Money Market Funds	52,594	53%	79,109	52%
Cash	496	0%	8,166	5%
Investments:				
TexPool	381	0%	5	0%
	<u>\$ 100,748</u>	<u>100%</u>	<u>\$ 151,440</u>	<u>100%</u>

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, 2022 and 2021 all BRA investments were in TexPool which is 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).

Portfolio disclosure as of August 31, 2022 and 2021:

- TexPool - S&P rated AAA-m.

BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021 (in thousands)

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)

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, 2022 and 2021:
 - TexPool – WAM 23 days and 31 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
NOTES TO THE BASIC FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021 (in thousands)

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: Effective June 30, 2022, total of holdings \$3.2 billion, credit quality A, Duration (years) 6.1, and weighted yield to maturity 5.46%. The balance in the SAGIC fund at August 31, 2022 and 2021 was \$96 and \$116, respectively.

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.

Funding Policy

This Funding Policy outlines a formal long-term strategy for financing the Plan's obligations with the goal of achieving a funded ratio that is equal to or greater than 100%, as required by Texas Government Code 802.2011. This Funding Policy's primary funding priorities are: 1) Ensure the security of accrued benefits by making certain contributions and assets are sufficient to pay benefits when due, 2) Limit the volatility of contribution rates for the Plan, consistent with other funding objectives and, 3) To target a 100% funding percentage that is attained over as brief a period as possible using a closed-period funding.

Investment Policy Target Allocation

The following was the Committee's adopted targeted mixture of asset allocation policy as of the Plan year ended February 28, 2022 and February 28, 2021.

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Target</u>
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%
Real Estate Investment Trusts	0%	20%	10%
Global Tactical Assets	0%	15%	10%

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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 28, 2022:

		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)
		2/28/2022		
Investments by fair value level				
Equity Securities				
Mutual funds - equities	\$10,006	\$10,006	-	-
Mutual funds – international funds	3,193	3,193	-	-
Mutual funds - REIT	1,541	1,541	-	-
Total equity securities	14,740	14,740	-	-
Fixed Income Securities				
Mutual funds – fixed income	6,416	6,416	-	-
Total investments by fair value level	21,156	\$21,156	-	-
Limited partnership – hedge fund fixed income strategy	2,638			
Limited partnership	429			
Total investments measured at NAV	3,067			
Total investments measured at fair value	\$24,223			

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The following table summarizes the inputs used as of February 28, 2021:

	Fair Value Measurements Using			
	2/28/2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Equity Securities				
Mutual funds - equities	\$9,880	\$9,880	-	-
Mutual funds – international funds	3,761	3,761	-	-
Mutual funds - REIT	1,669	1,669	-	-
Total equity securities	15,310	15,310	-	-
Fixed Income Securities				
Mutual funds – fixed income	5,449	5,449	-	-
Total investments by fair value level	20,759	\$20,759	-	-
Limited partnership – hedge fund fixed income strategy	1,794			
Limited partnership	834			
Total investments measured at NAV	2,628			
Total investments measured at fair value	\$23,387			

The carrying value for investments measured at NAV as of February 28, 2022 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	\$ 2,637	None	Semi-annually	90 days
Limited partnership ²	430	\$543	Not applicable	
Total investments measured at NAV	\$ 3,067			

The carrying value for investments measured at NAV as of February 28, 2021 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	\$ 1,794	None	Semi-annually	90 days
Limited partnership ²	834	\$511	Not applicable	
Total investments measured at NAV	\$ 2,628			

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.

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Rate of Return and Risk

For the years ended February 28, 2022, and 2021 the annual money-weighted rate of return on the Plan investments, net of pension plan investment expense, was +8% and +20%, 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 counterparty 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 fair 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 28, 2022 or 2021. However, the following were investments in any one organization that represent 5% or more of fiduciary net position at February 28, 2022 and 2021 (other than those issued or guaranteed by the U.S. Government):

Security Name	Classification	FYE 2022	FYE 2021
		Fair Value >5%	Fair Value >5%
Cohen & Steers Realty	REIT's	\$1,541	\$1,669
Euro Pacific Growth Fund	International fund	\$3,193	\$3,761
Vanguard Short-Term Invest Grade Bond Fund	Fixed Income	\$1,735	\$ -
Metropolitan West Fund	Fixed Income	\$2,293	\$2,104
PIMCO	Fixed Income	\$1,255	\$1,219
SOF-XI VIP	Limited Partnership	\$1,382	\$ -
Vanguard 500 Fund	Equities-large cap	\$7,381	\$7,167
Diamond Hill Small Cap	Equities small cap	\$1,254	\$1,433
Vanguard Midcap Fund	Equities-mid cap	\$1,371	\$1,279

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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. The Plan's investment in the SOF-XI VIP fund and the Euro Pacific Growth fund, were the only funds of the Plan that were exposed to foreign currency risk at February 28, 2022, and 2021.

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 28, 2022 and 2021, the credit ratings for mutual funds in fixed income securities were as follows:

<u>Security Name</u>	<u>FYE 2022 Credit Rating</u>	<u>FYE 2021 Credit Rating</u>
Metropolitan West Fund	AA-	BBB
Vanguard Short Term Fund	A-	BBB
Blackrock Multi-Asset Income Fund	BB	BB
JP Morgan Income Builder Fund	BB-	BB

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 Bloomberg U.S. Government/Credit. 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 3.7 years and 4.0 years at February 28, 2022 and 2021, 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 2.8 years and 2.6 years at February 28, 2022 and 2021, respectively.

BRAZOS RIVER AUTHORITY
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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 are 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.
- Net Pension assets* – Represents the Plan Fiduciary Net Position that is greater than the Plan's Total Pension Liability which funds must be used to fund employee benefits.
- *Other funds* – On October 1, 2021 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 \$3.8 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, 2022 and 2021 were as follows:

	2022			2021		
	Cash and Cash Equivalents	Investments	Accrued Interest	Cash and Cash Equivalents	Investments	Accrued Interest
CURRENT RESTRICTED:						
Water Supply System:						
Debt service funds	\$ 1,046	\$ -	\$ -	\$ 1,000	\$ -	\$ -
Other funds	240	-	-	184	-	-
Water Supply System Total	1,286	-	-	1,184	-	-
Cost Reimbursable Operations:						
Debt service funds	2,697	-	-	2,669	-	-
Cost Reimbursable Operations Total	2,697	-	-	2,669	-	-
TOTAL CURRENT RESTRICTED	<u>\$ 3,983</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,853</u>	<u>\$ -</u>	<u>\$ -</u>
NONCURRENT RESTRICTED:						
Water Supply System:						
Bond reserve funds	\$ 845	\$ 1,404	\$ -	\$ 454	\$ 1,795	\$ -
Repair and replacement funds	36	4,983	-	2,049	2,957	-
Other funds	-	3,861	1	5	4,171	1
Water Supply System Total	881	10,248	1	2,508	8,923	1
Cost Reimbursable Operations:						
Bond proceeds	1,920	-	-	2,100	-	-
Repair and replacement funds	3	498	-	-	502	-
Cost Reimbursable Operations Total	1,923	498	-	2,100	502	-
TOTAL NONCURRENT RESTRICTED	<u>\$ 2,804</u>	<u>\$ 10,746</u>	<u>\$ 1</u>	<u>\$ 4,608</u>	<u>\$ 9,425</u>	<u>\$ 1</u>

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4. CAPITAL ASSETS

A summary of changes in capital assets for August 31, 2022 follows:

Classification	Balance at September 1, 2021	Additions and Transfers	Deletions and Transfers	Balance at August 31, 2022
Capital assets, not being depreciated/amortized:				
Land, storage and water rights	\$ 106,899	\$ 77,212	\$ -	\$ 184,111
Construction in progress	13,047	9,161	(2,411)	19,797
Total capital assets, not being depreciated/amortized	119,946	86,373	(2,411)	203,908
Capital assets, being depreciated/amortized:				
Reservoirs, water treatment and sewerage facilities	139,472	-	-	139,472
Buildings, structures and improvements	119,384	476	(42)	119,818
Vehicles	4,309	809	(648)	4,470
Furniture	749	-	(13)	736
Computers	4,226	32	(7)	4,251
Tools and heavy equipment	11,897	638	(731)	11,804
Total capital assets, being depreciated/amortized	280,037	1,955	(1,441)	280,551
Total Capital Assets	\$ 399,983	\$ 88,328	\$ (3,852)	\$ 484,459
Less accumulated depreciation/amortization:				
Reservoirs, water treatment and sewerage facilities	\$ 64,845	\$ 2,869	\$ -	\$ 67,714
Buildings, structures and improvements	61,799	5,044	(33)	66,810
Vehicles	3,099	375	(581)	2,893
Furniture	749	-	(13)	736
Computers	3,270	292	(7)	3,555
Tools and heavy equipment	7,200	615	(716)	7,099
Total accumulated depreciation/amortization	\$ 140,962	\$ 9,195	\$ (1,350)	\$ 148,807
Net Capital Assets	\$ 259,021	\$ 79,133	\$ (2,502)	\$ 335,652

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A summary of changes in capital assets for August 31, 2021 follows:

Classification	Balance at September 1, 2020	Additions and Transfers	Deletions and Transfers	Balance at August 31, 2021
Capital assets, not being depreciated/amortized:				
Land, storage and water rights	\$ 106,899	\$ -	\$ -	\$ 106,899
Construction in progress	11,311	2,664	(928)	13,047
Total capital assets, not being depreciated/amortized	118,210	2,664	(928)	119,946
Capital assets, being depreciated/amortized:				
Reservoirs, water treatment and sewerage facilities	139,472	-	-	139,472
Buildings, structures and improvements	118,352	1,054	(22)	119,384
Vehicles	3,887	422	-	4,309
Furniture	749	-	-	749
Computers	4,968	81	(823)	4,226
Tools and heavy equipment	10,638	1,510	(251)	11,897
Total capital assets, being depreciated/amortized	278,066	3,067	(1,096)	280,037
Total Capital Assets	\$ 396,276	\$ 5,731	\$ (2,024)	\$ 399,983
Less accumulated depreciation/amortization:				
Reservoirs, water treatment and sewerage facilities	\$ 61,976	\$ 2,869	\$ -	\$ 64,845
Buildings, structures and improvements	56,807	5,014	(22)	61,799
Vehicles	2,757	342	-	3,099
Furniture	746	3	-	749
Computers	3,682	338	(750)	3,270
Tools and heavy equipment	6,778	580	(158)	7,200
Total accumulated depreciation/amortization	\$ 132,746	\$ 9,146	\$ (930)	\$ 140,962
Net Capital Assets	\$ 263,530	\$ (3,415)	\$ (1,094)	\$ 259,021

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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, 2022 and 2021 were as follows:

	2022		2021	
	Current Unearned Revenues	Noncurrent Unearned Revenues	Current Unearned Revenues	Noncurrent Unearned Revenues
Unrestricted				
Water Supply System:				
Lake Granbury	\$ 2	\$ -	\$ 306	\$ -
Lake Limestone	6	-	1,395	-
Possum Kingdom Lake	11	-	468	-
Federal Reservoirs	10,872	-	4,392	-
Other Water Supply System	240	-	227	-
Total Water Supply System	<u>11,131</u>	<u>-</u>	<u>6,788</u>	<u>-</u>
Cost Reimbursable Operations:				
Williamson County RRWL	45	90	(121)	135
Temple-Belton WWTP	2,587	-	2,255	-
Clute-Richwood RWS	354	-	392	-
Hutto WWS	1,133	-	896	-
Leander	588	-	-	-
Total Cost Reimbursable Operations	<u>4,707</u>	<u>90</u>	<u>3,422</u>	<u>135</u>
Total Unrestricted	<u>\$ 15,838</u>	<u>\$ 90</u>	<u>\$ 10,210</u>	<u>\$ 135</u>
Restricted				
Cost Reimbursable Operations:				
Williamson County RRWL	\$ 2,320	\$ -	\$ 2,246	\$ -
Total Restricted	<u>\$ 2,320</u>	<u>\$ -</u>	<u>\$ 2,246</u>	<u>\$ -</u>

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6. NONCURRENT LIABILITIES

Revenue Bonds Payable

Revenue bonds payable consists of the following at August 31, 2022:

	Balance at September 1, 2021	Additions	Retired	Balance at August 31, 2022	Amount Due Within One Year
<i>Water Supply System:</i>					
Series 2002 State Participation Loan*	\$ 6,000	\$ -	\$ 6,000	\$ -	\$ -
Series 2009 Revenue Bonds*	10,115	-	1,160	8,955	1,185
Series 2015 Revenue Bonds	12,945	-	750	12,195	780
Total Water Supply System	<u>\$ 29,060</u>	<u>\$ -</u>	<u>\$ 7,910</u>	<u>\$ 21,150</u>	<u>\$ 1,965</u>
<i>Cost Reimbursable Operations:</i>					
Series 2019 Revenue Bonds	\$ 13,265	\$ -	\$ 1,010	\$ 12,255	\$ 1,040
Series 2020 Revenue Bonds	13,375	-	1,170	12,205	1,215
Total Cost Reimbursable Operations	<u>\$ 26,640</u>	<u>\$ -</u>	<u>\$ 2,180</u>	<u>\$ 24,460</u>	<u>\$ 2,255</u>
<i>Net Premium/(Discount) on revenue bonds payable</i>	<u>\$ 2,899</u>	<u>\$ -</u>	<u>\$ 490</u>	<u>\$ 2,409</u>	<u>\$ -</u>
<i>Total Net Revenue Bonds Payable</i>	<u><u>\$ 58,599</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,580</u></u>	<u><u>\$ 48,019</u></u>	<u><u>\$ 4,220</u></u>

Revenue bonds payable consists of the following at August 31, 2021:

	Balance at September 1, 2020	Additions	Retired	Balance at August 31, 2021	Amount Due Within One Year
<i>Water Supply System:</i>					
Series 2002 State Participation Loan*	\$ 6,000	\$ -	\$ -	\$ 6,000	\$ 260
Series 2009 Revenue Bonds*	11,250	-	1,135	10,115	1,160
Series 2015 Revenue Bonds	13,665	-	720	12,945	750
Total Water Supply System	<u>\$ 30,915</u>	<u>\$ -</u>	<u>\$ 1,855</u>	<u>\$ 29,060</u>	<u>\$ 2,170</u>
<i>Cost Reimbursable Operations:</i>					
Series 2011 Revenue Bonds	\$ 13,480	\$ -	\$ 13,480	\$ -	\$ -
Series 2019 Revenue Bonds	14,095	-	830	13,265	1,010
Series 2020 Revenue Bonds	-	13,375	-	13,375	1,170
Total Cost Reimbursable Operations	<u>\$ 27,575</u>	<u>\$ 13,375</u>	<u>\$ 14,310</u>	<u>\$ 26,640</u>	<u>\$ 2,180</u>
<i>Net Premium/(Discount) on revenue bonds payable</i>	<u>\$ 1,796</u>	<u>\$ 1,525</u>	<u>\$ 422</u>	<u>\$ 2,899</u>	<u>\$ -</u>
<i>Total Net Revenue Bonds Payable</i>	<u><u>\$ 60,286</u></u>	<u><u>\$ 14,900</u></u>	<u><u>\$ 16,587</u></u>	<u><u>\$ 58,599</u></u>	<u><u>\$ 4,350</u></u>

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

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Revenue bonds payable at August 31, 2022 and 2021 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% (**redeemed May 2022**)
- *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 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% (**refunded October 1, 2020 with Series 2020**)
- *Series 2019 (\$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%
- *Series 2020 (New) (\$13,375) Brazos River Authority Contract Revenue Refunding and Improvement Bonds, (Williamson County Regional Raw Water Line Project)* - to refund the outstanding Series 2011 Contract Revenue and Refunding Bonds, along with other funds, to (i) add a copper ion generator, (ii) pay the cost of engineering and design, and (iii) pay issuance cost on the Bonds; due in annual payments of \$1,170 to \$1,510 through 2030; interest at 2.0% to 3.0%

On May 2, 2022, the Authority redeemed the outstanding debt in the amount of \$6,000 for the *Series 2002 Brazos River Authority State Participation Loan (Allens Creek Project)*

On October 1, 2020, the Authority issued \$13,375 of Contract Revenue Bonds for a current refunding of \$12,530 of the Series 2011 Contract Revenue Bonds. 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 \$845. The difference between the present values of the two debt service streams of \$2,803 constitutes the economic gain on the transaction and a reduction of \$2,950 in future debt service payments.

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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.

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, 2022 and 2021, the BRA's coverage rate was 6.95 and 8.56, 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, 2022 and 2021 the cumulative unamortized deferred outflows of resources amounted to \$183 and \$201, respectively. The deferred amount resulted from refunding of debt in 2011 and 2020 for the period ending August 31, 2021 and refunding of debt in 2011 and 2015 for period ending August 31, 2020.

Annual requirements to retire revenue bonds outstanding including interest at August 31, 2022 are:

	Revenue Bonds		Direct Placement Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 3,035	\$ 1,091	\$ 1,185	\$ 215
2024	3,130	990	1,215	187
2025	3,225	902	1,245	157
2026	3,310	818	1,275	126
2027	3,415	709	1,310	92
2028-2032	17,145	1,775	2,725	76
2033-2036	3,395	160	-	-
Total	<u>\$ 36,655</u>	<u>\$ 6,445</u>	<u>\$ 8,955</u>	<u>\$ 853</u>

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Contracts Payable consists of the following at August 31, 2022:

	Balance at September 1, 2021	Retired/ (Additions)	Balance at August 31, 2022	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%	\$ 361	\$ 117	\$ 244	\$ 120
\$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%	1,407	227	1,180	233
\$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%	9,015	306	8,709	316
\$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%	3,794	161	3,633	167
\$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%	3,908	145	3,763	151
Total	<u>\$ 18,485</u>	<u>\$ 956</u>	<u>\$ 17,529</u>	<u>\$ 987</u>

Contracts Payable consists of the following at August 31, 2021:

	Balance at September 1, 2020	Retired/ (Additions)	Balance at August 31, 2021	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%	\$ 475	\$ 114	\$ 361	\$ 117
\$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%	1,628	221	1,407	227
\$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%	9,311	296	9,015	306
\$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%	3,951	157	3,794	161
\$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%	4,047	139	3,908	145
Total	<u>\$ 19,412</u>	<u>\$ 927</u>	<u>\$ 18,485</u>	<u>\$ 956</u>

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Annual requirements to retire contracts payable outstanding, including interest at August 31, 2022, were:

	Contracts Payable		Total
	Principal	Interest	
2023	\$ 987	\$ 600	\$ 1,587
2024	1,006	569	1,575
2025	911	537	1,448
2026	942	506	1,448
2027	973	475	1,448
2028-2032	4,033	1,942	5,975
2033-2037	4,546	1,191	5,737
2038-2042	4,131	391	4,522
Total	<u>\$ 17,529</u>	<u>\$ 6,211</u>	<u>\$ 23,740</u>

Allens Creek Contingent Compensation Liability

As part of the Allens Creek Reservoir Project (The Project) comprehensive settlement agreement between the City of Houston and the BRA, effective May 2, 2022, where the City of Houston agreed to grant, sell, transfer and convey to the BRA all of the City's rights and interest in any documents, reports and other personal property applicable to the water use permit, the project, the water yield and the reservoir site, the BRA will owe the City an additional amount of \$15 million dollars when the United States Army Corps of Engineers issues the Section 404 Permit, for the project, to the BRA.

Other Noncurrent Liabilities Other noncurrent liability activity for the years ended August 31, 2022 and 2021 was as follows:

	Balance at September 1, 2021	Additions	Reductions	Balance at August 31, 2022	Amounts Due Within One Year
Unearned Revenues:					
WCRRWL	\$ 181	\$ -	\$ 45	\$ 136	\$ 46
Total	<u>\$ 181</u>	<u>\$ -</u>	<u>\$ 45</u>	<u>\$ 136</u>	<u>\$ 46</u>
Other Liabilities:					
Trans TX Phase II	\$ 210	\$ -	\$ -	\$ 210	\$ -
Compensated Absences*	145	-	12	133	9
Due to Jonah SUD	882	854	836	900	-
Other	40	-	-	40	-
Total	<u>\$ 1,277</u>	<u>\$ 854</u>	<u>\$ 848</u>	<u>\$ 1,283</u>	<u>\$ 9</u>

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	Balance at September 1, 2020	Additions	Reductions	Balance at August 31, 2021	Amounts Due Within One Year
Unearned Revenues:					
WCRRWL	\$ 226	\$ -	\$ 45	\$ 181	\$ 46
Total	<u>\$ 226</u>	<u>\$ -</u>	<u>\$ 45</u>	<u>\$ 181</u>	<u>\$ 46</u>
Other Liabilities:					
Trans TX Phase II	210	-	-	210	-
Compensated Absences*	163	-	18	145	11
Due to Jonah SUD	896	829	843	882	-
Other	40	-	-	40	-
Total	<u>\$ 1,309</u>	<u>\$ 829</u>	<u>\$ 861</u>	<u>\$ 1,277</u>	<u>\$ 11</u>

*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.

7. NET POSITION

Details of Net Position of investment in capital assets:

	2022	2021
Net capital assets	\$ 335,652	\$ 259,021
Deferred outflows of resources	183	201
Revenue bonds payable - current & noncurrent	(48,019)	(58,599)
Contracts payable - current & noncurrent	(17,529)	(18,485)
Allens Creek contingent compensation liability	(15,000)	-
Unspent bond proceeds for construction	<u>1,920</u>	<u>2,100</u>
Total Net Position of investment in capital assets	<u>\$ 257,207</u>	<u>\$ 184,238</u>

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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, 2022, and 2021. The BRA had the following balances related to its pension accounts:

	BRA Plan	TCDRS Plan	2022 Total
Net Pension Liability	\$ 6,695	\$ -	\$ 6,695
Net Pension Asset	-	4,845	4,845
Deferred Outflows of Resources	-	2,908	2,908
Deferred Inflows of Resources	2,038	5,436	7,474
Pension Expense	(519)	383	(136)

	BRA Plan	TCDRS Plan	2021 Total
Net Pension Liability	\$ 8,772	\$ 882	\$ 9,654
Deferred Outflows of Resources	176	3,193	3,369
Deferred Inflows of Resources	2,035	1,152	3,187
Pension Expense	136	1,017	1,153

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, 2022, and March 1, 2021, is composed of the following:

Group	2022	2021
Retirees and beneficiaries currently receiving benefits	164	158
Terminated Plan members entitled to but not yet receiving benefits	96	100
Deferred beneficiaries	4	4
Transferred Canal Division employees*	4	4
Active Plan members	56	64
Total	<u>324</u>	<u>330</u>

*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, 2022 and March 1, 2021 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, 2021 and 2020 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 28, 2022 and February 28, 2021.

Net Pension Liability

The BRA's net pension liability was measured as of March 1, 2022 and March 1, 2021, 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, 2022 and March 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Information		
	2022	2021
Actuarial valuation date	March 1, 2022	March 1, 2021
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-2021 for the 2022 evaluation.

The mortality rates were based on the Pub-2010 General Table, Fully Generational with Scale MP-2018 for the 2021 evaluation.

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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, 2022 and February 28, 2021 are summarized in the following tables:

Target Allocation

<u>Asset Class</u>	<u>2022 and 2021</u>
Domestic equities	40%
International equity	15%
Domestic fixed income	25%
GTTA	10%
Master limited partnerships	0%
Real estate investment trusts	10%
Cash	0%

Long-Term Expected Real Rate of Return

<u>Asset Class</u>	<u>2022</u>	<u>2021</u>
Domestic equities	7.50%	7.50%
International equity	8.50%	8.50%
Domestic fixed income	2.50%	2.50%
GTTA fixed income	5.50%	5.50%
Master limited partnerships	-	7.50%
Real estate investment trusts	4.50%	4.50%
Global Tactical Assets	7.80%	7.80%
Cash	0.00%	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% Increase (7.5%)
August 31, 2022	\$ 9,772	\$ 6,695	\$ 4,071
August 31, 2021	\$ 12,039	\$ 8,772	\$ 5,996

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 1, 2021	\$ 32,343	\$ 23,571	\$ 8,772
Changes for the year:			
Service cost	25	-	25
Interest	2,030	-	2,030
Differences between expected and actual experience	(777)	-	(777)
Change in assumptions	(201)	-	(201)
Benefit payment, including refunds of employee contributions	(2,310)	(2,310)	-
Employer contributions	-	1,379	(1,379)
Net investment income	-	1,860	(1,860)
Administrative expenses	-	(85)	85
Other	-	-	-
Net changes	(1,233)	844	(2,077)
Balances at August 31, 2022	\$ 31,110	\$ 24,415	\$ 6,695

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 1, 2020	\$ 31,934	\$ 20,463	\$ 11,471
Changes for the year:			
Service Cost	36	-	36
Interest	2,006	-	2,006
Differences between expected and actual experience	617	-	617
Change in assumptions	-	-	-
Benefit payment, including refunds of employee contributions	(2,250)	(2,250)	-
Employer contributions	-	1,391	(1,391)
Net investment income	-	4,049	(4,049)
Administrative expenses	-	(82)	82
Other	-	-	-
Net changes	409	3,108	(2,699)
Balances at August 31, 2021	\$ 32,343	\$ 23,571	\$ 8,772

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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, 2022 and 2021, the Employer GASB 68 pension expense and the components of the expense were as followed:

	2022	2021
Service Cost	\$ 24	\$ 36
Interest	2,030	2,006
Amortization of differences between expected and actual experience	(471)	118
Amortization of changes of assumptions	(167)	-
Projected earnings on pension plan investments	(1,500)	(1,300)
Amortization of differences between projected and actual earnings	(520)	(805)
Pension plan administrative expenses	85	81
Total	<u>\$ (519)</u>	<u>\$ 136</u>

Deferred outflows and deferred inflows of resources

For the years ended August 31, 2022 and 2021, 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, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,038
Total	<u>\$ -</u>	<u>\$ 2,038</u>

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August 31, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 176	\$ 2,035
Total	<u>\$ 176</u>	<u>\$ 2,035</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, 2022	
2023	\$ (692)
2024	(652)
2025	(622)
2026	(72)
2027	-
Thereafter	-
Total	<u>\$ (2,038)</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 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

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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, 2021 and December 31, 2020, is composed of the following:

Group	2021	2020
Retirees and beneficiaries currently receiving benefits	92	86
Terminated Plan members entitled to but not yet receiving benefits	180	174
Active Plan members	236	227
Total	508	487

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 2022 and 2021 was 9.32% and 7.57% 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.

Net Pension Liability

The BRA's net pension liability was measured as of December 31, 2021 and December 31, 2020, 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, 2021 and the December 31, 2020 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

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Actuarial Valuation Information		
	2022	2021
Actuarial valuation date	December 31, 2021	December 31, 2020
Actuarial cost method	Entry age	Entry age
Actuarial Assumptions		
Investment return	7.5%	7.5%*
Projected salary increases	2.0%	2.0%
Inflation	2.5%	2.5%*

*For the December 31, 2020 actuarial valuation, two assumption changes occurred. The TCDRS board reduced the investment return assumption to 7.5%. In addition, the inflation assumption has also been decreased to 2.5%. TCDRS says the long-term outlook anticipates that rates and returns will remain below historical norms. The forecast shows decreased returns across all asset classes. Soundness requires synchronizing assumptions with expectations.

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 2022 and January 2021 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 long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2022 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice.

Long-term Expected rate of return by Asset Class
Actuarial Valuation December 31, 2021
Based on January 2022 information for a 10-year time horizon

Asset Class	Target Allocation	Geometric Real Rate of Return
US Equities	11.50%	3.80%
Private Equities	25.00%	6.80%
Global Equities	2.50%	4.10%
International Equities Developed	5.00%	3.80%
International Equities-Emerging	6.00%	4.30%
Investment-Grade Bonds	3.00%	-0.85%
Strategic Credit	9.00%	1.77%
Direct Lending	16.00%	6.25%
Distressed Debt	4.00%	4.50%
REIT Equities	2.00%	3.10%
Master Limited Partnerships	2.00%	3.85%
Private Real Estate Partnerships	6.00%	5.10%
Hedge Funds	6.00%	1.55%
Cash	2.00%	-

BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021 (in thousands)

Long-term Expected rate of return by Asset Class
Actuarial Valuation December 31, 2020
Based on January 2021 information for a 10 year time horizon

Asset Class	Target Allocation	Geometric Real Rate of Return
US Equities	11.50%	4.25%
Private Equities	25.00%	7.25%
Global Equities	2.50%	4.55%
International Equities Developed	5.00%	4.25%
International Equities-Emerging	6.00%	4.75%
Investment-Grade Bonds	3.00%	-0.85%
Strategic Credit	9.00%	2.11%
Direct Lending	16.00%	6.70%
Distressed Debt	4.00%	5.70%
REIT Equities	2.00%	3.45%
Master Limited Partnerships	2.00%	5.10%
Private Real Estate Partnerships	6.00%	4.90%
Hedge Funds	6.00%	1.85%
Cash	2.00%	-

Discount rate

The discount rate used to measure the total pension liability as of December 31, 2021 and December 31, 2020 was 7.5%. 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.

Sensitivity in the discount rate

The following presents the net pension liability of the BRA calculated using the discount rate of 7.5% for August 31, 2022 and 2021, 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)		
	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
August 31, 2022	\$ 1,589	\$ (4,845)	\$ (10,241)
August 31, 2021	\$ 6,543	\$ 882	\$ (3,864)

BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021 (in thousands)

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, 2021	\$ 40,030	\$ 39,148	\$ 882
Changes for the year:			
Service cost	2,159	-	2,159
Interest	3,170	-	3,170
Effect of economic/demographic gains or losses	(82)		(82)
Benefit payment, including refunds of employee contributions	(973)	(973)	-
Employer contributions	-	1,268	(1,268)
Change in assumptions	68	-	68
Member contributions	-	1,005	(1,005)
Net investment income	-	8,748	(8,748)
Administrative expenses	-	(27)	27
Other	-	48	(48)
Net changes	4,342	10,069	(5,727)
Balances at August 31, 2022	\$ 44,372	\$ 49,217	\$ (4,845)

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a) - (b)
Balances at September 1, 2020	\$ 33,527	\$ 34,290	\$ (763)
Changes for the year:			
Service cost	1,903	-	1,903
Interest	2,834	-	2,834
Differences between expected and actual experience	204	-	204
Benefit payment, including refunds of employee contributions	(894)	(894)	-
Employer contributions	-	1,219	(1,219)
Change in assumptions	2,456	-	2,456
Member contributions	-	975	(975)
Net investment income	-	3,545	(3,545)
Administrative expenses	-	(29)	29
Other	-	42	(42)
Net changes	6,503	4,858	1,645
Balances at August 31, 2021	\$ 40,030	\$ 39,148	\$ 882

BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021 (in thousands)

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, 2022 and 2021, the Employer GASB 68 pension expense and the components of the expense were as followed:

	2022	2021
Service cost	\$ 2,159	\$ 1,903
Interest	3,170	2,834
Member contributions	(1,005)	(975)
Amortization of differences between expected and actual experience	73	(130)
Amortization of changes of assumptions	510	524
Projected earnings on pension plan investments	(3,025)	(2,830)
Amortization of differences between projected and actual earnings	(1,479)	(296)
Pension plan administrative expenses	27	29
Other *	(47)	(42)
Total pension expense	<u>\$ 383</u>	<u>\$ 1,017</u>

* Relates to allocation of system-wide items.

Deferred outflows and inflows of resources:

For the years ended August 31, 2022 and 2021, the BRA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

August 31, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 266	\$ 65
Change in assumption	1,534	-
Net difference between projected and actual earnings on pension plan investments	-	5,371
BRA's contributions subsequent to the measurement date *	1,108	-
Total	<u>\$ 2,908</u>	<u>\$ 5,436</u>

BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021 (in thousands)

Deferred outflows and deferred inflows of resources - continued

August 31, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 382	\$ 26
Change in assumption	1,975	-
Net difference between projected and actual earnings on pension plan investments	-	1,126
BRA's contributions subsequent to the measurement date *	836	-
Total	<u>\$ 3,193</u>	<u>\$ 1,152</u>

*For Fiscal Years ending August 31, 2022 and 2021, a total of \$1,108 and \$836 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, 2023 and 2022 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, 2022	
2023	\$ (583)
2024	(1,147)
2025	(759)
2026	(1,147)
2027	-
Thereafter	-
Total	<u>\$ (3,636)</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 Sagie Diversified II Fund until vesting occurs. Total deposits into the non-vested account for the twelve months ended August 31, 2022 and August 31, 2021 were \$50 and \$46, respectively.

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

BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021 (in thousands)

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, 2022
Jonah Water SUD	2007	\$ 3,170	2009-2028	4.0% to 4.5%	\$ 1,235
Jonah Water SUD	2008	\$ 2,630	2010-2029	3.0% to 5.0%	1,185
Jonah Water SUD	2012	\$ 5,090	2015-2032	3.0% to 5.0%	3,225
Total					<u>\$ 5,645</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 131 to 132 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.

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

BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021 (in thousands)

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.

Construction Projects

The BRA has several construction contracts related to the capital improvement plan, approved by the Board of Directors. As of August 31, 2022, the BRA had approximately \$26,991 in open contract commitments, including change orders. The BRA has recorded construction in progress (CIP) related to these contracts totaling \$19,797. The following identifies some of those projects and selected details regarding the commitments.

The following identifies some of those projects and selected details regarding the commitments.

Name	Construction In Progress at August 31, 2022	Total Project Budgeted Cost	Estimated Project Comp. Date
Lake Limestone Improvement Projects	\$ 8,483	\$ 74,407	2026+
DeCordova Bend Dam Low Flow Facility	3,703	5,774	2023
Lake Belton-Bellhouse Drought Preparedness	2,243	58,308	2026+
Lake Granbury Improvement Projects	2,115	7,734	2024+
East Williamson Expansion Project	1,242	27,821	2026+
Possum Kingdom Lake Improvement Projects	929	4,483	2026+
Williamson County Raw Water Line Projects	279	33,838	2026+
Allens Creek Reservoir	-	442,202	2026+
Central Office Environmental Services Building	803	11,421	2024
Total	<u>\$ 19,797</u>	<u>\$ 665,988</u>	

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, 2022 are represented as follows:

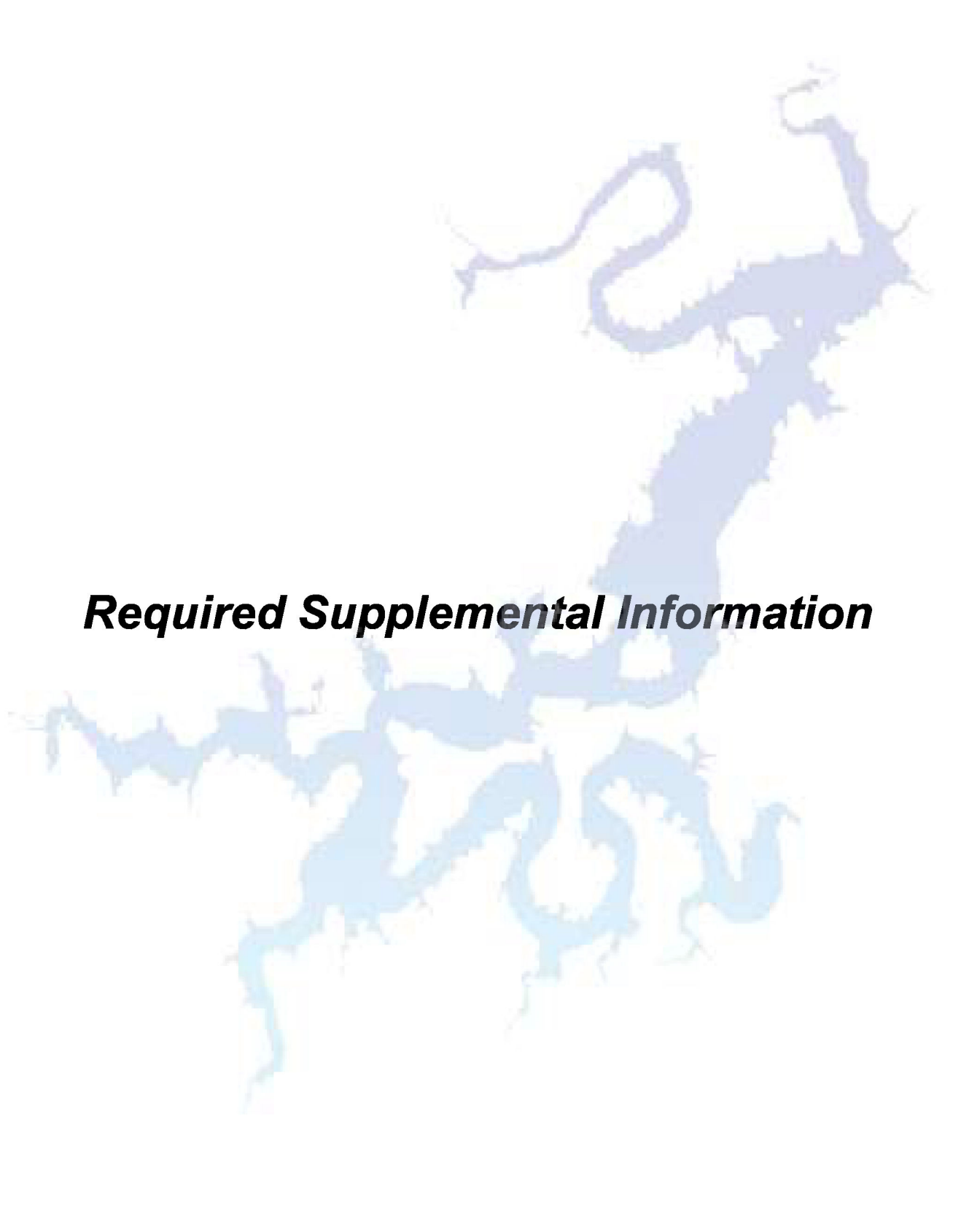
Working Capital Reserve	\$ 11,700
Contingency Reserve Fund	5,500
Self Insurance Fund	500
Rate Stabilization Reserve Fund	44,687
Total	<u>\$ 62,387</u>

BRAZOS RIVER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021 (in thousands)

13. RECENTLY ISSUED GASB STATEMENTS

Upcoming GASB Standards:

GASB has approved GASB Statement No. 91, *Conduit Debt Obligations*, 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*, Statement No. 99, *Omnibus 2022*, Statement No. 100, *Accounting Changes and Error Corrections*, and Statement No. 101, *Compensated Absences*. 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)

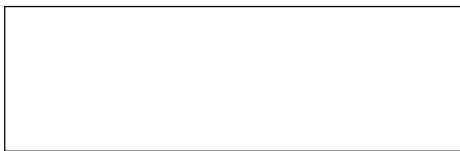
SCHEDULE OF CHANGES IN THE NET PENSION (ASSET)/LIABILITY AND RELATED RATIOS
LAST 10 YEARS*

	<u>8/31/2022</u>	<u>8/31/2021</u>	<u>8/31/2020</u>	<u>8/31/2019</u>	<u>8/31/2018</u>
Measurement Date	2/28/2022	2/28/2021	2/29/2020	2/28/2019	2/28/2018
Total pension liability					
Service cost	\$ 24	\$ 35	\$ 46	\$ 66	\$ 76
Interest	2,030	2,006	2,068	1,956	1,934
Differences between expected and actual experience	(777)	617	(861)	(16)	551
Change of assumptions	(201)	-	-	1,939	-
Benefit payment, including refunds of member contributions	(2,310)	(2,250)	(2,148)	(2,261)	(2,137)
Net change in total pension liability	(1,234)	408	(895)	1,684	424
Total pension liability --beginning	32,343	31,935	32,829	31,145	30,721
Total pension liability --ending (a)	<u>\$ 31,109</u>	<u>\$ 32,343</u>	<u>\$ 31,934</u>	<u>\$ 32,829</u>	<u>\$ 31,145</u>
Plan fiduciary net position					
Employer contributions	\$ 1,379	\$ 1,391	\$ 1,425	\$ 1,138	\$ 1,018
Net investment income	1,860	4,049	1,414	676	1,256
Benefit payment, including refunds of member contributions	(2,310)	(2,250)	(2,148)	(2,260)	(2,137)
Administrative expenses	(85)	(75)	(79)	(137)	(84)
Other	-	(7)	-	-	(256)
Net change in plan fiduciary net position	844	3,108	612	(583)	(203)
Plan fiduciary net position -- beginning	23,571	20,463	19,851	20,434	20,637
Plan fiduciary net position -- ending (b)	<u>\$ 24,415</u>	<u>\$ 23,571</u>	<u>\$ 20,463</u>	<u>\$ 19,851</u>	<u>\$ 20,434</u>
BRA's net pension liability -- (a) - (b)	<u>\$ 6,694</u>	<u>\$ 8,772</u>	<u>\$ 11,471</u>	<u>\$ 12,978</u>	<u>\$ 10,711</u>
Plan fiduciary net position as a percentage of the total pension liability	78.48%	72.88%	64.08%	60.47%	65.61%
Covered payroll	\$ 6,103	\$ 6,604	\$ 7,130	\$ 7,026	\$ 7,405
Net pension liability as a percentage of covered payroll	109.68%	132.83%	160.88%	184.71%	144.65%

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

Notes to schedule:

Changes in assumptions. Effective May 18, 2015, May 1, 2019, and in September 27, 2021 the Retirement Committee of the BRA voted and approved the change in the mortality table used in the actuary's assumptions.



<u>8/31/2017</u>	<u>8/31/2016</u>	<u>8/31/2015</u>
2/28/2017	2/29/2016	2/28/2015
\$ 105	\$ -	\$ -
1,892	1,894	1,765
689	225	638
(455)	-	1,259
<u>(1,892)</u>	<u>(1,713)</u>	<u>(1,656)</u>
339	406	2,006
<u>30,382</u>	<u>29,976</u>	<u>27,970</u>
<u>\$ 30,721</u>	<u>\$ 30,382</u>	<u>\$ 29,976</u>

\$ 911	\$ 826	\$ 682
2,972	(2,201)	1,226
(1,892)	(1,713)	(1,656)
(80)	(81)	(79)
<u>-</u>	<u>-</u>	<u>-</u>
1,911	(3,169)	173
<u>18,726</u>	<u>21,895</u>	<u>21,722</u>
<u>\$ 20,637</u>	<u>\$ 18,726</u>	<u>\$ 21,895</u>
<u>\$ 10,084</u>	<u>\$ 11,656</u>	<u>\$ 8,081</u>

67.18%	61.64%	73.04%
\$ 7,674	\$ 7,990	\$ 7,962
131.40%	145.88%	101.49%

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

(in thousands) (Unaudited)

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

	8/31/2022	8/31/2021	8/31/2020	8/31/2019	8/31/2018
Measurement Date	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017
Total pension liability					
Service cost	\$ 2,159	\$ 1,903	\$ 1,840	\$ 1,829	\$ 1,841
Interest	3,170	2,834	2,517	2,227	1,958
Effect of plan changes	-	-	-	-	-
Differences between expected and actual experience	(82)	204	252	114	31
Change of assumptions	69	2,455	-	-	33
Benefit payment, including refunds of member contributions	(973)	(894)	(610)	(607)	(442)
Net change in total pension liability	4,343	6,502	3,999	3,563	3,421
Total pension liability --beginning	40,029	33,527	29,528	25,965	22,544
Total pension liability --ending (a)	\$ 44,372	\$ 40,029	\$ 33,527	\$ 29,528	\$ 25,965
Plan fiduciary net position					
Employer contributions	\$ 1,268	\$ 1,218	\$ 1,108	\$ 1,075	\$ 1,028
Member contributions	1,005	975	932	893	871
Net investment income	8,748	3,545	4,630	(494)	3,314
Benefit payment, including refunds of member contributions	(973)	(894)	(610)	(607)	(442)
Administrative expenses	(27)	(29)	(26)	(22)	(18)
Other	49	42	54	43	19
Net change in plan fiduciary net position	10,070	4,857	6,088	888	4,772
Plan fiduciary net position -- beginning	39,147	34,290	28,202	27,314	22,542
Plan fiduciary net position -- ending (b)	\$ 49,217	\$ 39,147	\$ 34,290	\$ 28,202	\$ 27,314
BRA's net pension (asset) / liability -- (a) - (b)	\$ (4,845)	\$ 882	\$ (763)	\$ 1,326	\$ (1,349)
Plan fiduciary net position as a percentage of the total pension liability	110.92%	97.80%	102.28%	95.51%	105.20%
Covered payroll	\$ 16,751	\$ 16,247	\$ 15,539	\$ 14,873	\$ 14,524
Net pension (asset) / liability as a percentage of covered payroll	-28.92%	5.43%	-4.91%	8.92%	-9.29%

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

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

<u>8/31/2017</u>	<u>8/31/2016</u>	<u>8/31/2015</u>
<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
\$ 1,921	\$ 1,682	\$ 1,615
1,640	1,511	1,296
-	(326) ⁽¹⁾	-
(153)	(1,320)	32
-	164	-
<u>(349)</u>	<u>(254)</u>	<u>(225)</u>
3,059	1,457	2,718
<u>19,485</u>	<u>18,028</u>	<u>15,310</u>
<u>\$ 22,544</u>	<u>\$ 19,485</u>	<u>\$ 18,028</u>
\$ 1,002	\$ 1,010	\$ 1,023
843	827	789
1,448	(418)	1,049
(349)	(254)	(225)
(16)	(13)	(13)
<u>184</u>	<u>(24)</u>	<u>6</u>
3,112	1,128	2,629
<u>19,430</u>	<u>18,302</u>	<u>15,673</u>
<u>\$ 22,542</u>	<u>\$ 19,430</u>	<u>\$ 18,302</u>
<u>\$ 2</u>	<u>\$ 55</u>	<u>\$ (274)</u>
99.99%	99.72%	101.52%
\$ 14,049	\$ 13,783	\$ 13,148
0.01%	0.40%	-2.08%

**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
2022	\$1,377,143	\$1,379,022	(\$1,879)	\$6,102,752	22.60%
2021	\$1,390,930	\$1,390,930	-	\$6,248,217	22.26%
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%

**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
2022	\$1,533,032	\$1,533,032	-	\$17,525,267	8.75%
2021	\$1,238,772	\$1,238,772	-	\$16,414,120	7.55%
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%

BRAZOS RIVER AUTHORITY

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

SCHEDULE OF INVESTMENT RETURNS
Last Ten Years
(Unaudited)

Fiscal Year Ended	Annual Money- Weighted Rate of Return, Net of Investment Expenses
February 28, 2022	8.10%
February 28, 2021	20.37%
February 29, 2020	7.30%
February 28, 2019	3.44%
February 28, 2018	6.05%
February 28, 2017	15.83%
February 29, 2016	-10.7%
February 28, 2015	5.35%
February 28, 2014	11.80%
February 28, 2013	6.78%

Note to schedule:

The money-weighted average rate of return expresses investment performance, net of investment expenses, reflecting the estimated effect of the contributions received and the benefits paid during the year.