

Annual Comprehensive Financial Report For the Fiscal Years Ended August 31, 2023 and 2022 Waco, Texas





A River Authority of the State of Texas



Annual Comprehensive Financial Report for the Fiscal Years Ended August 31, 2023 and 2022 Prepared by the Finance and Administration Department

BRAZOS RIVER AUTHORITY ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEARS ENDED AUGUST 31, 2023 and 2022

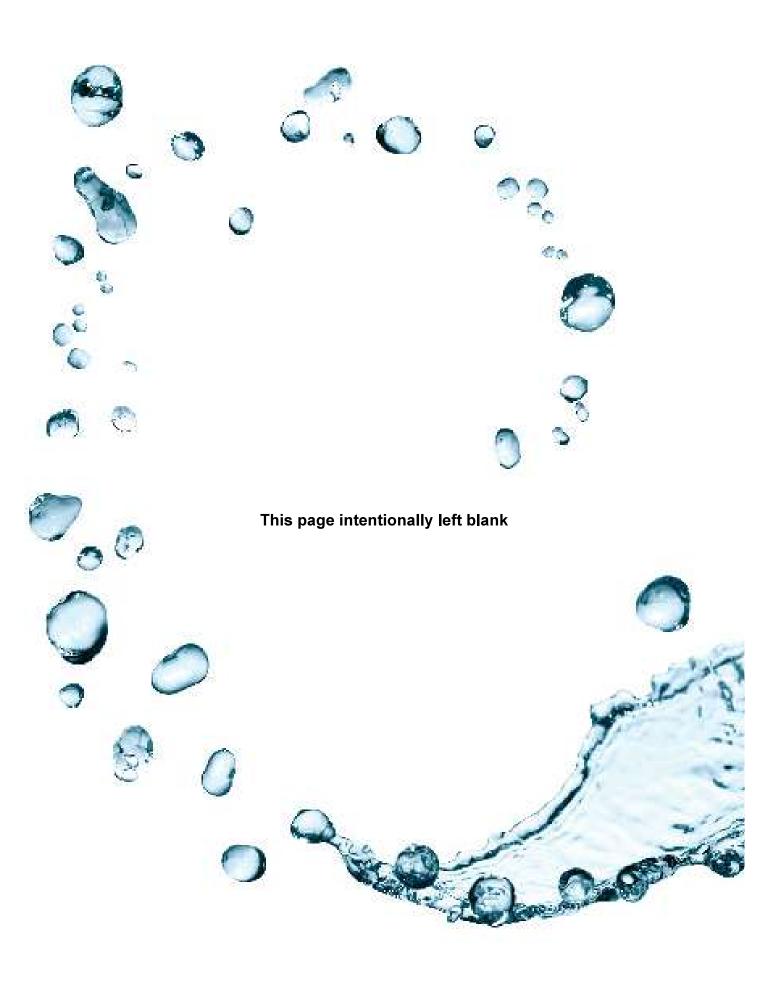
Table of Contents

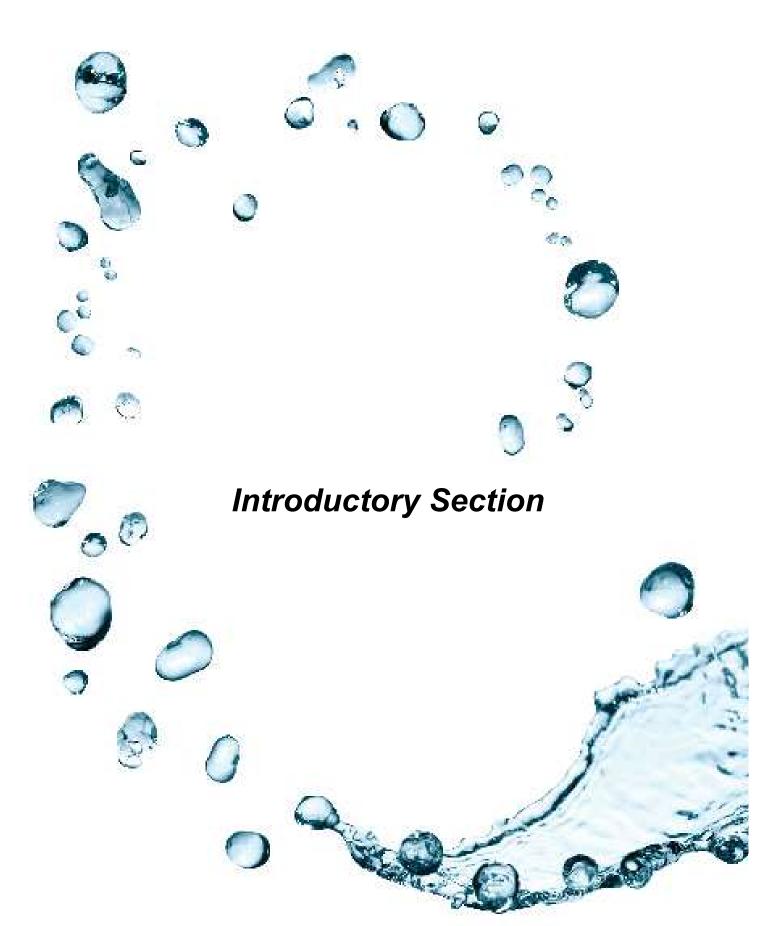
INTER OR MOTORNA OF COMMON	<u>PAGE</u>
INTRODUCTORY SECTION:	_
Board of Directors	5
Management Team	7
Organizational Chart	8
Letter of Transmittal	9
Certificate of Achievement for Excellence in Financial Reporting	20
H2Oh-No You Didn't! Unearthing the power of water-saving practices in Texas	21
FINANCIAL SECTION:	
Independent Auditors' Report	29
Required Supplemental Information:	
Management's Discussion & Analysis (Unaudited):	
Overview of the Financial Statements	33
Financial Highlights	34
Financial Analysis	37
Capital Assets and Outstanding Debt	41
Requests for Information	43
Basic Financial Statements:	
Statements of Net Position	45
Statements of Revenues, Expenses and Changes in Net Position	47
Statements of Cash Flows	48
Statements of Fiduciary Net Position	49
Statements of Changes in Fiduciary Net Position	49
Notes to the Basic Financial Statements:	
1. Summary of Significant Accounting Policies	51
2. Deposits and Investments	55
3. Restricted Assets	62
4. Capital Assets	64
5. Series 2023A Taxable Bonds	66
6. Unearned Revenues	67
7. Noncurrent Liabilities	68
8. Net Position	75
9. Retirement Plans	75
10. Conduit Debt	88
11. Risk Management	88
12. Commitments & Contingencies	89
13. Board Designated Reserves	90
14. Recently Issued GASB Statements	90
15. Restatements	91
16. Subsequent Events	91

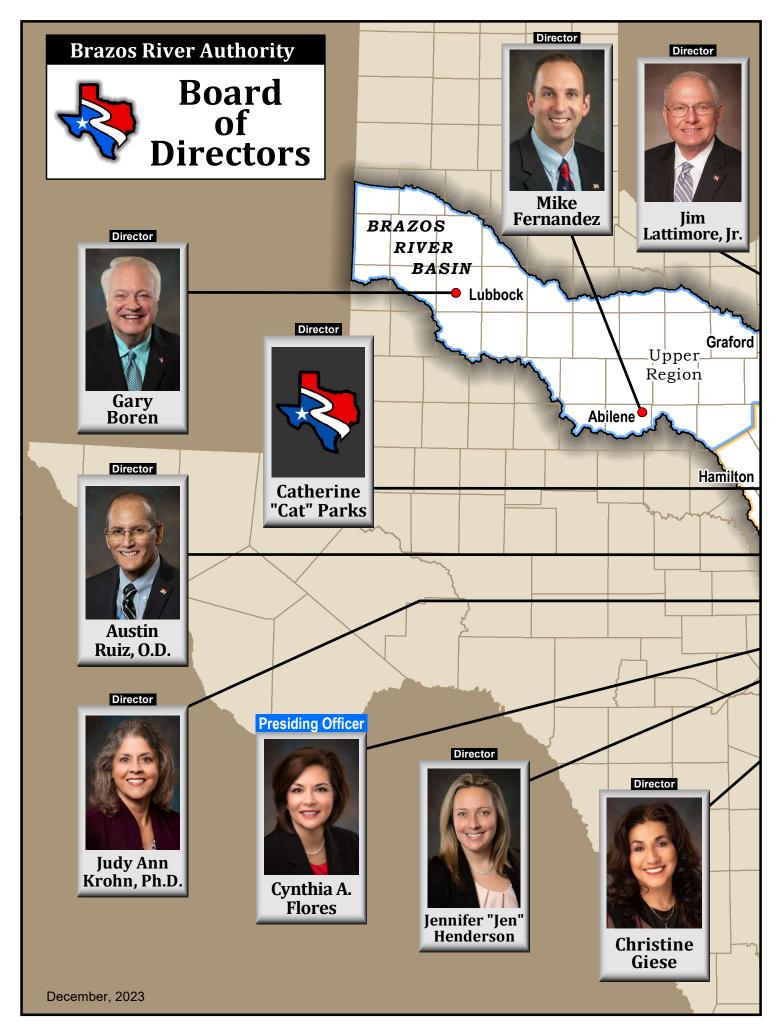
BRAZOS RIVER AUTHORITY ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEARS ENDED AUGUST 31, 2023 and 2022

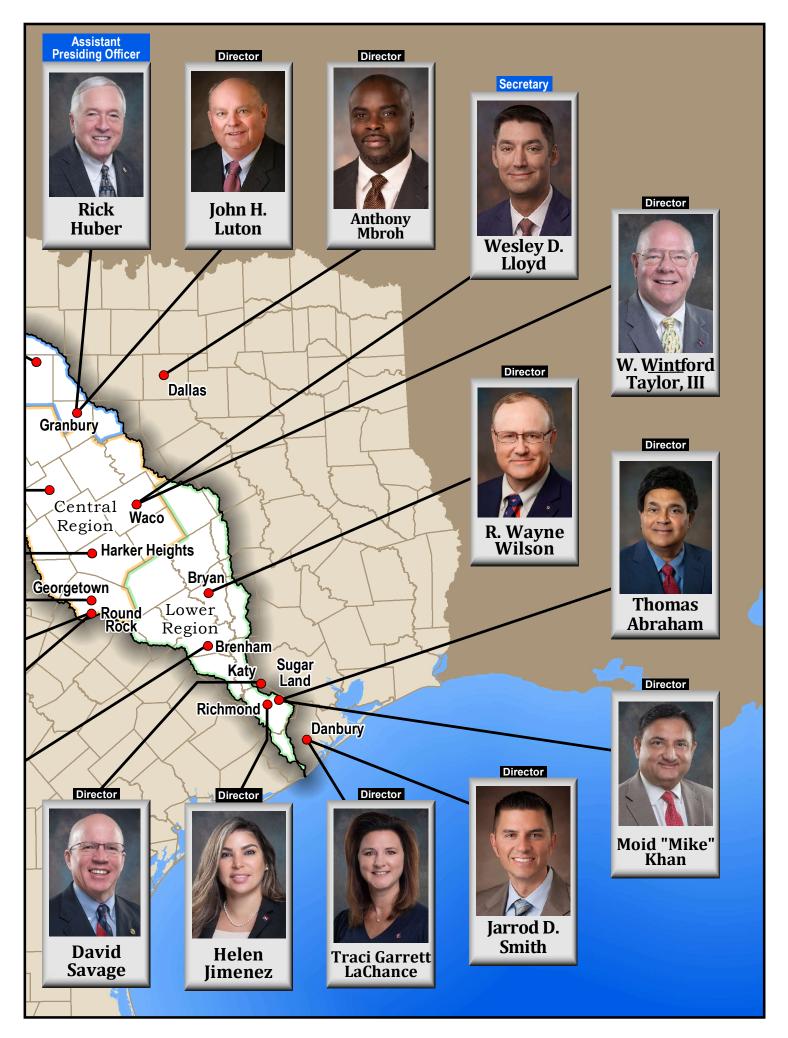
Table of Contents - Continued

	<u>PAGE</u>
Required Supplemental Information (unaudited):	
Schedule of Changes in Net Pension (Asset)/Liability and Related Ratios - Last Ten Years	93
Schedule of Brazos River Authority's Contribution - Last Ten Years	97
Schedule of Investment Returns - Last Ten Years	98
Notes to Required Supplementary Information (unaudited):	
Note A. Description of Changes for Brazos River Authority's Net Pension Liability for	
the Retirement Plan for Employees of Brazos River Authority	99
Note B. Description of Changes in the Brazos River Authority's Net Pension Asset	
For the Texas County & District Retirement System	100
Supplemental Information:	
Comparison of Budgeted Revenues and Expenses to Actual (Non-GAAP Budgetary Basis)	105
STATISTICAL SECTION (Unaudited):	
Contents	108
Changes in Net Position - Last Ten Fiscal Years	109
Net Position by Components - Last Ten Fiscal Years	111
Budgeted Long-Term Water Supply Revenues by Contract Type - Last Ten Fiscal Years	112
Major Customers - All Operations - Last Ten Fiscal Years	113
Major Customers - Water Supply System - Last Ten Fiscal Years	115
Water Supply Revenue Bond Debt Series 2009 and Series 2015 Amortization Schedule	117
Water Supply Revenue Bonds Series 2009 and Series 2015 Coverage and Account Balances	118
Condensed Summary of Operating Results (calculation based on bond resolution	
requirements)	119
Schedule of Debt by Type - Last Ten Fiscal Years	120
Miscellaneous Demographic and Economic Information	121
Schedule of Capital Assets - Net Additions/(Deletions) by Operations	128
Schedule of Capital Assets - Net Additions/(Deletions) by Classification	129
Schedule of Insurance	130
Full-Time Equivalent - Last Ten Fiscal Years	132









Management Team



Aaron Abel Water Services Manager



Robert Starnes Security Manager



Matt Phillips Legislative & Governmental Human Resources Manager Affairs Manager



Monica Wheelis



Blake Kettler Technical Services Manager



David Collinsworth General Manager/CEO



Lauralee Vallon General Counsel



Luke Collins Chief Technology Officer



David Thompson Chief Financial Officer



Jon King Special Projects & Strategic Initiatives Manager



Brad Brunett Lower/Central Basin Regional Manager



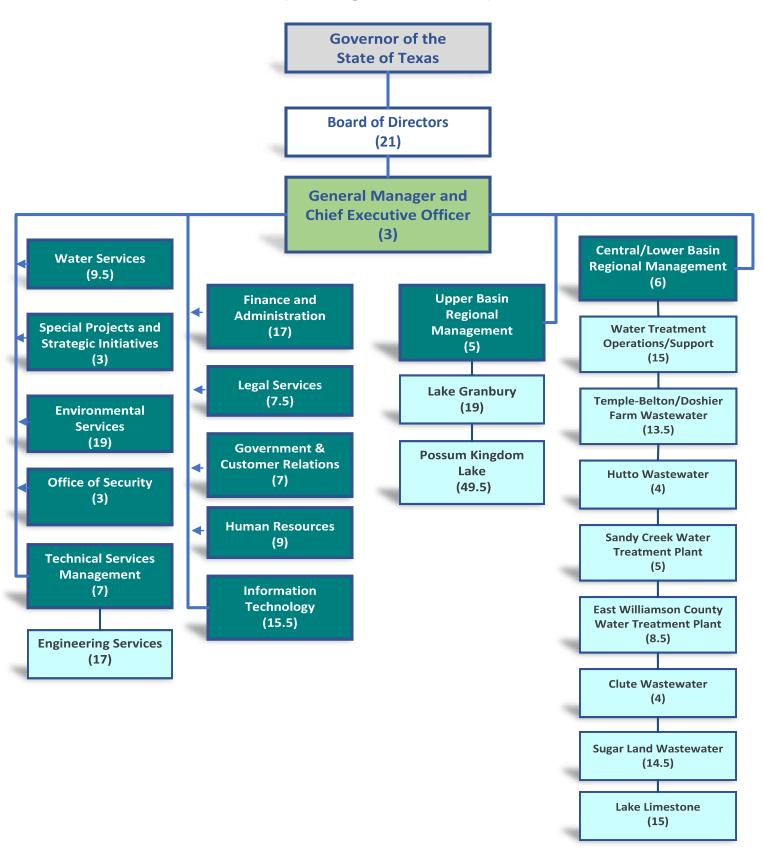
Mike McClendon Upper Basin Regional Manager



Tiffany Malzahn Environmental & Compliance Manager

Brazos River Authority Organizational Chart

(Including Position Counts)



Source: Brazos River Authority Annual Operating Plan FY 2024





January 29, 2024

Mrs. Cynthia Flores, Presiding Officer, Stakeholders, 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, 2023. 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, 2023 and 2022 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, 2023 and 2022 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, 2023 and 2022 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.

9

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 the system of 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 (EWCRWS) at Lake Granger, which supplies treated water to several municipal providers in the area. Approximately 2.6 billion gallons were treated and provided to EWCRWS customers in Fiscal Year 2023. The BRA also operates a potable (drinking) water treatment system for The City of Leander. This system supplied approximately 1.6 billion gallons in Fiscal Year 2023.

Wastewater was treated and discharged by the BRA at nine wastewater plants that it operated within the basin during Fiscal Year 2023: 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 and forty 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 develop regional flood plans including local projects to prevent and mitigate flooding in the future. These local plans are 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

Throughout fiscal year 2023, the Federal Open Market Committee (FOMC) continued its swift implementation of restrictive monetary policy to rein in inflation and establish price stability for the U.S. economy. Since March 2022, the FOMC has voted to raise the Fed Funds rate 525 basis-points with the risk of doing too little outweighing the cost of doing too much. The target rate range began the fiscal year at 2.25% - 2.50% and ended August 2023 at 5.25% - 5.50%. Despite higher borrowing costs, the U.S. economy has remained resilient with low unemployment and continued consumer spending. However, economic uncertainty remains as Russia continues its invasion of Ukraine, the Middle East is in crisis, natural disasters threaten various regions, labor union strikes halt production, and U.S. political infighting slows the legislative process.

U.S. Gross Domestic product has been surprising to the upside with initial forecasts expecting lower than normal growth for 2023 of less than 1.0%. So far, GDP has exceeded expectations with growth at 2.2% for January-March 2023 and 2.1% for April-June 2023. Revised FOMC projections estimate growth of 2.1% for all of 2023. Additionally, the robust labor market has continued providing ample job opportunities with the unemployment rate hitting a 54-year low in January 2023 of 3.4% and ending August 2023 at 3.8%.

The U.S. housing sector has been squeezed by rising mortgage rates and low inventory. The average 30-year mortgage ended August 2023 at 7.18% compared to 5.80% in August 2022. With low inventory driving prices higher, affordability considerations have impacted the shrinking pool of potential buyers. Existing home sales have dropped dramatically and new home sales ebb and flow with inventory availability.

The Texas economy experienced a dramatic recovery over the past two years, while the pace of improvement has slowed. Texas increased the number of jobs in the state by 3.0% for the fiscal year compared to the national average of 2.0%, however the unemployment rate increased 0.4% from last year to end August 2023 at 4.1%. Total sales tax revenues rose 4.5% for the year compared to the 13.4% increase in fiscal year 2022. Home sales have dipped 7.2% from last year while prices slid slightly to 1.1% lower than last year.

Interest-earning investments permitted by the BRA's Investment Policy and State Law have continued seeing significant increases since August 2022. Local Government Investment Pool rates were 2.23% at the end of last fiscal year and climbed to 5.33% by the end of August 2023, closely aligned with the movements in the Fed Funds rate. Banks with appetite for deposits were able to offer rates for Certificates of Deposit (CD) exceeding security rates for similar maturity terms. At the end of August 2023, a one-year CD was yielding 5.60%, compared to 3.35% at the end of August 2022. One-year Treasury and Agency rates began the fiscal year around 3.35% and 3.40%, respectively, and ended August 2023 around 5.35% and 5.40%.

LONG-TERM FINANCIAL AND STRATEGIC PLANNING

In May 2023, the BRA's Board reviewed the Fiscal Year 2024 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 2023, the BRA Board of Directors adopted the Fiscal Year 2024 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 13 of the Notes to the Basic Financial Statements.

In May 2023, the BRA's Board participated in the Strategic Plan Workshop which focused on input and guidance on strategic initiatives and refinements to the existing Strategic Plan. Additionally, in July 2023, the BRA Board of Directors adopted the Strategic Plan with updates reflecting changes from the version adopted in 2022, enhancements to reflect initiatives funded in the Fiscal Year 2024 Annual Operating Plan, and the inclusion of a new five-year approval term to align the plan with the long-term intent of strategic planning.

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 2023, 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 2023:

WATER SUPPLY

• Water Supply Operations

After much below normal rainfall spanning over much of Fiscal Year 2022, the BRA's water supply storage was 77 percent full at the beginning of Fiscal Year 2023. Beneficial rainfall brought improvements to the water supply storage in parts of the basin in late winter into the spring of 2023 increasing the water supply storage to approximately 84 percent full by the middle of June 2023. Downstream water supply releases were initiated in the fourth quarter of Fiscal Year 2023 as very hot and dry conditions persisted across most of the basin through the summer. Approximately 84,000 acrefect of stored water was released from the reservoirs within the BRA water supply system by the end of Fiscal Year 2023 to satisfy BRA's raw water customers located below the reservoirs. At the end of Fiscal Year 2023, the BRA's water supply system storage was 74 percent full. Throughout Fiscal Year 2023, 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 2023. 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 by partnering with the TWDB to market the "Major Rivers" water education program. The 10-week water education curriculum targeted toward 4th-grade students is marketed on the BRA website and through social media posts as a free, fully downloadable science and social studies program available to all Texas educators.

• 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 officially began 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 process to select a permitting and design engineer for the Allens Creek Reservoir project was initiated in Fiscal Year 2023. In addition, BRA staff continued to update stakeholders on the project status and initiated various preliminary tasks to advance the project in preparation for the permitting and design contract award. These efforts will continue through Fiscal Year 2024.

• 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. Engineering design is underway for infrastructure required to blend the Trinity aquifer groundwater with treated 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. The BRA worked with the 88th Texas Legislature in 2023 on legislation that is needed to authorize ASR in Williamson County.

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

The BRA is continuously reviewing potentially feasible water supply strategies to support the future water supply 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 projects and groundwater development. In Fiscal Year 2023, the BRA continued development of the Integrated Water Resources Plan (IWRP) focused on the high growth within the Little River watershed. This plan will provide recommendations for potential strategies to meet future water supply needs in the region.

WATER TREATMENT

• East Williamson County Regional Water System

The EWCRWS and its associated 13 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. In anticipation of the rapid growth currently occurring in this area, the BRA has invested in significant upgrades to the EWCRWS since acquiring the water treatment plant from The City of Taylor in 2004. Some of these upgrades include an initial expansion to the current 13 MGD plant capacity, a Trinity aquifer groundwater well, and a new deep-water intake structure on Lake Granger. In 2023, the BRA completed a slope stabilization project to protect the intake structure from encroaching erosion of the adjacent Lake Granger shoreline. Planning and design for the next expansion are currently in progress, which will involve a new treated water line and increasing the overall EWCRWS capacity to approximately 27 MGD.

WATER DELIVERY

• Williamson County Regional Raw Water Line

The Williamson County Regional Raw Water Line is a raw water 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 exceptionally dry conditions in the Lake Georgetown watershed, the WCRRWL was in service for most of Fiscal Year 2023, transferring approximately 43,000 acre-feet of water from Lake Stillhouse Hollow to Lake Georgetown. A comprehensive engineering evaluation of the pump station and pipeline was also completed in 2023 along with planning for the final phase of pumps that will take the system to its ultimate design capacity. Additionally, construction commenced on a copper ion generator system at the pump station to help control zebra mussels within the system. This project will be completed in Fiscal Year 2024.

• 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; however, manufacturer supplied gates did not meet specifications and project completion has been delayed until a viable replacement option is reached with the gate manufacturer. Engineering design has been completed on the reinforced concrete components project at DeCordova Bend Dam with construction being incorporated into a larger project that includes the Lake Granbury Stoplog Replacement Project and the Lake Granbury Tainter Gate Evaluation Project. These projects are in the scope and fee phase with anticipated assessments or designs being completed in subsequent fiscal years.

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 continues to self-perform 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 2023 after RSMU's five-year maintenance and recoating of the crane barge to limit impacts on Gate four remediation activities. Additionally, BRA's spillway pump and piping project moved into construction in Fiscal Year 2023 with anticipated completion in Fiscal Year 2024. Final design work for the replacement of the flow control gates that assist in operation of the nine spillway gates was completed this Fiscal Year and is progressing to self-performance construction by our RSMU staff in Fiscal Year 2024. Lastly, Gannett Fleming, our engineering consultant, has completed the final phase of its assessment of Morris Sheppard Dam's concrete components and developed plans and specifications for our RSMU staff to initiate concrete repairs.

The BRA has also begun a series of comprehensive studies to determine the need for future rehabilitation projects on the forty-five-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. Construction activity on the tainter gate replacement project is currently ongoing. The first new gate is scheduled for installation late in calendar year 2023 with the remaining four gates being replaced in 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. Finally, an assessment of needed repairs and/or upgrades to the dam's low flow outlet works will commence in 2024.

• Internal Engineering Design and Project Oversight

The BRA's most critical assets are the facilities that we own and/or operate to provide water to our customers to fulfill our mission. This includes three dams and associated reservoirs, water treatment facilities, and pipelines. In the past, the BRA has relied heavily on outside consultants to deliver many

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 2023 included the following:

Upper Basin

Possum Kingdom Lake (Morris Sheppard Dam)

- o Coordinated the 2023 five-year engineering inspection to include the precision and range line surveys for Morris Sheppard Dam.
- o Coordinated the 2023 Geotechnical and Instrumentation Data Assessment of Morris Sheppard Dam.
- o Reviewed and provided input for final design for the Morris Sheppard Dam Spillway Pump and Piping Project. Construction began in Fiscal Year 2023 and is scheduled to be complete at the end of Fiscal Year 2024.
- Coordinated final phase of the Concrete Assessment and Service Life Extension (CAASLE) Project. BRA has implemented a Long-Term Structural Concrete Testing and Repair Program culminating in plans and specifications for our RSMU staff to initiate concrete repairs.
- o Reviewed and provided input for the final design for the Flow Control Gate Replacement Project. RSMU staff has initiated construction phase of this project in Fiscal Year 2024.

• Lake Granbury (DeCordova Bend Dam)

- o Coordinated the annual maintenance inspection for DeCordova Bend Dam.
- O Completed the design, awarded and began construction of the DeCordova Bend Dam Low Flow Facilities Project. Manufacturer provided gates that did not meet design specifications; further project work will commence upon mediation of the issue.
- O Coordinated the Final Engineering Analysis as part of the DeCordova Bend Dam Reinforced Concrete Components Project which included repair options that will be completed as part of a larger project.
- o Began coordination for the Lake Granbury Stoplog Replacement Project and the Lake Granbury Tainter Gate Evaluation Project. Assessment to begin in Fiscal Year 2024.
- O Began coordination of the Hearth Stability Analysis Project with assessment to begin in Fiscal Year 2024.

Central Basin

• East Williamson County Water Treatment Facility

- o Finalized the Preliminary Engineering Report for the East Williamson County Regional Water Treatment Facility Phase II Expansion Project which includes the 48" Waterline Project, the Trinity Well Improvements Project and the EWC Short Term Expansion Project. Design will begin in Fiscal Year 2024.
- o Completed the design and construction of the Granger Lake Intake Slope Stabilization Project.

• Williamson County Regional Raw Water Line

- O Completed the Final Design Phase and started construction for the Copper Ion Generator for the WCRRWL. Construction to be complete in Fiscal Year 2024.
- o Continued coordinating the Phase 3 Pump Expansion and 5-Year Inspection Assessment for the WCRRWL intake structure and pipeline.

• Belhouse Drought Preparedness

o Completed the Preliminary Engineering Report for the Belhouse Drought Preparedness Project and are coordinating to begin design in Fiscal Year 2024.

Lower Basin

• Lake Limestone (Sterling C. Robertson Dam)

- o Coordinated the annual maintenance inspection for Sterling C. Robertson Dam.
- o Began construction for the Lake Limestone Tainter Gate Replacement Project. Construction is scheduled to complete in Fiscal Year 2024.
- Coordinated the completion of the draft Site Exploration Plan for the Lake Limestone Hydrostatic Relief System Project. Once finalized, BRA will review recommendations to address findings.
- Developing a contract to begin assessing the Low Flow Facilities functionality and any necessary repairs. Assessment will begin in Fiscal Year 2024.

Central Office & Basin Wide

• Coordinated the final design for the Environmental Services Building Project at the Central Office facility with construction planned to begin in Fiscal Year 2024.

PROJECT MANAGEMENT OFFICE

The BRA has completed implementation of the Project Management Office (PMO). 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. Another component of developing the CIP will be including information derived from the Risk-Based Asset Management and Capital Planning Program, which should start being incorporated within the Fiscal Year 2025 budget cycle.

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 improve long-term capital forecasting through improved assessment of renewal needs. BRA is currently pursuing the acquisition of an asset management software to support the Risk-Based Asset Management and Capital Planning Program development. Acquisition and implementation will begin in Fiscal Year 2024. BRA should start to see results from this program during budget preparations for Fiscal Year 2025.

PROPERTY MANAGEMENT

Property Evaluation

Further evaluation is still needed for BRA properties to determine highest and best use. During Fiscal Year 2024, BRA will pursue further evaluation of properties to determine alignment with BRA's Mission Statement and highest and best use. This evaluation process will begin at Possum Kingdom Lake.

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. For FY 2023, BRA had a data completion rate of 97% 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 relations 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-nine channel surveys, riparian assessments, and sediment surveys in eight different river segments to contribute to the verification of adopted environmental flow standards. Two biological assessments and one riparian assessment and sediment survey were completed in Fiscal Year 2023.

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 2023, BRA completed its second year of implementation of conservation measures for the CCAA including monitoring of key populations, finalization of Long-term Monitoring Methodology, completed first annual adaptive management review, public outreach, and finalized Drought Contingency Plan.

Reservoir Fisheries Habitat Improvement

The BRA, in partnership with the Texas Parks and Wildlife Department, completed reservoir habitat improvements on Lake Somerville, Lake Belton, and Possum Kingdom Lake. 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, 2022. This was the 37th 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, 2022. This was the ninth 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, Bryan Gray, Charlie L Shugart, Annie Mikolajewski, Cindy Geer, Kathy Rios, Allison Sheeler, Cassidy Kellev 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

19



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, 2022

Christopher P. Morrill

Executive Director/CEO

H2Oh-No You Didn't! Unearthing the power of water-saving practices in Texas

Saving Drops to Save the World: The Crucial Role of Water Conservation

If we do nothing, a quarter of all Texas' municipal water users would have less than half of the water supplies that they require to live and work by 2070, per the State Water Plan.

It's a sobering reality as we face projections of a population increase in Texas by 73% between 2020 and 2070, going from about 29.71 million to about 51.5 million individuals, according to the State Water Plan.

People need water. Whether it's to drink, keep our lights on, or raise our food, a reliable water supply is essential to supporting Texas' economy, its agricultural and natural resources,

So how can we make a difference in ensuring our future and future generations have the water they need to survive?



You've heard it before, and you may already be conserving in some ways such as turning off the faucet while you brush your teeth. But does one person's efforts really make that much of a difference?

Yes!

Because when you combine everyone's water conservation practices, the results are tremendous. These practices need to be incorporated into daily life, not only implemented during drought.

Ensuring adequate and affordable water supplies for all Texans to withstand future droughts requires planning and implementation prior to the onset of drought, according to the State Water Plan.

The Texas Water Development Board (TWDB) is the state's lead water planning and infrastructure financing agency and adopts the State Water Plan every five years. The plan forecasts 50 years and considers changes in population, water supplies, technology, economic shifts, project viability, and state policy.

"The goal of the state's water planning process is to ensure adequate water supplies for all Texans in times of drought. Texas has a long history of drought, and there is no indication of that pattern changing; in fact, recent droughts remind us that more severe drought conditions are likely to continue to occur at some point in the future," – State Water Plan



Existing water supply — categorized as surface water, groundwater, and reuse water — is projected to decrease about 18%, from 16.8 million acre-feet per year in 2020 to about 13.8 million in 2070.

"Because the existing water supply is not enough to meet the future demand for water during times of drought, Texas would need 6.9 million acre-feet of additional

water supplies, including in the form of water savings through conservation, to meet the demand for water in 2070," states the State Water Plan. "If a recurrence of the drought of record had occurred in 2020, the state would have faced an immediate need for 3.1 million acre-feet per year in additional water supplies. Of that, 7 percent (215,000 acre-feet) would have been required for municipal water users, who face the largest water demand increase over the next 50 years."

So how do you meet the water needs of the future?

Provide water supply and/or reduce water demand.

On one side of the coin, the 2022 State Water Plan includes \$80 billion in capital costs for water management strategies and projects. But on the other side, water conservation remains vital.

"These [water conservation] practices either reduce everyday water consumption or increase water use efficiency, allowing more to be done with the same amount of water and resulting in additional available water supplies.

Conservation requires a continuous effort, occurs throughout both wet and dry weather cycles, and maintains all normal economic and domestic activities," according to the State Water Plan.

Conserving water can be one of the easiest and most effective ways to positively impact our environment as well as our communities. Water conservation can take a variety of forms; each of them is important in preserving one of the Earth's most valuable resources.



Planning now for a not-so rainy day

If you're like many Texans who watched their lawns brown during summer and lamented watering restrictions due to drought, having a backup system to provide water to parched landscaping would have been a welcome relief.

Now that rainfall appears to be returning, consider getting your home ready for the next round of restrictions by allowing Mother Nature to provide you with a backup system to use when you can't water.

Rainwater harvesting is an inexpensive do-it-yourself that can save your lawn and landscaping during dry periods, help lower your water bill and conserve a vital resource during wet periods.

An ancient practice, rainwater harvesting is the collection and storage of rainwater from a roof-like surface by redirecting the water to a tank, cistern, or other container. Collected water can then be used to water plants, trees, garden crops, flowers, and grass, supplementing your water needs between rain events or during watering restrictions.

Systems don't have to be large or complicated, and you can set one up just about anywhere.

"Archeological evidence attests to the capture of rainwater as far back as 4,000 years ago, and the concept of rainwater harvesting in China may date back 6,000 years," according to the Texas Water Development Board's Texas Manual on Rainwater Harvesting. "Ruins of cisterns built as early as 2000 B.C. for storing runoff from hillsides for agricultural and domestic purposes are still standing in Israel."

For every inch of rain that falls on a 2,000-square-foot roof, about 1,000 gallons of water can be collected, according to the TWDB.

Here's how it works: when the rain falls, it hits the roofs of homes and businesses. Many structures already have gutters and downspouts, which make for the perfect way to direct the rain into one area for capture.



Rain barrels are the most common and economical rainwater harvesting system. You simply place a barrel beneath a downspout or heavy run-off area of the roof. That's it!

Rain barrels can hold as little as a gallon or as much as 50 gallons of water. Many systems use a lid or screen to keep debris from getting in the water. The water can then be scooped out from the top or released via a spigot toward the bottom of the barrel.

Rainwater harvesting barrels equipped with spigots are available for purchase at most big box stores, but you can create your own with anything from a large bucket to large trash plastic trash cans.

Many cities offer financial incentives for installing a rainwater harvesting system including rebates, discounts, and tax exemptions. Your local water provider or city may provide these. You might also check with your county appraisal districts for guidance on exemptions from county property taxes.

In addition to local incentives, the Texas Tax Code exempts rainwater-harvesting equipment from sales tax, and the Texas Property Code prevents HOAs from prohibiting rainwater harvesting systems.

According to The Texas Manual on Rainwater Harvesting, a few examples of successful rainwater harvesting include:

- The Lady Bird Johnson Wildflower Research Center in Austin, Texas, which harvests 300,000 gallons of rainwater annually from almost 19,000 square feet of roof collection area for irrigation of its native plant landscapes.
- The Advanced Micro Devices semiconductor fabrication plant in Austin, Texas, does not use utility-supplied water for irrigation, saving \$1.5 million per year by relying on captured rainwater and collected groundwater.
- In Central Texas, more than 400 full-scale rainwater harvesting systems have been installed by professional companies, and more than 6,000 rain barrels have been installed through the city of Austin's incentive program in the past decade.
- An estimated 100,000 residential rainwater harvesting systems are in use in the United States and its territories.

Harvesting rainwater has so many benefits. It saves you money by reducing your water bills. It reduces demand on the municipal water supply. It makes efficient use of a valuable resource. And, it reduces flooding, erosion, and the contamination of surface water with sediments, fertilizers, and pesticides in rainfall runoff.

In many communities, 30% to 50% of the total water used is for landscape irrigation, according to the Texas A&M AgriLife Extension Service. If the demand for a limited natural resource can be reduced, everyone benefits.

The key, of course, is to use the water that's collected.

With the state's growing population and limited supply of groundwater and surface water, Texans must use water wisely. With Texas being a dryer state, rainwater harvesting systems can supply water during droughts and lessen the demand on municipal systems.

Why not capture the water?





The power of individuals: How small changes in our habits can make a big difference in water conservation

By making water conservation a way of life, we can save water, minimize water waste, spend less on utility bills, and minimize the harmful impacts of drought.

Let's dive into this water-saving adventure and make a splash in conservation.

Freshwater is a finite resource and since we only have so much of it, it makes it that much more important for us to be intentional with our water use. Water conservation isn't just something that is recommended, it's essential

with Texas population expected to grow over the next several

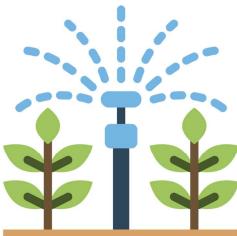
decades.

Although the entire state benefits from water conservation, individuals and families see a direct benefit as well.

By conserving water, not only do you reduce your immediate water bill, but you also contribute to the long-term sustainability of lower bills.

Let's look at some impacts you may have. According to the U.S. Environmental Protection Agency:

- Turning off the tap while brushing your teeth can save 8 gallons of water per day and, can save 10 gallons of water while shaving. Assuming you brush your teeth twice daily and shave 5 times per week, you could save nearly 5,700 gallons per year.
- The average family can waste 180 gallons per week, or 9,400 gallons of water annually, from household leaks. That's equivalent to the amount of water needed to wash more than 300 loads of laundry.
- As much as 50 percent of the water we use outdoors is lost due to wind, evaporation, and runoff caused by inefficient irrigation methods and systems.
- Running the dishwasher only when it's full can eliminate one load of dishes per week and save the average family nearly 320 gallons of water annually.



Little changes can have big impacts.

For instance, rather than hosing off, try sweeping sidewalks, steps, and driveways.

Use a pool cover to lower the rate of evaporation when the pool is not being used. Swimming pools can lose an inch or more of water each week to evaporation.

Temperature, humidity, and wind can all affect how quickly water evaporates. Try running lawn sprinklers during the early morning to water most efficiently.



If possible, try planting native trees, shrubs, and grasses that are more accommodating to the Texas climate. Put a layer of mulch around trees and plants as mulch slows the evaporation of moisture.

There are several ways to conserve water inside the home, too.

Try not to wash only an item or two in the washing machine, rather fill it all the way up.

Scrape, versus rinse, dishes before loading them into the dishwasher. When running the dishwasher, always fill it up before starting the cycle.

Rather than using water to defrost frozen foods, try thawing in the refrigerator.

Instead of letting the faucet run when you clean vegetables, try washing them in a large bowl with a vegetable scrubber.

And don't use your toilet as a wastebasket.

Each American uses an average of 82 gallons of water per day at home, according to the U.S. Environmental Protection Agency. Everyone can use 20% less by installing water-efficient fixtures and appliances, according to the E.P.A.

The average family spends more than \$1,000 per year in water costs, but can save more than \$380 annually from retrofitting with WaterSense labeled fixtures and ENERGY STAR certified appliances, according to the E.P.A. And don't forget to check for leaks.

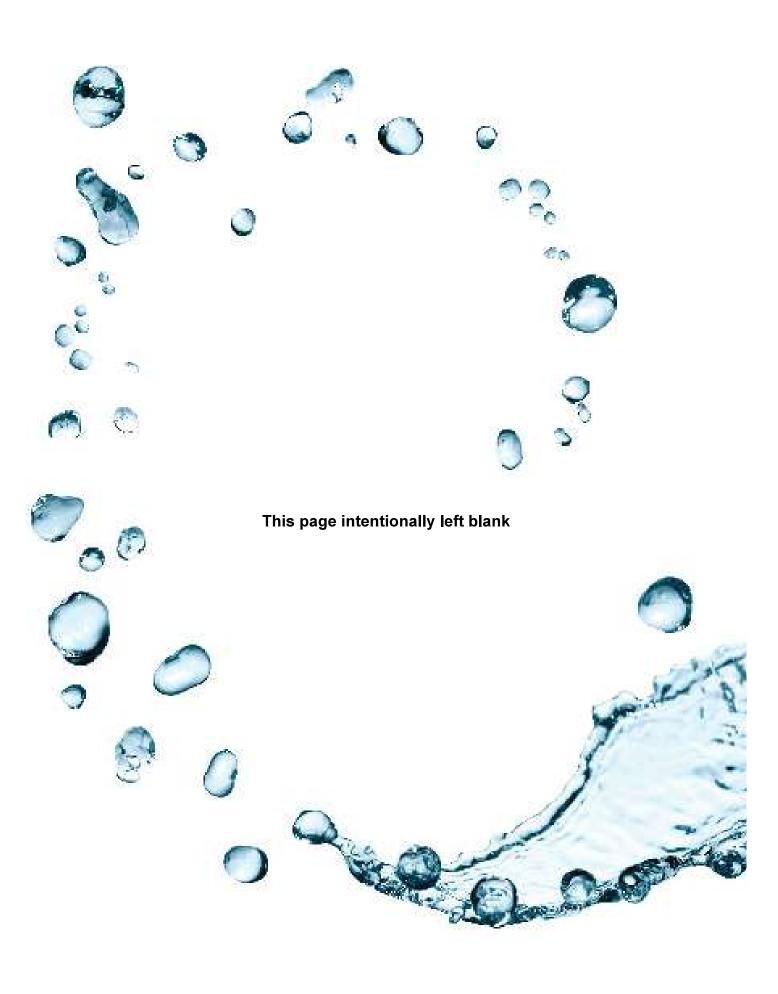
The most common types of leaks are worn toilet flappers, dripping faucets, and other leaking valves both inside and outside the home, according to Take Care of Texas. Fixing household water leaks can save around 10% on water bills.

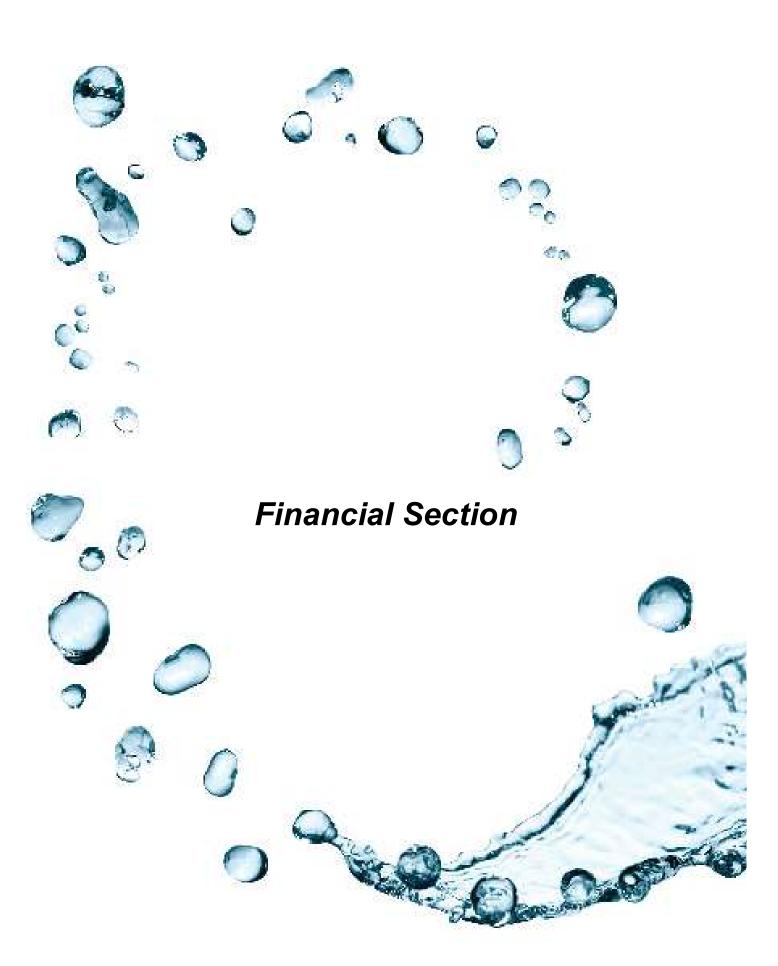
Use your water meter to check for hidden water leaks – read the house water meter before and after a two-hour time period when no water is being used. If the meter doesn't read the same, there's a leak.

The Brazos River watershed is an incredibly important resource that spans from New Mexico all the way to the Gulf of Mexico. It provides essential support to individuals, households, businesses, industries, agriculture, mining, and many other sectors. Working together to protect that resource is a continuous process.

Each of us can play a part in extending the water supply through water conservation efforts. By making small changes in our daily routines, we can ensure that there is enough freshwater for ourselves and future generations.









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, 2023 and 2022, 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, 2023 and 2022, 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*.

Emphasis of Matter

As discussed in Note 15, the BRA adopted the provisions of GASB Statement No. 96, *Subscription Based Information Technology*, effective September 1, 2022. Accordingly, the accounting changes have been retroactively applied to prior period presented. Our opinions are not modified with respect to this matter.

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.

Baker Tilly US, LLP, trading as Baker Tilly, is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. © 2020-2022 Baker Tilly US, LLP

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 basic 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 basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial 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.

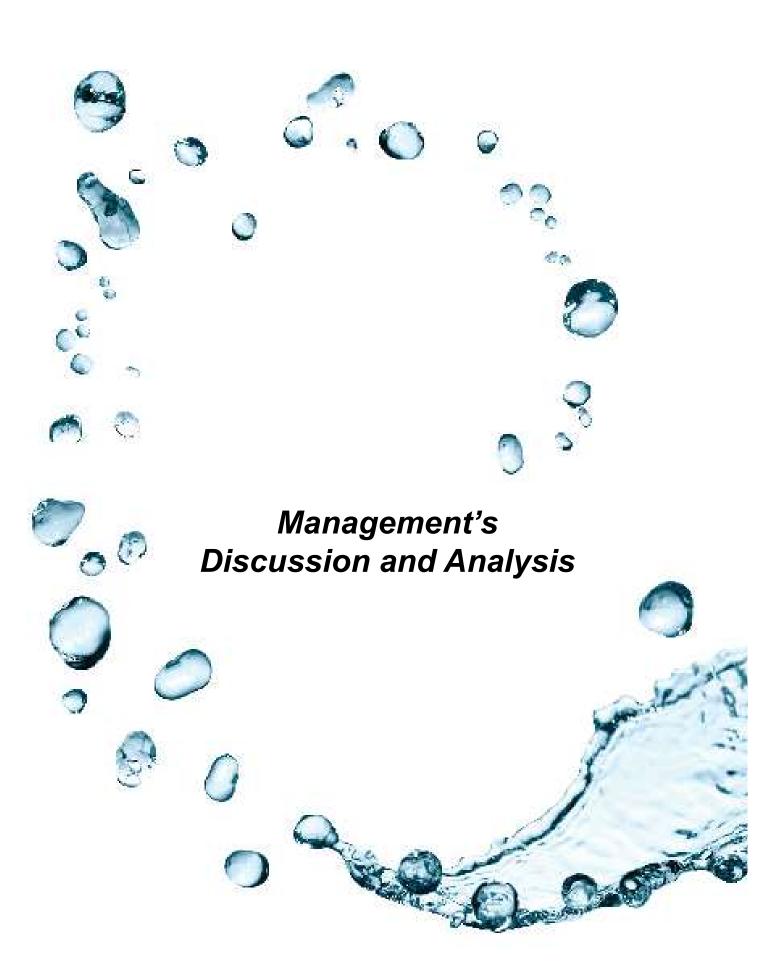
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. 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

Baker Tilly US, LLP

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2024 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.

Austin, Texas January 4, 2024



BRAZOS RIVER AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS AUGUST 31, 2023 AND 2022 (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, 2023 and 2022. 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 45 to 46 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 47 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 48 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.

The Statement of Fiduciary Net Position summarizes the BRA's single employer plan's 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 49.

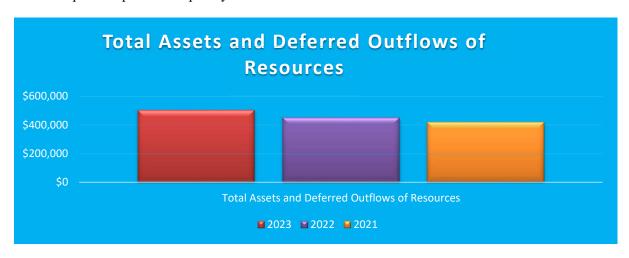
The Statement of changes in Fiduciary Net Position presents information showing how the fiduciary funds' net position changed during the years presented on an accrual basis. The Statement of changes in Fiduciary Net Position can be found on Page 49.

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 51 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 2023, 2022 and 2021 were \$506,198, \$452,040, and \$421,004, respectively. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources at the end of Fiscal Year 2023, 2022 and 2021 by \$344,694, \$326,962, and \$309,632, respectively.
- Total assets and deferred outflows of resources for Fiscal Year 2023 increased by \$54,158 over prior year, primarily as a net result from operations, increase in short term taxable borrowing, as noted in footnote 5 on page 66, and the increase in the net capital assets, as noted in the Capital Asset section of the Management Discussion and Analysis, found on Page 41.
- Total assets and deferred outflows of resources for Fiscal Year 2022 increased by \$31,036 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 41.
- 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.



• The BRA's net position increased by \$17,732 for the Fiscal Year ended August 31, 2023.

Capital Assets

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

	2023	restated 2022	2021
Net additions/(deletions) to land, storage and water rights	\$ (2)	\$ 77,212	\$ -
Additions to construction-in-progress (CIP)	14,752	9,161	2,617
Transfers from CIP to capital assets being depreciated	(1,790)	(2,411)	(881)
Additions and transfers to capital assets being depreciated	4,583	2,918	3,067
Net deletions and transfers	(89)	(91)	(166)
Normal annual depreciation and amortization	(9,618)	(9,294)	(9,146)
Total	\$ 7,836	\$ 77,495	\$ (4,509)

- During Fiscal Year 2023, the BRA had twenty-one 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 \$1,790. In addition, the BRA invested \$4,583. With those additions, the sale of various capital assets, and the recording of depreciation on all depreciable assets, capital assets increased by \$7,836 during the year. Additional information on the BRA's capital assets can be found on Notes 4 & 12 of this report.
- 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 \$2,918 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 \$77,495 during the year.
- 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.
- Governmental Accounting Standards Board (GASB) Statement No. 96 Subscription-Based Information Technology Arrangements (SBITA) was implemented during Fiscal Year 2023, resulting in a restatement of Fiscal Year 2022, and is reflected in the financial statements presented.

Noncurrent Liabilities

Outstanding debt:

- For Fiscal Year 2023, total outstanding debt (current and noncurrent) increased by \$40,515. This net increase is a result of the issuance of the *Taxable New Series 2023A Water Supply System Revenue Bonds* in the amount of \$46,000, annual principal payments on revenue bonds, contracts payable, and subscription payable of \$4,220, \$987, and \$278 respectively.
- For Fiscal Year 2022, total outstanding debt (current and noncurrent) decreased by \$10,393. 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 of \$6,000*, recording of right to use assets payable of \$947, and annual principal payments on revenue bonds, contracts payable, and subscription payable of \$4,090, \$956, and \$294, respectively.
- 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.
- On August 15, 2023, the BRA entered into an agreement for short-term taxable bonds with PNC Bank, N.A. (the "Lender") in the amount of \$46,000. This short-term financing was needed to bridge the gap between the expenditure reimbursement date requirement and the BRA's closing date with the TWDB. The refinancing of the short-term debt with the TWDB long term financing will result in the amount to be classified as a long term obligation, in the current year, as required by GASB 62. Additional information can be found in Note 5 of this report.

Net Pension liability:

- During Fiscal Year 2023, the BRA adjusted its net pension liability from \$6,695 in Fiscal Year 2022 to \$9,993 in Fiscal Year 2023. The increase is due to the weak 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 9 of this report.
- 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 was 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 2021, the BRA adjusted its net pension liability from \$11,471 in Fiscal Year 2020 to \$9,654 in Fiscal Year 2021. The reduction was 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 \$15,000.

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 2023, 2022, and 2021 by \$344,694, \$326,962, and \$309,632, 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 2023, the net investment in capital assets amounted to 65% of the BRA's net position.

For Fiscal Year 2023, about 68% (\$233,509) of the BRA's net position represent resources that are not available for expenditure (invested in capital assets or restricted for debt service). The remaining balance of *unrestricted net position* (\$111,185) may be used to meet the BRA's ongoing obligations.

For Fiscal Year 2022, about 83% (\$270,906) 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* (\$56,056) 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.

Condensed Schedules of Net Position August 31, 2023, 2022 and 2021

	2023	r	estated 2022		2021
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current assets - unrestricted	\$ 137,700	\$	88,778	\$	139,171
Current assets - restricted	3,994		3,983		3,853
Noncurrent assets - restricted	14,169		18,396		14,034
Capital assets, net	344,352		336,516		259,021
Noncurrent assets	1,198		1,276		1,355
TOTAL ASSETS	 501,413		448,949		417,434
DEFERRED OUTFLOWS OF RESOURCES	4,785		3,091		3,570
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 506,198	\$	452,040	\$	421,004
LIABILITIES AND DEFERRED INFLOWS					
Current liabilities (payable from current assets)	\$ 27,033	\$	26,880	\$	17,947
Current liabilities (payable from restricted assets)	7,389		6,949		7,405
Noncurrent liabilities	126,982		83,775		82,833
TOTAL LIABILITIES	 161,404		117,604		108,185
DEFERRED INFLOWS OF RESOURCES	100		7,474		3,187
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	161,504		125,078		111,372
NET POSITION					
Net Investment in capital assets	271,000		257,417		184,238
Restricted for debt service	8,509		8,644		8,505
Restricted for pension assets	_		4,845		-
Unrestricted	 65,185		56,056		116,889
TOTAL NET POSITION	 344,694		326,962	_	309,632
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 506,198	\$	452,040	\$	421,004

Condensed Schedules of Revenues, Expenses and Changes in Net Position Fiscal Years Ended August 31, 2023, 2022 and 2021

	2023	restated 2022	2021
OPERATING REVENUES			
Water supply system	\$ 61,673	\$ 63,159	\$ 58,333
Cost reimbursable operations	14,428	13,866	11,857
TOTAL OPERATING REVENUES	76,101	77,025	70,190
OPERATING EXPENSES			
Operating and maintenance	54,504	51,111	45,355
Depreciation and amortization	9,618	9,294	9,146
TOTAL OPERATING EXPENSES	64,122	60,405	54,501
OPERATING INCOME	11,979	16,620	15,689
Total net non-operating revenues (expenses)	4,420	710	(883)
INCOME BEFORE CONTRIBUTIONS	16,399	17,330	14,806
Capital contributions	1,333	-	
CHANGE IN NET POSITION	17,732	17,330	14,806
NET POSITION, BEGINNING	326,962	309,632	294,826
NET POSITION, ENDING	\$ 344,694	\$ 326,962	\$ 309,632

The Change in Net Position for Fiscal Years 2023, 2022, and 2021 was \$17,732, \$17,330, and \$14,806, respectively. The results of those changes are noted below.

Operating Revenue

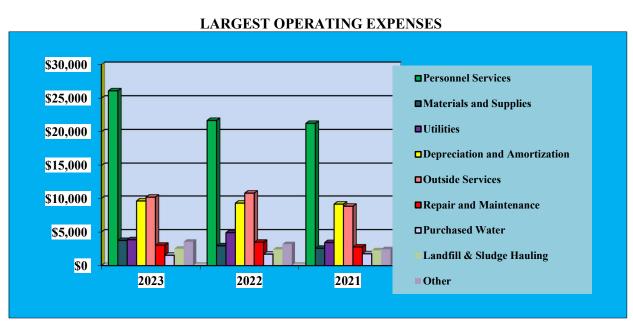
For Fiscal Year 2023, operating revenue decreased by less than 2% over the prior year, primarily as a net result of three events: first, a decrease in sales of our interruptible water that totaled \$ 5,381; second, the increase in sales at our water treatment and wastewater treatment operations of \$1,579; and finally, the system rate charged for long term system rate contracts, changed from \$83 per acre-feet to \$88 per acrefeet, resulting in additional revenue of \$2,759.

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 \$1,000 of additional revenue.



Operating Expense

Operating expenses, excluding depreciation, over the past two years have fluctuated. In Fiscal Year 2023, they increased by 7% and in Fiscal Year 2022, they increased by 13%. These increases were a net result of steady increases in wages, health insurance, GASB 68 required retirement adjustments, and other expenses related to capital improvement support efforts with our Cost Reimbursable Operations.



Total Net Non-Operating Revenues (Expenses)

For Fiscal Year 2023, the amount recorded as net non-operating revenues was \$4,420. The majority of the net non-operating revenues represents interest payments on the BRA's debt, in the amount of \$1,555; net of the investment income of \$4,315 and grants of \$1,471.

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.

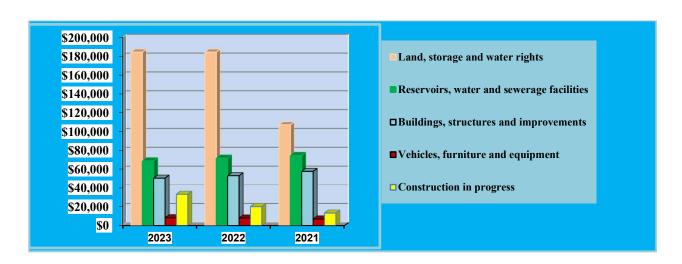
For Fiscal Year 2021, the amount recorded as net non-operating expense was \$883. The majority of the net non-operating expenses represents interest payments on the BRA's debt, in the amount of \$2,432; net of the investment income of \$929 and grants of \$1,021.

Capital Assets and Outstanding Debt

<u>Capital Assets</u> - The BRA's capital assets, as of August 31, 2023, 2022 and 2021 totaled to \$344,352, \$336,516, and \$259,021, respectively, (net of accumulated depreciation and amortization). For Fiscal Years 2023, 2022, and 2021, the BRA continued its commitment to our customers and stakeholders to ensure the longevity of our capital assets. During Fiscal Year 2023, the BRA invested over \$14,752 on twenty-one capital improvement projects.

Capital Assets (net of accumulated depreciation and amortization) August 31, 2023, 2022 and 2021

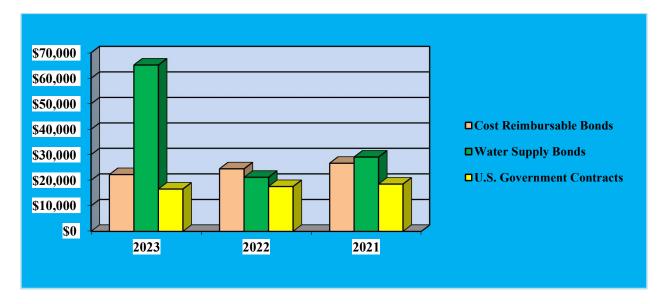
	restated					
	2023		2023		2022	2021
Land, storage and water rights	\$	184,109	\$ 184,111	\$ 106,899		
Reservoirs, water and sewerage facilities		68,887	71,758	74,626		
Buildings, structures and improvements		50,419	53,008	57,585		
Vehicles, furniture and equipment		8,178	7,842	6,864		
Construction in progress		32,759	19,797	13,047		
Total	\$	344,352	\$ 336,516	\$ 259,021		



<u>Outstanding Debt</u> – At the end of Fiscal Years 2023, 2022 and 2021 the BRA had total outstanding debt of \$104,307, \$63,793, and \$74,185, respectively. Of the Fiscal Year 2023 amount, 79% and 21% 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 \$6,000. See Footnote 7 for additional information of this transaction.

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.



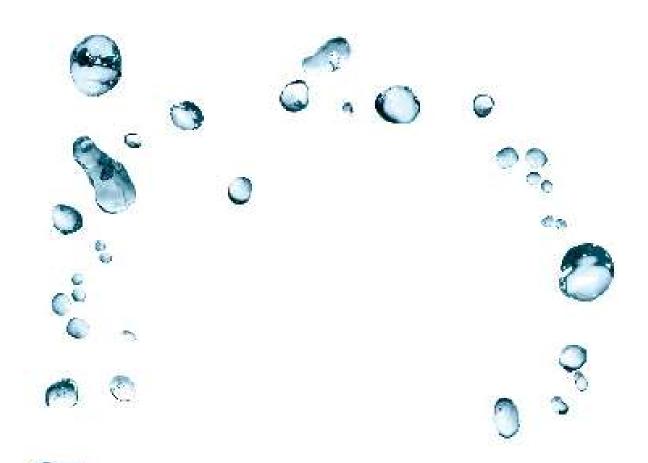
The changes in the BRA's debt for Fiscal Years 2023, 2022 and 2021 are shown in the following table:

	2023	2022	2021
Current refunding of the Series 2011	\$ -	\$ -	\$ (13,480)
Contract Revenue Refunding Bonds, New Series 2020	-	-	\$ 13,375
Contract Revenue Bonds, New Series 2023A Taxable	46,000	-	-
Redeemed Series 2002 TWDB State Participation Loan	-	\$ (6,000)	
Subscription arrangements	-	\$ 947	
Principal payments made during each year	(5,486)	 (5,340)	(3,612)
Increase/(Decrease) In Debt	\$ 40,514	\$ (10,393)	\$ (3,717)

Additional information on the BRA's long-term debt can be found in Note 7 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.







BRAZOS RIVER AUTHORITY STATEMENTS OF NET POSITION

AUGUST 31, 2023 and 2022 (in thousands)

				estated
		2023		2022
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS:				
UNRESTRICTED:				
Cash and cash equivalents	\$	82,363	\$	46,684
Investments		51,521		36,531
Receivables:				
Accounts		2,173		3,535
Accrued interest		145		28
Other current assets		1,498		2,000
TOTAL UNRESTRICTED		137,700		88,778
RESTRICTED:				
Cash and cash equivalents		3,994		3,983
TOTAL RESTRICTED	<u> </u>	3,994		3,983
TOTAL CURRENT ASSETS		141,694		92,761
NONCURRENT ASSETS:				
RESTRICTED:		2,655		2,804
Cash and cash equivalents Investments		2,033 11,480		10,746
Interest		34		10,740
Net pension asset		34		4,845
TOTAL RESTRICTED		14,169		18,396
TOTAL RESTRICTED		14,109		18,390
CAPITAL ASSETS:				
Land, storage and water rights		184,109		184,111
Reservoirs, water treatment and sewerage facilities		139,472		139,472
Building, structures and improvements		122,266		119,818
Vehicles, furniture and equipment		23,358		22,224
Construction in progress	-	32,759		19,797
TOTAL CAPITAL ASSETS		501,964		485,422
Less accumulated depreciation		(157,612)		(148,906)
NET CAPITAL ASSETS		344,352		336,516
OTHER NONCURRENT ASSETS:		1,198		1,276
TOTAL NONCURRENT ASSETS		359,719		356,188
TOTAL ASSETS		501,413		448,949
				,
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred amount on refunding		165		183
Pension plans		4,620		2,908
TOTAL DEFERRED OUTFLOWS OF RESOURCES		4,785		3,091
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		506,198	\$	452,040

BRAZOS RIVER AUTHORITY STATEMENTS OF NET POSITION

AUGUST 31, 2023 and 2022 (in thousands)

			r	estated
		2023		2022
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	ON			
CURRENT LIABILITIES:				
PAYABLE FROM CURRENT ASSETS:				
Accounts payable	\$	10,746	\$	9,356
Contracts payable	*	1,006	•	987
Subscription payable		287		279
Accrued interest		397		420
Unearned revenues		14,597		15,838
TOTAL PAYABLE FROM CURRENT ASSETS		27,033		26,880
PAYABLE FROM RESTRICTED ASSETS:				
Accrued interest		494		409
Construction contracts payable		33		409
Revenue bonds payable		4,345		4,220
Unearned revenues		2,517		2,320
TOTAL PAYABLE FROM RESTRICTED ASSETS		7,389		6,949
TOTAL CURRENT LIABILITIES		34,422		33,829
		31,122		33,023
NONCURRENT LIABILITIES:				
Revenue bonds payable, net of current portion and premium		85,007		43,799
Contracts payable, net of current portion		15,536		16,542
Subscription payable, net of current portion		88		375
Allens Creek contingent compensation liability		15,000		15,000
Net pension liability		9,993		6,695
Unearned revenues		45		90
Other liabilities		1,313		1,274
TOTAL NONCURRENT LIABILITIES		126,982		83,775
TOTAL LIABILITIES		161,404		117,604
DEFERRED INFLOWS OF RESOURCES - PENSION PLAN		100		7,474
DEFERRED INFLOWS OF RESOURCES - FENSION FLAN	-	100		7,474
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		161,504		125,078
NET POSITION:				
Net investment in capital assets		225,000		257,417
Restricted for debt service		8,509		8,644
Restricted for pension assets		, -		4,845
Unrestricted		111,185		56,056
TOTAL NET POSITION		344,694		326,962
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES	Φ.	506 100	•	452.040
AND NET POSITION	\$	506,198	\$	452,040

BRAZOS RIVER AUTHORITY STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FISCAL YEARS ENDED AUGUST 31, 2023 AND 2022 (in thousands)

	2022	
	2023	2022
OPERATING REVENUES:		
Water Supply System:		
Raw water sales	\$ 49,776	\$ 52,382
Treated water	6,304	5,419
Wastewater treatment	3,986	3,841
Lake operations	601	538
Other	1,006	979
Cost Reimbursable Operations:		
Water conveyance/supply	5,279	5,763
Water treatment	2,669	2,226
Wastewater treatment	6,480	5,877
TOTAL OPERATING REVENUES	76,101	77,025
OPERATING EXPENSES:		
Personnel services	26,088	21,686
Materials and supplies	3,737	2,948
Utilities	3,852	4,894
Depreciation and amortization	9,618	9,294
Outside services	10,180	10,785
Repair and maintenance	3,028	3,473
Landfill and sludge hauling	1,536	1,706
Purchased water	2,521	2,414
Other	3,562	3,205
TOTAL OPERATING EXPENSES	64,122	60,405
OPERATING INCOME	11,979	16,620
NON-OPERATING REVENUES (EXPENSES):		
Investment income	4,315	636
Grants	1,471	1,623
Interest expense	(1,555)	(1,767)
Other expenses	(244)	(15)
Net gain or (loss) on sale of capital assets	433	233
TOTAL NET NON-OPERATING REVENUES (EXPENSES)	4,420	710
INCOME BEFORE CONTRIBUTIONS	16,399	17,330
Capital contributions	1,333	 <u> </u>
CHANGE IN NET POSITION	17,732	17,330
NET POSITION, BEGINNING	326,962	 309,632
NET POSITION, ENDING	\$ 344,694	\$ 326,962

BRAZOS RIVER AUTHORITY STATEMENTS OF CASH FLOWS

FISCAL YEARS ENDED AUGUST 31, 2023 AND 2022 (in thousands)

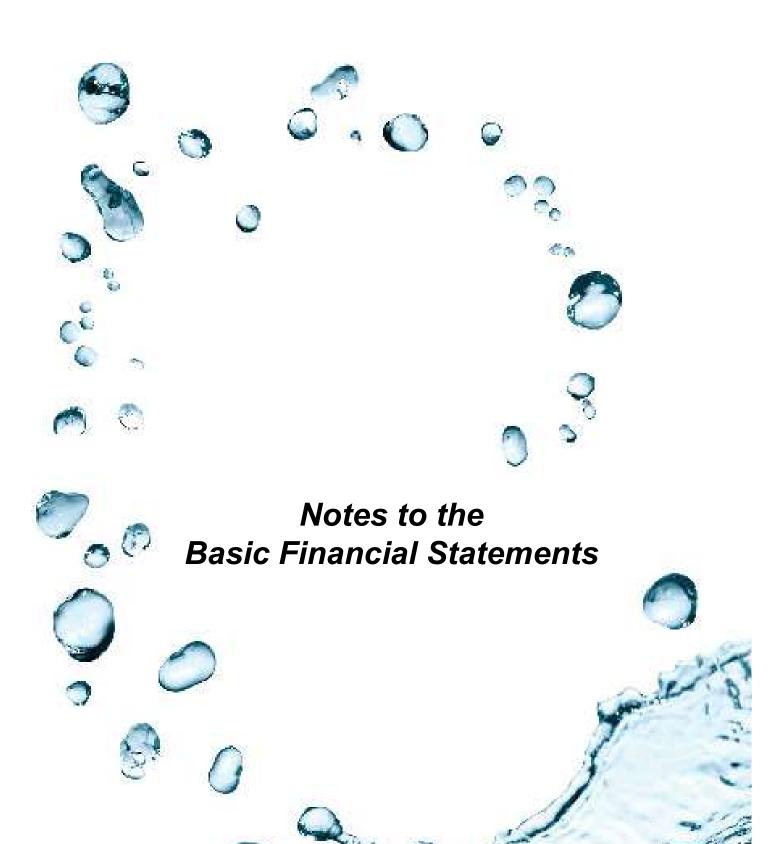
		restated
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 77,8	817 \$ 83,835
Cash paid to suppliers for goods and services	(34,1	169) (32,834)
Cash paid to employees for services	$\underline{\hspace{1cm}}(22,1)$	
Net cash provided by operating activities	21,4	478 30,792
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Payments for bond related expenses	,	-
Cash received from grants		4941,503
Net cash provided by noncapital financing activities	1,2	262 1,503
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payments for the acquisition and construction of capital assets	(15,7	, , , , , ,
Payments of interest on long-term debt	(1,9)	922) (2,396)
Payments for retirement of long-term debt	* *	486) (11,047)
Proceeds from bond issuance	46,0	
Proceeds from capital contributions	•	-
Proceeds from disposal of capital assets		172 304
Net cash used in capital and related financing activities	24,3	360 (83,515)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales of investments	58,5	533 68,960
Purchases of investments	(74,4	407) (52,077)
Interest received	4,3	315 627
Net cash provided by investing activities	(11,5	559) 17,510
NET CHANGE IN CASH AND CASH EQUIVALENTS	35,5	541 (33,710)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		
(including \$6,787 and \$8,461, respectively, reported in restricted accounts)	53,4	<u>471</u> <u>87,280</u>
CASH AND CASH EQUIVALENTS, END OF YEAR		
(including \$6,649 and \$6,787, respectively, reported in restricted accounts)	\$ 89,0	012 \$ 53,570
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
	\$ 11,9	979 \$ 16,620
Operating income Adjustments to reconcile operating income to net cash provided by operating	5 11,5	979 \$ 16,620
activities:		
	0.7	255 9,148
Depreciation Amortization	· · · · · · · · · · · · · · · · · · ·	363 146
Change in assets, liabilities and deferred inflows and outflows of resources:	•	140
	1.3	339 (277)
(Increase)/decrease in accounts receivable (Increase)/decrease in other current assets		502 250
(Increase)/decrease in other current assets		845 (4,845)
(Increase)/decrease in deferred outflows of resources		712) 461
Increase/(decrease) in accounts payable		
Increase/(decrease) in uncarned revenue and other liabilities		(45) 2,217 (972) 5,743
Increase/(decrease) in the arrest revenue and other fraomities Increase/(decrease) in net pension liability	,	298 (2,959)
Increase/(decrease) in deferred inflows of resources		374) 4,288
Total adjustments		499 14,172
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 21,4	<u> </u>
NET CASH I ROVIDED DI OI ERATING ACTIVITIES	\$ 21,-	50,772
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:		
Amounts recorded as accruals for capital assets		040 2,605
Total noncash capital and financing activities	\$ 4,0	\$ 2,605

BRAZOS RIVER AUTHORITY STATEMENTS OF FIDUCIARY NET POSITION AUGUST 31, 2023 AND 2022 (in thousands)

	2023	2022
Assets		
Investments, at fair value		
Mutual funds - equities	8,873	10,006
Mutual funds - fixed income/GTAA	4,702	6,416
Mutual funds - international funds	3,087	3,193
Mutual funds - REIT	966	1,541
Limited partnership - hedge fund	2,375	2,637
Limited partnership	1,561	430
Cash and cash equivalents	181	197
Total Investments	21,745	24,420
Benefits receivable	-	2
Accrued interest	12	-
Total assets	21,757	24,422
Liabilities		
Administrative expenses payable	7	7
Net position restricted for pensions	\$ 21,750	\$ 24,415

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION FISCAL YEARS ENDED AUGUST 31, 2023 AND 2022 (in thousands)

	2	2023	2022
Additions			
Employer contributions	\$	1,165	\$ 1,379
Investment income/(loss)		(1,407)	 1,860
Total additions		(242)	3,239
Deductions			
Benefits paid to participants		2,336	2,310
Administrative expenses		87	 85
Total deductions		2,423	2,395
Net increase / (decrease) in net position		(2,665)	844
Total net position restricted for pensions at beginning of the year		24,415	 23,571
Total net position restricted for pensions at end of year	\$	21,750	\$ 24,415



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 one fiduciary fund related to the BRA employee benefit plan, the Retirement Plan for Employees of Brazos River Authority (Plan) with a year end of the last day of February. See Note 9 of this report for additional information.

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, 2023 or 2022.

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

The BRA's collateral agreement requires that all deposits be fully collateralized by government securities or obligations of other political 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 30 years
Subscription assets and software	3 to 10 years

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 2023 and 2022 are immaterial to the financial statements.

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 \$1,198 and \$1,276 on August 31, 2023 and 2022, respectively is included in other noncurrent assets and will be amortized against related revenues from such contracts over the contract lives.

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 6.

Net Pension Liability/(Asset) - A net pension liability/(asset) is recorded in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions, an Amendment to GASB Statement No. 27. The liability/(asset) is the difference between the actuarial total pension liability and the Plan's fiduciary net position as of the measurement date. For additional information on the BRA's Pension Plans see Note 9.

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, 2023 and 2022 was \$789 and \$562, respectively, and is reported in accounts payable. The total recorded long-term liability for compensated absences, as of August 31, 2023 and 2022 was \$128 and \$124, respectively. Based on historical data, a portion of the accrual for vacation and sick leave are classified as other noncurrent liabilities. See Note 7 on Page 74 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 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.

Contributed Capital – Capital assets that have been funded or contributed by other governmental entities are recorded as contributed capital at the time it is recognized.

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

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

New Accounting Pronouncements

In May 2019, the GASB issued Statement No. 91 *Conduit Debt Obligations*, which is effective for fiscal years beginning after December 15, 2020 to fiscal years beginning after December 15, 2021. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. It achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement was implemented for fiscal year ended August 31, 2023. The BRA has had a conduit debt relationship with Jonah Special Utility District since FY 2007. See footnote 10 for additional information.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The BRA had no partnerships or arrangements covered by this Statement as of August 31, 2023.

Subscription Assets – With the issuance of GASB Statement No. 96 Subscription-Based Information Technology Arrangements (SBITA), effective for reporting periods beginning after June 15, 2022, the standard became effective for the BRA in Fiscal Year 2023. The BRA currently has three SBITA that qualify for the treatment of GASB No. 96. The BRA reports an asset and a liability related to these SBITAs. This Statement was implemented for fiscal year ended August 31, 2023 and retrospectively presented for fiscal year ended August 31, 2022. The impacts of the restatements can be found in Footnote 15. For additional information on these subscription based arrangements, see note 4 and 7.

2. DEPOSITS AND INVESTMENTS

As of August 31, 2023 and 2022, the BRA's portfolio consisted of:

	August	31, 2023	August 31, 2022			
Description	Fair Value	% of Portfolio	Fair Value	% of Portfolio		
Deposits:						
Certificates of Deposit	\$ 63,001	41%	\$ 47,277	47%		
Bank Money Market Funds	88,234	59%	52,594	52%		
Cash	226	0%	496	0%		
Investments:						
TexPool	552	0%	381	0%		
	\$ 152,013	100%	\$ 100,748	100%		

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, 2023 and 2022 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, 2023 and 2022:

- TexPool - S&P rated AAA-m.

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>N</u>	<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 issuer5%	
d.	Financial Institution Deposit	100%
e.	Authorized Local Government Investment Pools	75%
	Limit per pool50%	
f.	Money Market Mutual Funds	75%
	Limit per fund50%	
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 weighted average maturity (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, 2023 and 2022:

- TexPool – WAM 23 days and 23 days respectively.

Custodial Credit Risk

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

Brazos River Authority Fiduciary Funds

The fiduciary financial statements include one fiduciary fund related to the BRA's employee benefit plans: the Retirement Plan for Employees of Brazos River Authority.

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, 2023 and February 28, 2022.

Asset Class	Minimum	Maximum	Target
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%

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, 2023:

		Fair Value Measurements Using					
	2/28/2023	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	\$8,873	\$8,873	-	-			
Mutual funds - international funds	3,087	3,087	-	-			
Mutual funds - REIT	966	966					
Total equity securities	12,926	12,926	-	-			
Fixed Income Securities							
Mutual funds – fixed income	4,702	4,702					
Total investments by fair value level	17,628	\$17,628	-	-			
Limited partnership - hedge fund							
fixed income strategy	2,375						
Limited partnership	1,561						
Total investments measured at NAV	3,936						
Total investments measured at fair value	\$21,564						

The carrying value for investments measured at NAV as of February 28, 2023 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	\$ 2,375	None	Semi-annually	90 days
Limited partnership ²	1,561	\$543	Not applicable	
Total investments measured at NAV	\$ 3,936			

The following table summarizes the inputs used as of February 28, 2022:

		Fair Value Measurements Using					
	2/28/2022	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	\$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						

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 Limited partnership ² Total investments measured at NAV	\$ 2,637 430 \$ 3,067	None \$543	Semi-annually Not applicable	90 days

¹Limited Partnership – Starwood Global Opportunity XI Fund

The Partnership intends to acquire real estate assets at significant discounts to replacement cost with the potential for improvement in operations. The Fund will target submarkets in the United States and Europe where new construction is limited or near cyclical lows, and where market fundamentals (including employment projections) indicate strong and growing demand. In the U.S., the Fund seeks to focus on opportunistic real estate investments blended with high-quality cash-flowing assets, with more than half of the fund-level return expected to come from current income. The Fund will focus on real estate opportunities that are undervalued due to micro- and macroeconomic factors. In Europe, the Fund seeks to focus on acquiring distressed real estate assets that may require recapitalization or repositioning, along with cash-flowing real estate assets acquired on an attractive basis.

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.

²Limited Partnership –Apollo Total Return Fund

The Fund is a long-only global multi-sector credit strategy designed to leverage Apollo's entire credit platform. The strategy focuses on four main sectors: US corporate credit, global credit, structured credit, and real estate credit. The strategy is unconstrained in nature and can invest in a mix of public and private credits ranging between investment grade and high yield. While the strategy has the ability to invest in CCC rated securities, it will not invest in distressed assets.

Rate of Return and Risk

For the years ended February 28, 2023, and 2022 the annual money-weighted rate of return on the Plan investments, net of pension plan investment expense, was -6.33% and +8.1%, 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.

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, 2023, and 2022.

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, 2023 or 2022. However, the following were investments in any one organization that represent 5% or more of fiduciary net position at February 28, 2023 and 2022 (other than those issued or guaranteed by the U.S. Government):

Security Name	ty Name Classification		FYE 2022 Fair Value >5%
Cohen & Steers Realty	REIT's	\$ -	\$1,541
Euro Pacific Growth Fund	International fund	3,087	3,193
Vanguard Short-Term Invest Grade	Fixed Income	-	1,735
Metropolitan West Fund	Fixed Income	2,061	2,293
PIMCO	Limited Partnership-Hedge Fund	1,143	1,255
SOF-XI VIP	Limited Partnership-Hedge Fund	1,232	1,382
Apollo Total Return Fund	Partnership	1,249	-
Vanguard 500 Fund	Equities-large cap	6,592	7,381
Diamond Hill Small Cap	Equities small cap	1,146	1,254
Vanguard Midcap Fund	Equities-mid cap	1,134	1,371
Blackrock Multi-Asset Income fund	GTAA	1,117	-
JPMorgan Income Builder Fund	GTAA	1,120	-

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, 2023 and 2022, the credit ratings for mutual funds in fixed income securities were as follows:

	FYE 2023	FYE 2022
Security Name	Credit Rating	Credit Rating
Metropolitan West Fund	AA-	AA-
Vanguard Short Term Fund	A-	A-
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. Intermediate 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 4.4 years and 3.7 years at February 28, 2023 and 2022, 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 3.1 years and 2.8 years at February 28, 2023 and 2022, respectively.

3. RESTRICTED ASSETS

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

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

Restricted assets represent:

- Bond Proceeds funds Construction of facilities, restricted by purpose of the debt issuance.
- Debt Service funds Current interest and principal of bonded indebtedness, as required by bond covenants.
- Bond Reserve funds Payment of final serial maturity on bonded indebtedness or payment of principal and interest of bonded indebtedness when and to the extent the amount in the debt service funds 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, 2022 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 \$4.5 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.

The cash and cash equivalents, investments, and accrued interest components of each fund represented by restricted assets at August 31, 2023 and 2022 were as follows:

		2023					2022					
		ash and Cash iivalents	Inv	estments		crued erest		ash and Cash iivalents	Inv	estments		erued erest
CURRENT RESTRICTED: Water Supply System: Debt service funds Other funds	\$	1,017 216	\$	- -	\$	- -	\$	1,046 240	\$	- -	\$	<u>-</u>
Water Supply System Total		1,233						1,286				-
Cost Reimbursable Operations: Debt service funds Cost Reimbursable Operations Total		2,761 2,761		<u>-</u>		<u>-</u>		2,697 2,697		<u>-</u>		<u>-</u>
TOTAL CURRENT RESTRICTED	\$	3,994	\$	-	\$		\$	3,983	\$	-	\$	-
NONCURRENT RESTRICTED: Water Supply System: Bond reserve funds Repair and replacement funds Other funds	\$	870 -	\$	1,438 5,025 4,504	\$	10 20	\$	845 36	\$	1,404 4,983 3,861	\$	- - 1
Water Supply System Total		870		10,967		30		881		10,248		1
Cost Reimbursable Operations: Bond proceeds Repair and replacement funds Cost Reimbursable Operations Total	_	1,785 - 1,785		513 513		- 4 4		1,920 3 1,923		- 498 498		- - -
TOTAL NONCURRENT RESTRICTED	\$	2,655	\$	11,480	\$	34	\$	2,804	\$	10,746	\$	1

4. CAPITAL ASSETS

A summary of changes in capital assets for August 31, 2023 follows:

Classification	Balance at September 1, 2022	Additions and Transfers	Deletions and Transfers	Balance at August 31, 2023
Capital assets, not being				
depreciated/amortized:				
Land, storage and water rights	\$ 184,111	\$ -	\$ (2)	\$ 184,109
Construction in progress	19,797	14,752	(1,790)	32,759
Total capital assets, not being				
depreciated/amortized	203,908	14,752	(1,792)	216,868
Capital assets, being depreciated/amortized:				
Reservoirs, water treatment and				
sewerage facilities	139,472	-	-	139,472
Buildings, structures and				
improvements	119,818	695	1,753	122,266
Vehicles	4,470	948	(414)	5,004
Furniture	736	35	-	771
Computers	4,251	120	-	4,371
Right to use subscription based assets	964	129	-	1,093
Tools and heavy equipment	11,803	864	(548)	12,119
Total capital assets, being	201 514	2.701	701	205.006
depreciated/amortized	281,514	2,791	791	285,096
Total Capital Assets	\$ 485,422	\$ 17,543	\$ (1,001)	\$ 501,964
Less accumulated				
depreciation/amortization:				
Reservoirs, water treatment and				
sewerage facilities	\$ 67,714	\$ 2,869	\$ -	\$ 70,583
Buildings, structures and				
improvements	66,810	5,072	(34)	71,848
Vehicles	2,893	501	(398)	2,996
Furniture	736	2	-	738
Computers Pight to use subscription based assets	3,555 99	238	-	3,793
Right to use subscription based assets Tools and heavy equipment	7,099	317 619	(480)	416 7,238
Total accumulated	1,077	017	(100)	1,230
depreciation/amortization	\$ 148,906	\$ 9,618	\$ (912)	\$ 157,612
Net Capital Assets	\$ 336,516	\$ 7,925	\$ (89)	\$ 344,352
1.1. Capital 1 100000	ψ 550,510		Ψ (0)	Ψ 511,55 <u>2</u>

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

Classification	Balance at September 1, 2021		Additions and Transfers			eletions and ansfers	Restated August 31, 2022		
Capital assets, not being						W1151015			
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						(15)			
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	
Right to use subscription based asset		-		964		-		964	
Tools and heavy equipment		11,897		637		(731)		11,803	
Total capital assets, being		200.027		2.010		(1.441)		201.514	
depreciated/amortized		280,037		2,918		(1,441)		281,514	
Total Capital Assets	\$	399,983	\$	89,291	\$	(3,852)	\$	485,422	
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 2.270		202		(13)		736	
Computers Right to use subscription based asset		3,270		292 99		(7)		3,555 99	
Tools and heavy equipment		7,200		615		(716)		7,099	
Total accumulated		1,200	-	010	-	(710)		1,077	
depreciation/amortization	\$	140,962	\$	9,294	\$	(1,350)	\$	148,906	
Net Capital Assets	\$	259,021	\$	79,997	\$	(2,502)	\$	336,516	

5 SERIES 2023A TAXABLE BONDS

On May 2, 2022, the BRA purchased the City of Houston's share of the Allens Creek Reservoir Project whereby the BRA had a 30 percent ownership in the Project and the City had a 70% percent ownership in the Project. The BRA compensated the City of Houston, \$45,990. Under Federal tax law, an entity can reimburse itself, from tax-exempt debt proceeds, but must do this within 18 months from the expenditure date.

The cutoff date for this reimbursement treatment is November 2, 2023. The BRA has been approved for financing with the Texas Water Development Board (TWDB), but the reimbursement date is scheduled for closing on November 2, 2023. If the closing is delayed by even one day, the BRA would be outside the 18 month reimbursement requirement and could not reimburse itself with the tax-exempt bonds. Due to this timing risk, the short-term financing would protect the BRA from the financial consequences.

On August 15, 2023, the BRA entered into an agreement for short-term taxable bonds with PNC Bank, N.A. (the "Lender") in the amount of forty six million dollars. This short-term financing was needed to bridge the gap between the expenditure reimbursement date requirement and the BRA's closing date with the TWDB.

The Lender is engaged in the business of purchasing obligations such as the Bond described below and acknowledges that the BRA is issuing its \$46,000, Brazos River Authority Water Supply System Revenue Bond, Taxable New Series 2023A (the Bond"). The Bonds were issued under the authority of Chapter 8502, Texas Special District Local Laws Code. The principal of the Bond will be payable in full on February 15, 2024 or upon prior redemption at the option of the BRA. The outstanding principal balance of the Bond shall initially bear interest at a rate of 5.92% per annum, calculated on the basis of a 360-day year of twelve 30-day months, through October 15, 2023. On and after October 16, 2023, the outstanding principal of the Bond shall bear interest at the Daily BSBY Rate (as defined in the Resolution) plus 0.45%, until maturity or prior redemption. The Bond does qualify as a direct placement bond, as defined in GASB 88 paragraph 2. The BRA has recorded, on the Statement of Net Position and the Statement of Revenue, Expenses and Changes in Net Position and amount for accrued interest payable and accrue interest expense for interest accrued between payment dates in the amount of \$121.

The refinancing of the short-term debt with the TWDB long term financing, in the following year, will result in the \$46,000 to be treated as a long term obligation, in the current year, as required by GASB 62. Additional information can be found in Note 7 and 16 of this report.

6. 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, 2023 and 2022 were as follows:

		2	023		2022					
	Current Unearned Revenues		Noncurrent Unearned Revenues		Current Unearned Revenues		Noncurrent Unearned Revenues			
Unrestricted	_									
Water Supply System:										
Lake Granbury	\$	-	\$	-	\$	2	\$	-		
Lake Limestone		-		-		6		-		
Possum Kingdom Lake		20		-		11		-		
Federal Reservoirs		9,373		-	1	0,872		-		
Other Water Supply System		152				240				
Total Water Supply System		9,545			1	1,131		-		
Cost Reimbursable Operations:										
Williamson County RRWL		246		45		45		90		
Temple-Belton WWTP		3,020		-		2,587		-		
Clute-Richwood RWS		606		-		354		-		
Hutto WWS		902		-		1,133		-		
Leander		278				588		-		
Total Cost Reimbursable Operations		5,052		45		4,707		90		
Total Unrestricted	\$	14,597	\$	45	\$ 1	5,838	\$	90		
Restricted										
Cost Reimbursable Operations:										
Williamson County RRWL	\$	2,517	\$	-	\$	2,320	\$			
Total Restricted	\$	2,517	\$	-	\$	2,320	\$	-		

7. NONCURRENT LIABILITIES

Revenue Bonds Payable

Revenue bonds payable consists of the following at August 31, 2023:

1 5										
	Balance at September 1, 2022		Ac	lditions	R	etired	Balance at August 31, 2023		Amount Due Within One Year	
Water Supply System:										
Series 2009 Revenue Bonds*		8,955		_		1,185		7,770		1,215
Series 2015 Revenue Bonds		12,195		-		780		11,415		810
Series 2023A Taxable Bonds		<u> </u>		46,000				46,000		-
Total Water Supply System	\$	21,150	\$	46,000	\$	1,965	\$	65,185	\$	2,025
Cost Reimbursable Operations:										
Series 2019 Revenue Bonds	\$	12,255	\$	-	\$	1,040	\$	11,215	\$	1,070
Series 2020 Revenue Bonds		12,205			_	1,215		10,990		1,250
Total Coat Baimburgable On austions	\$	24.460	ø		\$	2 255	¢.	22 205	¢.	2 220
Total Cost Reimbursable Operations	<u> </u>	24,460	\$	-	Ф	2,255	\$	22,205	\$	2,320
Net Premium/(Discount) on revenue bonds										
payable	\$	2,409	\$		\$	447	\$	1,962	\$	
Total Net Revenue Bonds Payable	\$	48,019	\$	46,000	\$	4,667	\$	89,352	\$	4,345

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

		Balance at September 1, 2021		Additions		Retired		Balance at August 31, 2022		mount Within e Year
Water Supply System:										
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	\$	29,060	\$		\$	7,910	\$	21,150	\$	1,965
Cost Reimbursable Operations:										
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	\$	26,640	\$		\$	2,180	\$	24,460	\$	2,255
Net Premium/(Discount) on revenue bond.	s									
payable	\$	2,899	\$		\$	490	\$	2,409	\$	-
Total Net Revenue Bonds Payable	\$	58,599	\$		\$	10,580	\$	48,019	\$	4,220

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)*.

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

Revenue bonds payable at August 31, 2023 and 2022 are further detailed as follows:

Water Supply System:

- Series 2002 (\$6,000) (Direct Placement Bonds) Brazos River Authority State Participation Loan (Allens Creek Project) with the TWDB 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 with the TWDB 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 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%

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, 2023 and 2022, the BRA's coverage rate was 8.65 and 6.95, 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, 2023 and 2022 the cumulative unamortized deferred outflows of resources amounted to \$165 and \$183, 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, 2023 are:

		Revenu	e Bonds			ement Bo	nt Bonds		
	Pı	incipal	Interest		P	rincipal	In	terest	
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		3,510		581		1,345		57	
2029-2033		14,830		1,283		1,380		20	
2034-2035		2,200		72					
Total	\$	33,620	\$	5,355	\$	7,770	\$	639	

^{**} the series 2023A are not included in the above annual requirements to retire revenue bonds as a result of the previously mentioned GASB 62 treatment and will be included in the following year when the new debt is issued.

Arbitrage Rebate Requirement:

When investment earnings on bond proceeds exceed the cost of those bonds, there is an arbitrage gain. Federal law requires that arbitrage gains on tax-exempt bonds be rebated back to the United States Treasury. At August 31, 2023 and 2022, the BRA had no material arbitrage liability.

BRAZOS RIVER AUTHORITY NOTES TO THE BASIC FINANCIAL STATEMENTS AUGUST 31, 2023 AND 2022 (in thousands)

Contracts Payable consists of the following at August 31, 2023:

	alance at otember 1, 2022	Retired/ (Additions)		Balance a August 31 2023		mts Due thin 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%	\$ 244	\$	120	\$	124	\$ 124
\$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%	1,180		233		947	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%	8,709		316		8,393	326
\$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%	3,633		167		3,466	172
\$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%	3,763		151		3,612	157
Total	\$ 17,529	\$	987	\$	16,542	\$ 1,006

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

Contracts Payable consists of the following at Aug							
		lance at	р.	4: 4/		lance at	nts Due
	September 1, 2021		Retired/ (Additions)		August 31, 2022		thin One Year
\$5,124 to acquire water conservation storage space in the		2021	(Muc	ittions)	2022		1 Cai
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	\$	18,485	\$	956	\$	17,529	\$ 987

Annual requirements to retire contracts payable outstanding, including interest at August 31, 2023, were:

		Contrac	ts Payable				
	P	rincipal	In	iterest	Total		
2024	\$	1,006	\$	569	\$	1,575	
2025		911		537		1,448	
2026		942		506		1,448	
2027		973		475		1,448	
2028		752		443		1,195	
2029-2033		4,174		1,801		5,975	
2034-2038		4,597		1,031		5,628	
2039-2042		3,187		249		3,436	
Total	\$	16,542	\$	5,611	\$	22,153	

Subscription Based Information Technology Arrangements (SBITA)

The BRA implemented GASB 96 effective September 1, 2022 and retroactively restated FY 2022. The BRA has three SBITAs, summarized below:

In June of Fiscal Year 2022, the BRA entered into a subscription arrangement with Microsoft for a volume licensing and entered into a three year agreement. The three year contract began on July 1, 2022 and ends June 30, 2025.

In January of Fiscal Year 2021, the BRA entered into a subscription arrangement with TruePoint Solutions, LLC, for the right to use their utility billing software. The five year contract began on January 1, 2021 and ends December 31, 2026.

In December of Fiscal Year 2022, the BRA entered into a subscription arrangement with JPS Management Consulting LTD. for a Job Evaluation System. The five year contract began on January 1, 2022 and ends December 31, 2026.

Subscription liabilities payable at August 31, 2023 are detailed as follows:

	Septe	mce at mber 1, 022	tired/ ditions)	Balance at August 31, 2023		Amts Due Within One Year	
Microsoft, expiration date June 30, 2025, incremental borrowing rate 3.05% TruePoint utility billing system, expiration date December 31, 2026, incremental borrowing rate .039%	\$	484 101	\$ 238 25	\$	246 76	\$	245 25
Encompassing Vision job evaluation system, expiration date December 31, 2026, incremental borrowing rate1.24%		69	16		53		17
Total	\$	654	\$ 279	\$	375	\$	287

BRAZOS RIVER AUTHORITY NOTES TO THE BASIC FINANCIAL STATEMENTS AUGUST 31, 2023 AND 2022 (in thousands)

Subscription liabilities payable at August 31, 2022 are detailed as follows:

	Septe	ance at ember 1, 2021	etired/ ditions)	Au	lance at gust 31, 2022	nts Due thin One Year
Microsoft, expiration date June 30, 2025, incremental						
borrowing rate 3.05%	\$	735	\$ 251	\$	484	\$ 238
TruePoint utility billing system, expiration date December						
31, 2026, incremental borrowing rate .039%		126	25		101	25
Encompassing Vision job evaluaiton system, expiration						
date December 31, 2026, incremental borrowing		0.5				
rate1.24%		86	17		69	16
Total	\$	947	\$ 293	\$	654	\$ 279

Annual requirements to retire subscription liabilities outstanding, including interest at August 31, 2023, were:

	Lia	cription bilities ncipal	Inte	erest	Total		
2024 2025	\$	287 44	\$	8	\$	295 45	
2026		44		<u>-</u>		44	
Total	\$	375	\$	9	\$	384	

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.

BRAZOS RIVER AUTHORITY NOTES TO THE BASIC FINANCIAL STATEMENTS AUGUST 31, 2023 AND 2022 (in thousands)

Other Noncurrent Liabilities Other noncurrent liability activity for the years ended August 31, 2023 and 2022 was as follows:

	Sept	ance at ember 1, 2022	Ac	lditions	Red	luctions	Aug	ance at gust 31, 2023	Due '	ounts Within Year
Other Liabilities:										
Trans TX Phase II	\$	210	\$	-	\$	-	\$	210	\$	-
Compensated Absences*		133		14		9		138		10
Due to Jonah SUD		900		1,016		983		933		-
Other		40		2		-		42		-
Total	\$	1,283	\$	1,032	\$	992	\$	1,323	\$	10

	Septe	ance at ember 1,	Ado	ditions	Red	uctions	Aug	ance at gust 31, 2022	Due V	ounts Vithin Year
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	\$	1,277	\$	854	\$	848	\$	1,283	\$	9

^{*}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.

8. NET POSITION

Details of Net Position of investment in capital assets:

	2023		estated 2022
Net capital assets	\$ 344,352	\$	336,516
Deferred outflows of resources	165		183
Revenue bonds payable - current & noncurrent	(89,352)		(48,019)
Contracts payable & subscription payable - current & noncurrent	(16,917)		(18,183)
Allens Creek contingent compensation liability	(15,000)		(15,000)
Unspent bond proceeds for construction	1,785		1,920
Construction contracts payable	(33)		
Total Net Position of investment in capital assets	\$ 225,000	\$	257,417

9. 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, 2023, and 2022. The BRA had the following balances related to its pension accounts:

	BR	A Plan	TCD	RS Plan	2023 Total		
Net Pension Liability	\$	9,170	\$	823	\$	9,993	
Deferred Outflows of Resources		1,034		3,586		4,620	
Deferred Inflows of Resources		-		100		100	
Pension Expense		568		1,384		1,952	

	BR	A Plan	TCDF	RS 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)

BRAZOS RIVER AUTHORITY NOTES TO THE BASIC FINANCIAL STATEMENTS AUGUST 31, 2023 AND 2022 (in thousands)

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.

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.

BRAZOS RIVER AUTHORITY NOTES TO THE BASIC FINANCIAL STATEMENTS AUGUST 31, 2023 AND 2022 (in thousands)

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, 2023, and March 1, 2022, is composed of the following:

Group	2023	2022
Retirees and beneficiaries currently receiving benefits	168	164
Terminated Plan members entitled to but not yet receiving benefits	92	96
Deferred beneficiaries	3	4
Transferred Canal Division employees*	4	4
Active Plan members	53	56
Total	320	324

^{*}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.

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, 2023 and March 1, 2022 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, 2022 and 2021 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, 2023 and February 28, 2022.

Net Pension Liability

The BRA's net pension liability was measured as of March 1, 2023 and March 1, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates.

<u>Actuarial assumptions</u>. The total pension liability in the March 1, 2023 and March 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Information	2023	2022
Actuarial valuation date Actuarial cost method	March 1, 2023 Entry age	March 1, 2022 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

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 2023 and 2022 evaluation.

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, 2023 and February 28, 2022 are summarized in the following tables:

Target Allocation

Asset Class	2023 and 2022
Domestic equities	40%
International equity	15%
Domestic fixed income	25%
GTTA	10%
Real estate investment trusts	10%
Cash	0%

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

Long-term expected rate of return- continued

Long-Term Expected Real Rate of Return

Asset Class	2023 and 2022
Domestic equities	7.50%
International equity	8.50%
Domestic fixed income	2.50%
GTTA fixed income	5.50%
Real estate investment trusts	4.50%
Global Tactical Assets	7.80%
Cash	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.

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%	1% Decrease Current Discount Rate 1% Increase				
		(5.5%)		(6.5%)		(7.5%)
August 31, 2023	\$	12,178	\$	9,170	\$	6,602
August 31, 2022	\$	9,772	\$	6,695	\$	4,071

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 1, 2022	\$ 31,110	\$ 24,415	\$ 6,695
Changes for the year:			
Service cost	14	_	14
Interest	1,947	-	1,947
Differences between expected and actual experience	184	-	184
Change in assumptions	-	-	-
Benefit payment, including refunds of employee			
contributions	(2,335)	(2,335)	-
Employer contributions	-	1,165	(1,165)
Net investment income	-	(1,407)	1,407
Administrative expenses	-	(88)	88
Other			
Net changes	(190)	(2,665)	2,475
Balances at August 31, 2023	\$ 30,920	\$ 21,750	\$ 9,170

	Total Pension Liability (a)	Pension Net Pensiability Position Liab	
Balances at September 1, 2021	\$ 32,34	\$ 23,571	\$ 8,772
Changes for the year:			
Service cost	2	- 25	25
Interest	2,03		2,030
Differences between expected and actual experience	(77	77) -	(777)
Change in assumptions	(20	- 1	(201)
Benefit payment, including refunds of employee			
contributions	(2,31	.0) (2,310)	-
Employer contributions		- 1,379	(1,379)
Net investment income		- 1,860	(1,860)
Administrative expenses		- (85)	85
Other		<u>-</u>	
Net changes	(1,23	844	(2,077)
Balances at August 31, 2022	\$ 31,11	0 \$ 24,415	\$ 6,695

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, 2023 and 2022, the Employer GASB 68 pension expense and the components of the expense were as followed:

	2023	2022
Service Cost	\$ 15	\$ 24
Interest	1,948	2,030
Amortization of differences between expected and actual experience	38	(471)
Amortization of changes of assumptions	(33)	(167)
Projected earnings on pension plan investments	(1,547)	(1,500)
Amortization of differences between projected and actual earnings	62	(520)
Pension plan administrative expenses	85	85
Total	\$ 568	\$ (519)

<u>Deferred outflows and deferred inflows of resources</u>

For the years ended August 31, 2023 and 2022, 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, 2023	Deferred Outflows of Resources		In	eferred flows of sources
Differences between expected and actual experience Net differences between projected and actual	\$	16	\$	-
earnings on pension plan investments		1,018		_
Total	\$	1,034	\$	-

	Deferred	D	Deferred	
	Outflows of Inflow		lows of	
August 31, 2022	Resources	Resources		
Differences between expected and actual experience	\$ -	\$	2,038	
Total	\$ -	\$	2,038	

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, 2023			
2023	\$	(44)	
2024		(31)	
2025		519	
2026		590	
2027		-	
Thereafter		-	
Total	\$	1,034	

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 leave their accumulated contributions in the plan to receive any employer financed benefit. Members who withdraw their personal contributions 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, 2022 and December 31, 2021, is composed of the following:

Group	2022	2021
Retirees and beneficiaries currently receiving benefits	105	92
Terminated Plan members entitled to but not yet receiving benefits	184	180
Active Plan members	246	236
Total	535	508

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 2023 and 2022 was 8.83% and 9.32% 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, 2022 and December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates.

<u>Actuarial assumptions</u>. The total pension liability in the December 31, 2022 and the December 31, 2021 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Actuarial Valuation Information 2023	2022
Actuarial valuation date Actuarial cost method	December 31, 2022 Entry age	December 31, 2021 Entry age
	Actuarial Assumptions	
Investment return	7.5%	7.5%
Projected salary increases	2.0%	2.0%
Inflation	2.5%	2.5%

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 2023 and January 2022 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 2023 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, 2022 Based on January 2023 information for a 10-year time horizon

	-	Geometric
Asset Class	Target Allocation	Real Rate of Return
US Equities	11.50%	4.95%
Private Equities	25.00%	7.95%
Global Equities	2.50%	4.95%
International Equities-Developed	5.00%	4.95%
International Equities-Emerging	6.00%	4.95%
Investment-Grade Bonds	3.00%	2.40%
Strategic Credit	9.00%	3.39%
Direct Lending	16.00%	6.95%
Distressed Debt	4.00%	7.60%
REIT Equities	2.00%	4.15%
Master Limited Partnerships	2.00%	5.30%
Private Real Estate Partnerships	6.00%	5.70%
Hedge Funds	6.00%	2.90%
Cash	2.00%	.20%

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%
1		
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%	-

Discount rate

The discount rate used to measure the total pension liability as of December 31, 2022 and December 31, 2021 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/(asset) of the BRA calculated using the discount rate of 7.5% for August 31, 2023 and 2022, 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%)		nt Discount te (7.5%)	1%	Increase (8.5%)		
August 31, 2023	\$	7,725	\$	823	\$	(4,975)		
August 31, 2022	\$	1,589	\$	(4,845)	\$	(10,241)		

Changes in the Net Pension Liability/(Asset)

	Total Pension Liability (a)	(D Fidu	ncrease ecrease) Plan iciary Net osition (b)	L	t Pension iability/ (Asset) a) - (b)
Balances at September 1, 2022	\$ 44,372	\$	49,217	\$	(4,845)
Changes for the year:					
Service cost	2,233		-		2,233
Interest	3,491		-		3,491
Effect of economic/demographic gains or losses	(64)				(64)
Benefit payment, including refunds of employee contributions	(1,368)		(1,368)		-
Employer contributions	-		1,694		(1,694)
Member contributions	-		1,091		(1,091)
Net investment loss	-		(3,006)		3,006
Administrative expenses	-		(28)		28
Other			241		(241)
Net changes	4,292		(1,376)		5,668
Balances at August 31, 2023	\$ 48,664	\$	47,841	\$	823

BRAZOS RIVER AUTHORITY NOTES TO THE BASIC FINANCIAL STATEMENTS AUGUST 31, 2023 AND 2022 (in thousands)

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)			et 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)

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/inflows of resources related to pension

Pension expense:

For the years ended August 31, 2023 and 2022, the Employer GASB 68 pension expense and the components of the expense were as followed:

	2023	2022
Service cost	\$ 2,233	\$ 2,159
Interest	3,491	3,170
Member contributions	(1,091)	(1,005)
Amortization of differences between expected and actual experience	86	73
Amortization of changes of assumptions	511	510
Projected earnings on pension plan investments	(3,801)	(3,025)
Amortization of differences between projected and actual earnings	168	(1,479)
Pension plan administrative expenses	28	27
Other *	(241)	(47)
Total pension expense	\$ 1,384	\$ 383

^{*} Relates to allocation of system-wide items.

Deferred outflows and inflows of resources:

For the years ended August 31, 2023 and 2022, the BRA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

August 31, 2023	Out	eferred flows of sources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$	151	\$	100	
Change in assumption		1,023		-	
Net difference between projected and actual					
earnings on pension plan investments		1,268		-	
BRA's contributions subsequent to the measurement date *		1,144		-	
Total	\$	3,586	\$	100	

August 31, 2022	Out	eferred flows of sources	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	\$	2,908	\$	5,436	

^{*}For Fiscal Years ending August 31, 2023 and 2022, a total of \$1,444 and \$1,108 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.

Deferred outflows and inflows of resources-continued:

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

Yea	ar ended August 31, 2023	3
2024	\$	202
2025		590
2026		201
2027		1,349
2028		-
Thereafter		
Total	\$	2,342

10. CONDUIT DEBT

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

Contracting Party	Date of Issue	Original Date of Amount Maturity				ance at st 31, 2023
Jonah Water SUD Jonah Water SUD	2007 2008	\$ \$	3,170 2,630	2009-2028 2010-2029	4.0% to 4.5% 3.0% to 5.0%	\$ 1,050 1,040
Jonah Water SUD Total	2012	\$	5,090	2015-2032	3.0% to 5.0%	\$ 2,960 5,050

11. RISK MANAGEMENT

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

12. 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.

BRA's 401(a) plan

In addition, the BRA also contributes to a 401(a) plan. All regular full-time and part-time employees who contribute to the 457 Deferred Compensation Plan are eligible for employer contributions to the 401(a) plan. The employer contribution is based on 50% of the employee's 457 semi-monthly deferral (maximum employer contribution is 3% of the employee's semi-monthly gross compensation). Employees are vested in the employer contribution and related investment earnings (losses) after completing five or more years of BRA service. Non-vested employer contributions are deposited into the Mass Mutual Sagic Diversified II Fund until vesting occurs. The balances in the non-vested account for the twelve months ended August 31, 2023 and August 31, 2022 were \$126 and \$96, respectively.

Other

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

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

Construction Projects

The BRA has several construction contracts related to the capital improvement plan, approved by the Board of Directors. As of August 31, 2023, the BRA had approximately \$19,518 in open contract commitments, including change orders. The BRA has recorded construction in progress (CIP) related to these contracts totaling \$32,759. 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, 2023		Total Project Idgeted Cost	Estimated Project Comp. Date
Lake Limestone Improvement Projects	\$	15,735	\$ 73,443	2029+
DeCordova Bend Dam Low Flow Facility		5,927	6,141	2024
Lake Belton-Bellhouse Drought Preparedness		2,398	90,285	2028
Lake Granbury Improvement Projects		1,421	7,444	2024+
East Williamson Expansion Project		2,742	53,314	2029+
Possum Kingdom Lake Improvement Projects		1,285	4,842	2026+
Williamson County Raw Water Line Projects		1,975	23,283	2024+
Allens Creek Reservoir		1	477,259	2029+
Central Office Environmental Services Building		1,275	 10,585	2025
Total	\$	32,759	\$ 746,596	

13. 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, 2023 are represented as follows:

Working Capital Reserve	\$ 13,004
Contingency Reserve Fund	5,500
Self Insurance Fund	500
Rate Stabilization Reserve Fund	91,663
Total	\$ 110,667

14. RECENTLY ISSUED GASB STATEMENTS

Upcoming GASB Standards:

GASB has approved GASB 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.

15. RESTATEMENTS

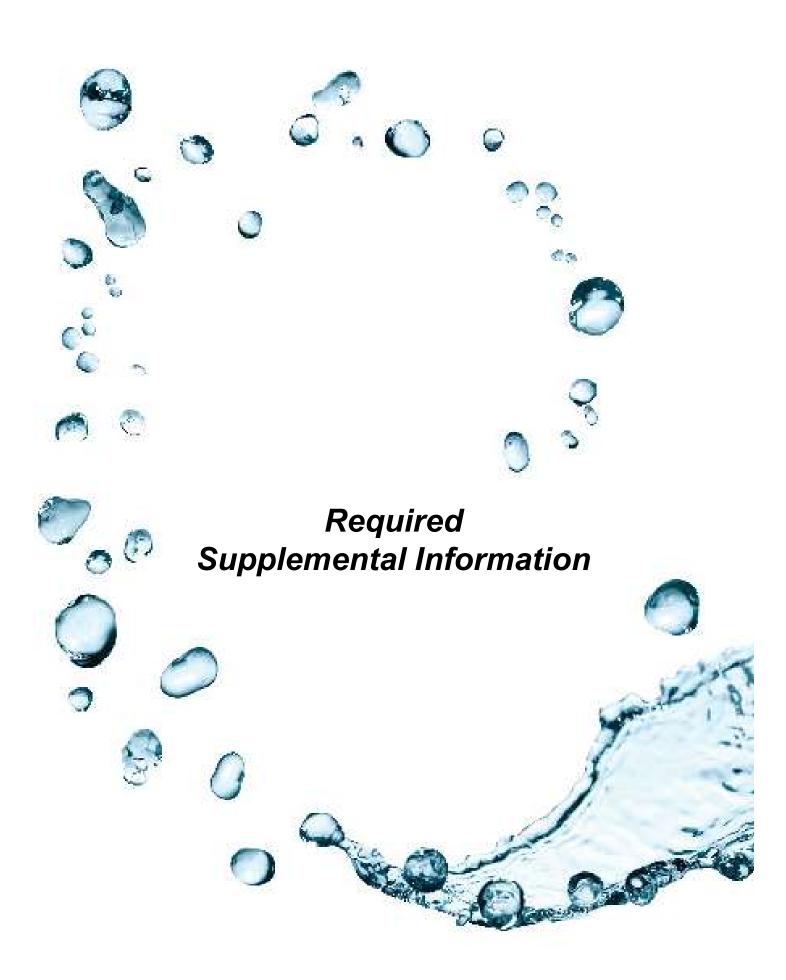
The BRA adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective September 1, 2021 and retrospectively restated the period ended August 31, 2022. The impacts of the restatements are summarized in the following tables:

Schedule of Restatements to the Statement of Net Position

	repor Ende	previously ted - Year ed August, 1, 2022	Adju	stments	Ye	restated - ear Ended ugust 31, 2022
Assets and deferred outflows of resources						
Other current assets	\$	2,210	\$	(210)	\$	2,000
Vehicle, furniture and equipment		21,261		963		22,224
Less accumulated depreciation		(148,807)		(99)		(148,906)
Liabilities, deferred inflows of resources and						
net position						
Subscription payable		-		279		279
Subscription payable, net of current portion		-		375		375
Operating expenses						
Depreciation and amortization		9,195		99		9,294
Repair and maintenance		3,572		(99)		3,473
Cash flows from operating activities						
Cash paid to suppliers for good and services		(32,933)		(99)		(32,834)
Reconciliation of operating income to net cash		, , ,		` ,		,
provided by operating activities			`			
Amortization		47		99		146

16. SUBSEQUENT EVENTS

On November 2, 2023 the BRA issued the Brazos River Authority Water Supply System Revenue Bonds New Series B for \$33,225 and Water Supply System Revenue Bonds, New Series C for \$16,365. The bonds were sold to the Texas Water Development Board with funds provided for through the State Water Implementation Fund for Texas (SWIFT). The proceeds were used to pay off the Short Term Taxable Bonds, Brazos River Authority Water Supply System Revenue Bonds, Taxable New Series 2023A. See footnote 5 for additional 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*

	8/	/31/2023	8/	/31/2022	8/	31/2021	8/	31/2020	8/	31/2019
Measurement Date	2/	28/2023	2/	28/2022	2/	28/2021	2/	29/2020	2/	28/2019
Total pension liability										
Service cost	\$	14	\$	24	\$	35	\$	46	\$	66
Interest		1,948		2,030		2,006		2,068		1,956
Differences between expected and actual experience		184		(777)		617		(861)		(16)
Change of assumptions		-		(201)		-		_		1,939
Benefit payment, including refunds of member contributions		(2,335)		(2,310)		(2,250)		(2,148)		(2,260)
Net change in total pension liability		(189)		(1,234)		408		(895)		1,685
Total pension liabilitybeginning		31,109		32,343		31,935		32,830		31,145
Total pension liabilityending (a)	\$	30,920	\$	31,109	\$	32,343	\$	31,935	\$	32,830
Plan fiduciary net position										
Employer contributions	\$	1,165	\$	1,379	\$	1,391	\$	1,425	\$	1,138
Net investment income		(1,407)		1,860		4,049		1,414		676
Benefit payment, including refunds of member contributions		(2,336)		(2,310)		(2,250)		(2,148)		(2,260)
Administrative expenses		(79)		(78)		(75)		(79)		(137)
Other		(7)		(8)		(8)				
Net change in plan fiduciary net position		(2,664)		843		3,107		612		(583)
Plan fiduciary net position beginning		24,414		23,571		20,464		19,852		20,435
Plan fiduciary net position ending (b)	\$	21,750	\$	24,414	\$	23,571	\$	20,464	\$	19,852
BRA's net pension liability (a) - (b)	\$	9,170	\$	6,695	\$	8,772	\$	11,471	\$	12,978
Plan fiduciary net position as a percentage of the total pension liability		70.34%		78.48%		72.88%		64.08%		60.47%
Covered payroll	\$	5,990	\$	6,103	\$	6,604	\$	7,130	\$	7,026
Net pension liability as a percentage of covered payroll		153.09%		109.70%		132.83%		160.88%		184.71%

^{*} Fiscal Year 2015 was the first year of implementation of GASB 68, therefore, only nine 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.

8	/31/2018	8/	31/2017	8/	8/31/2016		31/2015
2.	/28/2018	2/	2/28/2017		2/29/2016		28/2015
\$	76	\$	106	\$	127	\$	-
	1,934		1,892		1,902		1,765
	550		689		228		638
	-		-		(593)		1,259
	(2,137)		(1,892)		(1,713)		(1,656)
	423		795		(49)		2,006
	30,722		29,927		29,976		27,970
\$	31,145	\$	30,722	\$	29,927	\$	29,976
\$	1,018	\$	911	\$	827	\$	682
	1,256		2,972		(2,201)		1,226
	(2,137)		(1,892)		(1,713)		(1,656)
	(84)		(80)		(81)		(79)
	(256)		-		-		-
	(203)		1,911		(3,168)		173
	20,638		18,727		21,895		21,722
\$	20,435	\$	20,638	\$	18,727	\$	21,895
\$	10,710	\$	10,084	\$	11,200	\$	8,081
	65.61%		67.18%		62.58%		73.04%
\$	7,405	\$	7,674	\$	7,990	\$	7,962
	144.63%		131.40%		140.18%		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/	31/2023	8/	31/2022	8/	31/2021	8/	/31/2020	8/	31/2019
Measurement Date	12.	/31/2022	12	/31/2021	12	/31/2020	12	/31/2019	12.	/31/2018
Total pension liability										
Service cost	\$	2,233	\$	2,159	\$	1,903	\$	1,840	\$	1,829
Interest		3,491		3,170		2,834		2,517		2,227
Effect of plan changes		-		-		-		-		-
Differences between expected and actual experience		(64)		(82)		204		252		114
Change of assumptions		_		69		2,455		-		-
Benefit payment, including refunds of member contributions		(1,368)		(973)		(894)		(610)		(607)
Net change in total pension liability		4,292		4,343		6,502		3,999		3,563
Total pension liabilitybeginning		44,372		40,029		33,527		29,528		25,965
Total pension liabilityending (a)	\$	48,664	\$	44,372	\$	40,029	\$	33,527	\$	29,528
Plan fiduciary net position										
Employer contributions	\$	1,694	\$	1,268	\$	1,218	\$	1,108	\$	1,075
Member contributions		1,091		1,005		975		932		893
Net investment income		(3,006)		8,748		3,545		4,630		(494)
Benefit payment, including refunds of member contributions		(1,368)		(973)		(894)		(610)		(607)
Administrative expenses		(28)		(27)		(29)		(26)		(22)
Other		241		49		42		54		43
Net change in plan fiduciary net position		(1,376)		10,070		4,857		6,088		888
Plan fiduciary net position beginning		49,217		39,147		34,290		28,202		27,314
Plan fiduciary net position ending (b)	\$	47,841	\$	49,217	\$	39,147	\$	34,290	\$	28,202
BRA's net pension (asset) / liability (a) (b)	\$	823	\$	(4,845)	\$	882	\$	(763)	\$	1,326
Plan fiduciary net position as a percentage of		09.210/		110.020/		07.909/		102 200/		05.510/
the total pension liability		98.31%	ф	110.92%		97.80%	ф	102.28%		95.51%
Covered payroll	\$	18,178	\$	16,751	\$	16,247	\$	15,539	\$	14,873
Net pension (asset) / liability as a percentage of covered payroll		4.53%		-28.92%		5.43%		-4.91%		8.92%

^{*} Fiscal Year 2015 was the first year of implementation of GASB 68, therefore only nine years are shown.

 $^{(1)\,}Reflects\ new\ annuity\ purchase\ rates\ applicable\ to\ all\ TCDRS\ employers\ effective\ January\ 1,2018$

8/	/31/2018	8/	31/2017	8/31/2016		8/	/31/2015
12	/31/2017	12	12/31/2016		12/31/2015		/31/2014
\$	1,841	\$	1,921	\$	1,682	\$	1,615
	1,958		1,640		1,511		1,296
	-		-		(326) (1)		_
	31		(153)		(1,320)		32
	33		-		164		_
	(442)		(349)		(254)		(225)
	3,421		3,059		1,457		2,718
	22,544		19,485		18,028		15,310
\$	25,965	\$	22,544	\$	19,485	\$	18,028
\$	1,028	\$	1,002	\$	1,010	\$	1,023
	871		843		827		789
	3,314		1,448		(418)		1,049
	(442)		(349)		(254)		(225)
	(18)		(16)		(13)		(13)
	19		184		(24)		6
	4,772		3,112		1,128		2,629
	22,542		19,430		18,302		15,673
\$	27,314	\$	22,542	\$	19,430	\$	18,302
\$	(1,349)	\$	2	\$	55	\$	(274)
	105.20%		99.99%		99.72%		101.52%
\$	14,524	\$	14,049	\$	13,783	\$	13,148
	-9.29%		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	Contribution deficiency (excess) (b-a)	Covered payroll	Contributions as a percentage of covered payroll
2023	\$1,164,997	\$1,164,997	=	\$5,989,876	19.45%
2022	\$1,377,143	\$1,379,022	(\$1,879)	\$5,997,939	22.99%
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%

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	Contribution deficiency (excess) (b-a)	Covered payroll	Contributions as a percentage of covered payroll
2023	\$1,739,548	\$1,739,548	-	\$19,346,102	8.99%
2022	\$1,533,032	\$1,533,032	-	\$17,525,268	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%

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, 2023	-6.33%
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%

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.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

Notes to Schedule of Employer Contributions and Net Pension Liability

NOTE A – DESCRIPTION OF CHANGES IN THE BRA'S NET PENSION LIABILITY FOR THE RETIREMENT PLAN FOR EMPLOYEES OF BRAZOS RIVER AUTHORITY

The comparability of trend information is affected by changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies and other changes. Those changes usually affect trends in contribution requirements and in ratios that use the total pension liability as a factor. Isolated analysis of the dollar amounts of actuarial value of assets, total pension liability, and net pension liability can be misleading. The plan fiduciary net position as a percentage of the total pension liability provides an indication of the Plan's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the Plan is becoming financially stronger or weaker. Generally, the greater the percentage, the stronger the public employee retirement system.

Additional information as of the two most recent actuarial valuation dates as of March 1, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Actuarial cost method	Entry age method	Entry age method
Amortization method	closed 20-year period	closed 20-year period
Payroll growth rate for amortization	N/A	N/A
Remaining amortization period	N/A	N/A
Asset valuation method (Market value)	gains and losses	gains and losses
	smoothed over a 5-year	smoothed over a 5-year
	period	period
Actuarial Assumptions:		
Investment rate of return	6.5%*	6.5%*
Projected salary increases	N/A**	N/A**
Cost-of-living adjustments	N/A**	N/A**
* Includes inflation at	3.5%	3.5%

^{**} Not applicable due to the amendment to freeze the Plan in 2007

Effective September 27, 2021, the Retirement Committee of the BRA voted and approved the change in the mortality table used in the Actuaries assumptions. The new mortality table is the Pub-2010 General table with fully generational improvements using Scale MP-2021, changed from MP-2018. In addition, the Retirement Committee of the BRA voted and approved the change in the actuarial assumption for termination rates to the 2003 Society of Actuaries Pension Plan Turnover Study table for small pension plans, changed from the Sarason T-7 table.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

Notes to Schedule of Employer Contributions and Net Pension Liability

NOTE B – DESCRIPTION OF CHANGES IN THE BRA'S NET PENSION LIABILITY FOR THE TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

Actuarial Methods and Assumptions Used

Following are the key assumptions and methods used in these schedules:

Valuation Timing	Actuarially determined contribution rates are calculated as
	of December 31, two years prior to the end of the fiscal year
	in which the contributions are reported.
Actuarial Cost Method	Entry age actuarial cost method, level percent of payroll
Amortization Method	
Recognition of economic/	Straight-line amortization over expected working life
demographic gains and losses	
Recognition of assumption changes or inputs	Straight-line amortization over expected working life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.5%
Salary Increases	3.00% (made up of 2.50% inflation and .05% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.7% per year for a career employee.
Investment Rate of Return	7.6% (2)
Cost-of-Living Adjustments	Cost-of-living adjustments for BRA are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments are included in the GASB calculations. No assumption for future cost-of-living adjustments are included in the funding valuation.

Note to schedule:

- (1) Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation.
- (2) Return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 7.6%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.5%, net of all expenses, increased by 0.1% to be gross of administrative expenses.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

Notes to Schedule of Employer Contributions and Net Pension Liability

NOTE B – DESCRIPTION OF CHANGES IN THE BRA'S NET PENSION (ASSETS)/LIABILITY FOR THE TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM (Continued)

Demographic Assumptions

Retirement age Annual Rates of Service Retirement *

Age	Active	Active	Active Active	Active	Deferred
	Svc < 15	Svc 15-24	Svc 25-29	Svc 30+	All Svc
40-49	5.3%	6.3%	7.7%	8.8%	0.0%
50	5.6	6.8	8.3	9.4	0.0
51	5.6	6.8	8.3	9.4	0.0
52	6.0	7.2	8.8	10.0	0.0
53	6.0	7.2	8.8	10.0	0.0
54	6.8	8.1	9.9	11.3	0.0
55	6.8	8.1	9.9	11.3	0.0
56	6.8	8.1	9.9	11.3	0.0
57	7.5	9.0	11.0	12.5	0.0
58	7.5	9.0	11.0	12.5	0.0
59	7.5	9.0	11.0	12.5	0.0
60	9.0	10.8	13.2	15.0	12.0
61	9.0	10.8	13.2	15.0	12.0
62	13.5	16.2	19.8	22.5	18.0
63	11.3	13.5	16.5	18.8	15.0
64	11.3	13.5	16.5	18.8	15.0
65	22.5	22.5	27.5	27.5	25.0
66	22.5	22.5	27.5	27.5	25.0
67	21.6	21.6	26.4	26.4	24.0
68	18.9	18.9	23.1	23.1	21.0
69	18.9	18.9	23.1	23.1	21.0
70	20.7	20.7	25.3	25.3	23.0
71	20.7	20.7	25.3	25.3	23.0
72	20.7	20.7	25.3	25.3	23.0
73	20.7	20.7	25.3	25.3	23.0
74	20.7	20.7	25.3	25.3	23.0
75& Above	100.0	100.0	100.0	100.0	100.0

^{*} For all eligible members ages 75 and later, retirement is assumed to occur immediately.

<u>Other Terminations of Employment -</u> The rate of assumed future termination from active participation in the plan for reasons other than death, disability or retirement vary by length of service, entry - age group (age at hire), and sex. No termination after eligibility for retirement is assumed.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

Notes to Schedule of Employer Contributions and Net Pension Liability

NOTE B – DESCRIPTION OF CHANGES IN THE BRA'S NET PENSION (ASSETS)/LIABILITY FOR THE TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM (Continued)

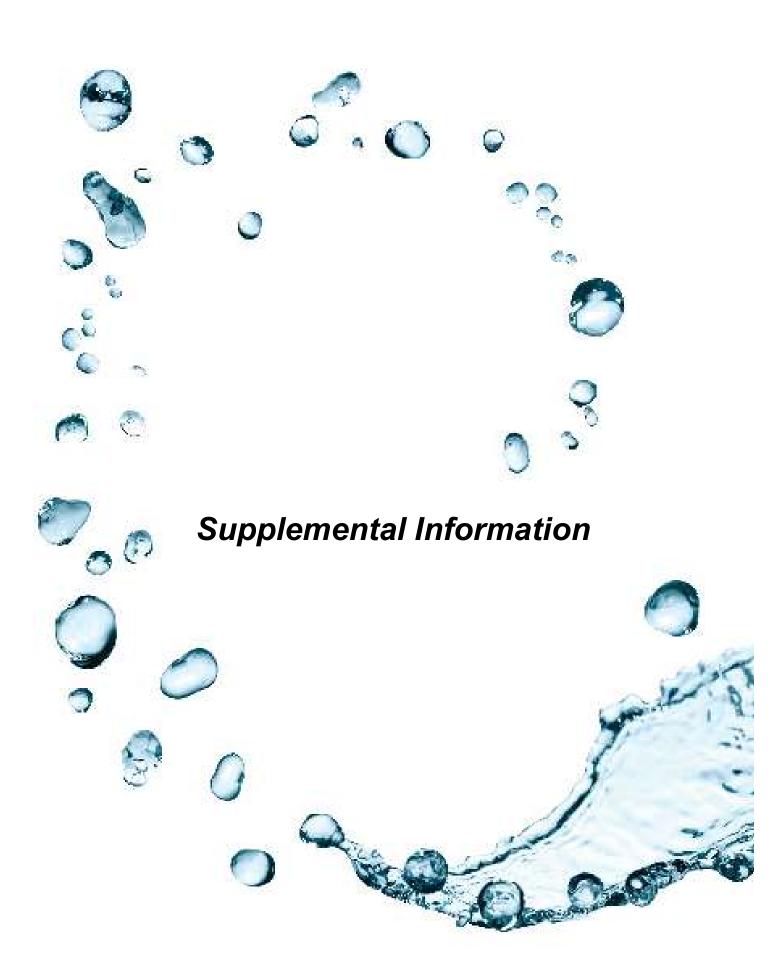
<u>Withdrawals</u> - Members who terminate may either elect to leave their account with TCDRS or withdraw their funds. The probability that a member elects a withdrawal varies by length of service and vesting schedule. Rates applied to the BRA's plan are shown in the table below. For non-depositing members who are not vested, 100% are assumed to elect a withdrawal.

Probability of Withdrawal*

Years of		Years of		Years of		Years of	
Service	Probability	Service	Probability	Service	Probability	Service	Probability
0-1	100%	8	34%	15	26%	22	19%
2	100	9	33	16	25	23	19
3	100	10	32	17	24	24	18
4	100	11	31	18	23	25	18
5	100	12	30	19	22	26	17
6	100	13	29	20	21	27	17
7	100	14	27	21	20	28	16

^{*}Members with more than 29 years of service are not assumed to refund and the probability is 16%.





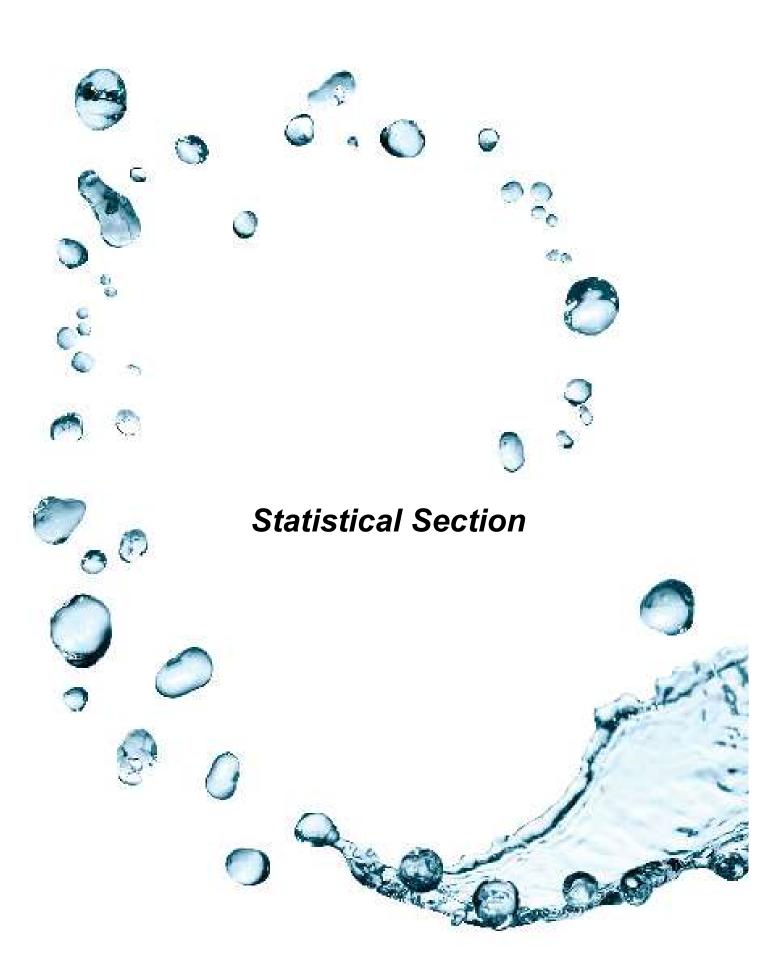
BRAZOS RIVER AUTHORITY SUPPLEMENTAL INFORMATION

COMPARISON OF BUDGETED REVENUES AND EXPENSES TO ACTUAL (NON-GAAP BUDGETARY BASIS)

YEAR ENDED AUGUST 31, 2023 (in thousands)

	2023 Budget	2023	
	Unaudited	Actual	Variance
OPERATING REVENUES:			
Water Supply System:			
Raw water sales	\$ 49,311	\$ 49,776	\$ 465
Treated water	5,936	6,304	368
Wastewater treatment	4,258	3,986	(272)
Lake operations	534	601	67
Other	652	1,006	354
Cost Reimbursable Operations:			
Water conveyance	4,951	5,279	328
Water treatment	3,355	2,669	(686)
Wastewater treatment	8,498	6,480	(2,018)
TOTAL OPERATING REVENUES	77,495	76,101	(1,394)
OPERATING EXPENSES:			
Personnel services	29,075	26,088	2,987 2
Materials and supplies	3,845	3,737	108
Utilities	3,561	3,852	(291)
Depreciation and amortization	-	9,618	(9,618) 3
Outside services	11,669	10,180	1,489 4
Repair and maintenance	4,171	3,028	1,143 5
Landfill & sludge hauling	1,924	1,536	388
Purchased water	2,454	2,521	(67)
Other	4,130	3,562	568
TOTAL OPERATING EXPENSES	60,829	64,122	(3,293)
NON-OPERATING REVENUES (EXPENSES):			
Investment income	188	4,315	4,127 6
Grants	2,002	1,471	(531)
Interest expense	(2,548)	(1,555)	993 7
Other expenses	-	(244)	(244)
Gain/(loss) on sale of capital assets	-	433	433
Capital contributions	3,195	1,333	(1,862) 8
Debt service - principal	5,272	-	(5,272) 9
TOTAL NET NON-OPERATING REVENUES/ (EXPENSES)	8,109	5,753	(2,356)
CHANGE IN NET POSITION	\$ 24,775	\$ 17,732	\$ (7,043)

- 1 Delay in completing capital projects at wastewater plants due to a number of factors, including supply chain issues
- 2 Lag salaries in nearly all departments and lower than anticipated benefits costs
- 3 Depreciation and amortization are not budgeted expenditures
- 4 Delays in spending on several grant projects and lower than anticipated Corps of Engineers O&M billings
- 5 Lower than anticipated R&M costs across nearly all departments
- 6 Investment Income was higher due to higher than expected interest rates on deposits
- 7 Allens Creek debt was issued later in the year than expected
- 8 Capital Contributions were lower than budget due to delays in several water conveyance capital projects
- 9 Debt service principal payments are not GAAP expenditures





BRAZOS RIVER AUTHORITY STATISTICAL SECTION

This part of the BRA's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the Management's Discussion and Analysis, financial statements and note disclosures says about the BRA's overall financial health.

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain information to assist the reader in obtaining a better understanding of how the BRA's financial performance and well-being have changed over time.	109-111
Revenue Capacity These schedules contain information to assist the reader in obtaining a better understanding of the BRA's significant revenue sources, water sales and cost reimbursable operations.	112-116
Debt Capacity These schedules present information to help the reader assess the affordability of the BRA's current levels of outstanding debt, the BRA's ability to issue additional debt in the future, and to provide information to comply with the continuing disclosure requirements of SEC Rule 15c2-12.	117-120
Demographic and Economic information These schedules offer demographic and economic indicators to help the reader understand the environment within which the BRA operates and the geographic regions the BRA manages, each with distinctive climate, topography and water needs.	121-127
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the BRA's financial report relates to the services the BRA provides and the activities it performs.	128-132

Sources: Unless otherwise noted, the information in these schedules are derived from the Annual Comprehensive Financial Reports for the relevant year.

BRAZOS RIVER AUTHORITY CHANGES IN NET POSITION (in thousands) LAST TEN FISCAL YEARS (unaudited) (accrual basis of accounting)

			FISCA		
	2023	r	estated 2022	2021	2020
OPERATING REVENUES:					
Water Supply System:					
Raw water	\$ 49,776	\$	52,382	\$ 48,125	\$ 49,468
Treated water	6,304		5,419	5,213	4,168
Wastewater treatment	3,986		3,841	3,589	4,019
Lake operations	601		538	568	487
Grants	-		-	-	-
Other	1,006		979	838	923
Cost Reimbursable Operations:					
Water conveyance	5,279		5,763	4,343	3,070
Water treatment	2,669		2,226	2,115	2,177
Wastewater treatment	6,480		5,877	5,399	 4,953
TOTAL OPERATING REVENUES	76,101		77,025	70,190	69,265
OPERATING EXPENSES:					
Personnel services	26,088		21,686	21,252	22,674
Materials and supplies	3,737		2,948	2,576	2,383
Utilities	3,852		4,894	3,429	2,667
Depreciation and amortization	9,618		9,294	9,146	8,965
Outside services	10,180		10,785	8,836	9,970
Repair and maintenance	3,028		3,473	2,769	3,279
Landfill and sludge hauling	1,536		1,706	1,757	1,951
Purchased water	2,521		2,414	2,287	2,279
Other	3,562		3,205	2,449	2,333
TOTAL OPERATING EXPENSES	64,122		60,405	54,501	56,501
OPERATING INCOME	11,979		16,620	15,689	12,764
NON-OPERATING REVENUES (EXPENSES):	 			 	
Investment income	4,315		636	929	2,529
Grants	1,471		1,623	1,021	1,251
Interest expense	(1,555)		(1,767)	(2,432)	(3,429
Other expenses	(244)		(15)	(238)	(220
Gain/(Loss) on sale of capital assets (a),(b)	433		233	(163)	20
TOTAL NET NON-OPERATING			200	 (103)	
REVENUES (EXPENSES)	4,420		710	 (883)	 151
INCOME (LOSS) BEFORE CONTRIBUTIONS & SPECIAL ITEMS:	16,399		17,330	14,806	12,915
CAPITAL CONTRIBUTIONS	 1,333				 -
CHANGE IN NET POSITION	\$ 17,732	\$	17,330	\$ 14,806	\$ 12,915

During Fiscal Year 2016, BRA sold the West Central Brazos Water Distribution System to the West Central Texas Municipal Water District. In addition, the BRA sold the remaining PK residential and commercial leased properties held in the FERC project area.

During Fiscal Year 2018, as a result of successful negotiations with the City of Graham, the BRA sold the Flood Control Project to the City of Graham.

	restated										
	2019		2018		2017		2016		2015		2014
\$	41,629	\$	40,285	\$	39,074	\$	35,209	\$	34,133	\$	31,420
•	3,028	•	3,071	•	2,862	•	2,388	,	2,208	,	1,790
	3,447		2,123		2,119		2,108		1,992		2,095
	529		590		523		663		1,025		934
	-		-		1,055		644		1,419		988
	820		1,145		1,044		997		1,011		930
	3,107		3,828		2,794		2,394		3,230		3,453
	1,528		1,277		1,208		1,232		1,225		1,102
	5,937		9,986		9,285		8,982		8,685		8,316
	60,025		62,305	-	59,964	-	54,617		54,928	-	51,028
	22,808		21,120		20,346		19,881		18,675		17,693
	2,340		2,334		2,198		2,130		2,168		2,101
	1,951		3,479		2,589		2,606		3,814		4,329
	8,768		8,657		8,362		8,279		7,244		7,274
	7,564		6,105		5,489		4,610		4,697		4,572
	2,760		2,372		2,198		2,207		2,281		2,260
	1,229		2,579		2,366		2,561		2,280		2,236
	2,272		2,271		2,267		2,423		2,610		2,360
	2,939		2,724		2,112		2,100		1,239		1,028
	52,631		51,641		47,927		46,797		45,008		43,853
	7,394		10,664		12,037		7,820		9,920		7,175
	3,114		1,830		975		660		493		470
	904		1,083						-		-
	(3,842)		(3,945)		(4,020)		(4,167)		(4,367)		(4,283)
	(126)		(15)		(153)		(371)		(268)		(107)
	(21)		(6,469)		65		10,272		820		(1,466)
	29		(7,516)		(3,133)		6,394		(3,322)		(5,386)
	7,423		3,148		8,904		14,214		6,598		1,789
	500		<u>-</u>				415		874		479
\$	7,923	\$	3,148	\$	8,904	\$	14,629	\$	7,472	\$	2,268

BRAZOS RIVER AUTHORITY NET POSITION BY COMPONENTS (in thousands) LAST TEN FISCAL YEARS (unaudited)

(accrual basis of accounting)

Fiscal Year		et Invested 1 Capital Assets	Con an	ricted For struction d Debt ervice	ricted for ion Assets	Un	restricted	Total	Net Position
8/31/2014		\$ 187,305	\$	8,800	\$ -	\$	43,730	\$	239,835
8/31/2015	a	\$ 187,640	\$	8,684	\$ 274	\$	50,983	\$	247,307
8/31/2016	b	\$ 189,894	\$	8,697	\$ -	\$	63,345	\$	261,936
8/31/2017		\$ 191,280	\$	7,667	\$ -	\$	71,893	\$	270,840
8/31/2018		\$ 183,910	\$	7,856	\$ 1,349	\$	80,873	\$	273,988
8/31/2019		\$ 186,540	\$	7,524	\$ -	\$	87,847	\$	281,911
8/31/2020		\$ 184,113	\$	8,444	\$ 763	\$	101,506	\$	294,826
8/31/2021		\$ 184,238	\$	8,505	\$ -	\$	116,889	\$	309,632
8/31/2022	c	\$ 257,417	\$	8,644	\$ 4,845	\$	56,056	\$	326,962
8/31/2023	d	\$ 225,000	\$	8,509	\$ -	\$	111,185	\$	344,694

- a During Fiscal Year 2015, the BRA implemented GASB 68. The Statement 68 requires entities to restate prior periods for all periods reported, when practical, and if not practical, the entity should report the cumulative effect of applying this Statement, if any, as a restatement of beginning net position for the earliest period restated. The BRA has elected the latter and as a result reduced the unrestricted portion of total net position by \$5,155 for Fiscal Year 2014.
- b During Fiscal Year 2016, the BRA sold the remaining PK residential and commercial leased properties held in the FERC project area. The successful sale and disposition of the legislatively mandated properties was completed in March, of 2016 resulting in additional revenue of \$10,179 from the sale. In addition to the sale of leased properties, the BRA sold the West Central Brazos Water Distribution System to the West Central Texas Municipal Water District for \$1,200, in January of 2016.
- c During Fiscal Year 2022, the BRA finalized the purchase of the City of Houston's 70% share of the Allens Creek Reservoir Project where the City 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 invested over \$70,000 to finalize the complete purchase of the Project.
- d During Fiscal Year 2023, the BRA entered into an agreement for \$46,000 to reimburse itself for the funds used in Fiscal Year 2022 to purchase the City of Houston's 70% share of the Allens Creek Reservoir Project. Under Federal tax law, an entity can reimburse itself, from tax-exempt debt proceeds, but must be within 18 months from the expenditure date. The BRA was approved for reimbursement treatment for financing with the TWDB. A short-term financing agreement with PNC Bank was needed to bridge the gap between the expenditure reimbursement date requirement and the BRA's closing date with the TWDB.

BRAZOS RIVER AUTHORITY BUDGETED LONG TERM WATER SUPPLY REVENUES BY CONTRACT TYPE LAST TEN FISCAL YEARS (unaudited)

									Colorad	o Basin			
	System F	Rate	Agricu	lture	Two-T	`ier	Other l	Fixed	Wa	ter	Utilitie		Total
	Acre	Avg	Acre	Avg	Acre	Avg	Acre	Avg	Acre	Avg	Acre	Avg	Acre
Year	Feet	Price	Feet	Price	Feet	Price	Feet	Price	Feet	Price	Feet	Price	Feet
2014	294,506	65.65	10,160	45.95	100,238	17.04	33,878	18.47	25,000	83.02	205,447	12.30	669,229
2015	294,546	69.50	10,285	48.65	100,238	17.14	33,778	18.66	25,000	88.44	205,447	11.04	669,294
2016	320,785	70.50	10,285	49.35	98,999	17.32	33,778	18.87	25,000	88.61	180,447 a	12.61	669,294
2017	371,422	72.00	10,285	50.40	98,999	17.25	33,778	18.96	25,000	79.72	97,000 b	18.58	636,484
2018	364,572	74.00	10,285	51.80	98,999	17.37	33,778	19.02	21,528	77.95	97,000	18.84	626,162
2019	371,712	76.50	10,285	53.55	98,999	17.54	33,778	19.06	21,528	83.33	97,000	19.28	633,302
2020	467,974 c	79.00	12,385	55.30	98,999	17.89	21,336	23.71	21,528	83.33	97,000	19.28	719,222
2021	469,300	79.00	12,106	55.30	98,999	17.98	23,530	19.42	23,328	81.19	97,000	19.28	724,263
2022	483,285	83.00	12,031	58.10	98,999	18.15	9,505 d	24.89	23,328	84.38	97,000	19.28	724,148
2023	477,494	88.00	11,911	61.60	98,999	18.69	9,231	25.78	23,328	84.38	97,000	19.28	717,963

Source: Brazos River Authority Annual Operating Plan.

Note: The BRA had 750,220 acre-feet of water committed under long-term contracts as of December 5, 2023. No additional water is currently available for contracting on a long-term basis.

Information provided to comply with continuing disclosure requirements of SEC Rule 15c2-12

a - Twenty-five thousand acre-feet, consisting of a Utility Contract, expired and was contracted under a System Rate contract.

b - Eighty-three thousand acre-feet, consisting of a Utility Contract, expired and a portion was contracted under a System Rate contract.

c - After over 15 years of diligent efforts, the System Operations Permit was approved, making available approximately 100,000 acre-feet of water available for sale.

d - Fourteen-thousand acre-feet of Other Fixed water contracts expired and was contracted under a System Rate contracts.

Fiscal Yea	r 2023	
Customer	Revenues	% of Total Operating Revenues
City of Georgetown	\$ 8,119	10.67
Gulf Coast Water Authority	7,289	9.58
City of Round Rock	6,814	8.95
TXU / Luminant Generation Co.	6,314	8.30
City of Sugar Land	5,110	6.71
City of Temple	4,672	6.14
NRG Texas Power, LLC	4,060	5.34
Jonah Water S. U. D.	3,379	4.44
City of Leander	2,731	3.59
City of Taylor	2,721	3.58
	\$ 51,209	67.30

Fiscal Year 2022								
Customer	Re	venues	% of Total Operating Revenues					
Gulf Coast Water Authority	\$	7,335	9.52					
City of Georgetown		6,884	8.94					
TXU / Luminant Generation Co.		5,948	7.72					
City of Sugar Land		5,652	7.34					
City of Round Rock		5,600	7.27					
Dow Chemical Company		4,564	5.92					
City of Temple		4,369	5.67					
NRG Texas Power, LLC.		3,497	4.54					
Jonah Water S. U. D.		3,379	4.39					
City of Leander		3,056	3.97					
	\$	50,284	65.28					

Fiscal Year 2021								
Customer	Revenues	% of Total Operating Revenues						
Gulf Coast Water Authority	\$ 7,119	10.14						
TXU / Luminant Generation Co.	5,684	8.10						
City of Georgetown	5,484	7.81						
City of Round Rock	5,480	7.81						
City of Sugar Land	5,143	7.33						
City of Temple	4,729	6.74						
Dow Chemical Company	3,386	4.82						
Jonah Water S. U. D.	3,261	4.65						
City of Leander	2,821	4.02						
City of Hutto	2,355	3.35						
	\$ 45,462	64.77						

Fiscal Yea	ar 20	20	
Customer	Re	venues	% of Total Operating Revenues
Gulf Coast Water Authority	\$	7,038	10.16
City of Georgetown		5,947	8.59
City of Round Rock		5,782	8.35
TXU / Luminant Generation Co.		5,509	7.95
City of Sugar Land		4,347	6.28
Dow Chemical Company		4,311	6.22
City of Temple		3,660	5.28
Jonah Water S. U. D.		2,858	4.13
Bell County Water C.I.D. #1		2,127	3.07
City of Taylor		1,998	2.88
	\$	43,577	62.91

Fiscal Yea	ır 2019	
Customer	Revenues	% of Total Operating Revenues
City of Georgetown	\$ 5,919	9.71
TXU / Luminant Generation Co.	5,495	9.02
City of Round Rock	5,466	8.97
Gulf Coast Water Authority	5,012	8.23
City of Sugar Land	3,891	6.39
NRG Texas Power, LLC	3,611	5.93
Dow Chemical Company	2,943	4.83
City of Temple	2,691	4.42
Jonah Water S.U.D.	2,226	3.65
Bell County Water C.I.D. #1	2,088	3.43
	\$ 30 342	64 58

Fiscal Year 2018							
Customer	Re	venues	% of Total Operating Revenues				
City of Round Rock	\$	8,463	13.35				
TXU / Luminant Generation Co.		5,956	9.40				
City of Georgetown		5,602	8.84				
Gulf Coast Water Authority		5,357	8.45				
NRG Texas Power, LLC		4,001	6.31				
Dow Chemical Company		2,950	4.65				
City of Temple		2,886	4.55				
City of Sugar Land		2,628	4.15				
Jonah Water S. U. D.		2,282	3.60				
Bell County Water C.I.D. #1		2,045	3.23				
	\$	42,170	66.53				

Fiscal Year 2017								
Customer	Revenues	% of Total Operating Revenues						
City of Round Rock	\$ 8,496	14.17						
City of Georgetown	5,561	9.27						
Gulf Coast Water Authority	5,163	8.61						
NRG Texas Power, LLC.	5,145	8.58						
City of Temple	3,066	5.11						
Dow Chemical Company	2,985	4.98						
City of Sugar Land	2,960	4.94						
Luminant (TXU/Oakgrove)	2,908	4.85						
Bell County Water C.I.D. #1	2,615	4.36						
Jonah Water S.U.D.	2,076	3.46						
	\$ 40,975	68.33						

Fiscal Year 2016									
Customer	Revenues	% of Total Operating Revenues							
City of Round Rock	\$ 9,303	16.94							
City of Georgetown	5,333	9.71							
Gulf Coast Water Authority	4,929	8.97							
NRG Texas Power, LLC.	3,375	6.14							
City of Temple	3,114	5.67							
Dow Chemical Company	2,845	5.18							
City of Sugar Land	2,529	4.60							
Luminant (TXU/Oakgrove)	2,216	4.03							
Bell County Water C.I.D. #1	1,981	3.61							
Jonah Water S.U.D.	1,612	2.94							
	\$ 37,237	67.79							

Fiscal Year 2015									
Customer	Revenues	% of Total Operating Revenues							
City of Round Rock	\$ 9,014	16.41							
City of Georgetown	5,138	9.35							
Gulf Coast Water Authority	3,581	6.52							
City of Temple	2,474	4.50							
City of Sugar Land	2,440	4.44							
Dow Chemical Company	1,994	3.63							
Bell County Water C.I.D. #1	1,937	3.53							
City of Taylor	1,599	2.91							
TXU Electric / Oakgrove	1,583	2.88							
NRG Texas Power, LLC.	1,542	2.81							
	\$ 31,302	56.98							

Fiscal Year 2014									
Customer	Revenues	% of Total Operating Revenues							
City of Round Rock	\$ 8,464	16.59							
City of Georgetown	3,529	6.92							
Gulf Coast Water Authority	3,405	6.67							
NRG Texas Power, LLC.	2,595	5.09							
City of Sugar Land	2,376	4.66							
City of Temple	2,278	4.46							
Dow Chemical Company	1,900	3.72							
Bell County Water C.I.D. #1	1,882	3.69							
TXU Electric / Oakgrove	1,514	2.97							
Chisholm Trail S.U.D.	1,305	2.56							
	\$ 29,248	57.33							

Information provided to comply with continuing disclosure requirements of SEC Rule 15c2-12 Source: Brazos River Authority Billing System

Fiscal Year 2023									
Customer	Revenues	% of Total WSS Revenues							
Gulf Coast Water Authority	\$ 7,289	10.88							
TXU / Luminant Generation Co.	6,314	9.43							
City of Sugar Land	5,110	7.63							
City of Round Rock	4,107	6.13							
NRG Texas Power LLC	4,060	6.06							
City of Georgetown	3,186	4.76							
City of Taylor	2,721	4.06							
Jonah Water SUD	2,573	3.84							
Bell County Water C.I.D. #1	2,332	3.48							
Dow Chemical Company	1,851	2.76							
	\$ 39,543	59.03							

Fiscal Year 2022										
		% of Total WSS								
Customer	Revenues	Revenues								
Gulf Coast Water Authority	\$ 7,120	12.28								
TXU / Luminant Generation Co.	5,684	9.80								
City of Sugar Land	5,143	8.87								
City of Round Rock	3,928	6.78								
NRG Texas Power LLC	3,424	5.91								
Dow Chemical Company	3,386	5.84								
Jonah Water SUD	3,261	5.62								
City of Georgetown	2,911	5.02								
City of Taylor	2,333	4.02								
Bell County Water C.I.D. #1	2,162	3.73								
	\$ 39,352	67.87								

Fiscal Y	ear 2021	
Customer	Revenues	% of Total WSS Revenues
Gulf Coast Water Authority	\$ 7,120	12.28
TXU / Luminant Generation Co.	5,684	9.80
City of Sugar Land	5,143	8.87
City of Round Rock	3,928	6.78
NRG Texas Power LLC	3,424	5.91
Dow Chemical Company	3,386	5.84
Jonah Water SUD	3,261	5.62
City of Georgetown	2,911	5.02
City of Taylor	2,333	4.02
Bell County Water C.I.D. #1	2,162	3.73
	\$ 39,352	67.87

Fiscal Year 2020									
Customer	Revenues	% of Total WSS Revenues							
Gulf Coast Water Authority	\$ 7,038	11.98							
TXU / Luminant Generation Co.	5,509	9.37							
City of Sugar Land	4,346	7.40							
Dow Chemical Company	4,310	7.33							
City of Round Rock	3,606	6.13							
Jonah Water SUD	2,858	4.86							
City of Georgetown	2,788	4.74							
Bell County Water C.I.D. #1	2,127	3.62							
City of Taylor	1,998	3.40							
NRG Texas Power LLC	1,948	3.31							
	\$ 36,528	62.14							

Fiscal Year 2019									
		% of Total WSS							
Customer	Revenues	Revenues							
TXU / Luminant Generation Co.	\$ 5,495	10.91							
Gulf Coast Water Authority	5,012	9.95							
City of Sugar Land	3,891	7.73							
NRG Texas Power LLC	3,611	7.17							
City of Round Rock	3,555	7.06							
City of Georgetown	3,497	6.94							
Dow Chemical Company	2,943	5.84							
Bell County Water C.I.D. #1	2,088	4.15							
City of Taylor	1,599	3.18							
Jonah Water SUD	1,429	2.84							
	\$ 33,120	65.77							

Fiscal Year 2018									
		% of Total WSS							
Customer	Revenues	Revenues							
TXU / Luminant Generation Co.	\$ 5,956	12.46							
Gulf Coast Water Authority	5,357	11.20							
NRG Texas Power, LLC	4,001	0.37							
City of Round Rock	3,484	7.29							
City of Georgetown	3,382	7.07							
Dow Chemical Company	2,950	6.17							
City of Sugar Land	2,628	5.50							
Bell County Water C.I.D. #1	2,045	4.28							
City of Taylor	1,599	3.34							
Jonah Water S. U. D.	1,472	3.08							
	\$ 32,874	60.76							

Fisca	al Year 2017		Fiscal Year 2016						
Customer	Revenues	% of Total WSS Revenues	Customer	Revenues	% of Total WSS Revenues				
Gulf Coast Water Authority	\$ 5,163	11.17	Gulf Coast Water Authority	\$ 4,929	11.92				
Luminant (TXU/Oakgrove)	5,145	11.13	City of Round Rock	3,431	8.30				
City of Round Rock	3,468	7.50	NRG Texas Power LLC	3,375	8.16				
City of Georgetown	3,291	7.12	City of Georgetown	3,222	7.79				
NRG Texas Power LLC	2,985	6.46	Dow Chemical Company	2,845	6.88				
Bell County Water C.I.D. #1	2,960	6.40	City of Sugar Land	2,529	6.11				
Dow Chemical Company	2,908	6.29	Bell County Water C.I.D. #1	2,216	5.36				
City of Sugar Land	2,615	5.66	Luminant (TXU/Oakgrove)	1,981	4.79				
City of Taylor	1,599	3.46	City of Taylor	1,599	3.87				
Jonah Water SUD	1,264	2.73	City of Cleburne	1,058	2.56				
\$ 31,398 67.92				\$ 27,185	65.74				

Fisca	l Year 2015		Fiscal Year 2014						
Customer Revenues		% of Total WSS Revenues	Customer	R	% of Total WSS Revenues				
City of Round Rock	\$ 3,704	8.95	Gulf Coast Water Authority	\$	3,405	8.92			
Gulf Coast Water Authority	3,581	8.66	City of Round Rock		3,361	8.81			
City of Georgetown	3,151	7.62	City of Sugar Land		2,376	6.23			
NRG Texas Power LLC	2,733	6.61	NRG Texas Power LLC		2,281	5.98			
City of Sugar Land	2,440	5.90	City of Georgetown		2,112	5.53			
Dow Chemical Company	1,994	4.82	Dow Chemical Company		1,900	4.98			
Bell County Water C.I.D. #1	1,937	4.68	Bell County Water C.I.D. #1		1,882	4.93			
City of Taylor	1,599	3.87	TXU Electric / Oakgrove		1,514	3.97			
TXU Electric / Oakgrove	1,583	3.83	City of Taylor		1,273	3.34			
City of Cleburne	1,043	2.52	City of Cleburne		985	2.58			
	\$ 23,765	57.46		\$	21,089	55.27			

Information provided to comply with continuing disclosure requirements of SEC Rule 15c2-12 Source: Brazos River Authority Billing System

BRAZOS RIVER AUTHORITY WATER SUPPLY REVENUE BOND DEBT SERIES 2009 AND SERIES 2015 (in thousands) AMORTIZATION SCHEDULE (unaudited)

Fiscal Year Ended		Series	s 2015		Series 2009				Outstanding Bonds				De	Total bt Service	% Of Principal
August 31	PRIN	CIPAL	INTER	EST	PRINCI	PAL	INT	EREST	PRI	NCIPAL	INT	EREST	Rec	quirements	Retired
2024		810		325	1,	,215		187		2,025		512		2,537	
2025		835		301	1.	,245		157		2,080		458		2,538	
2026		855		283	1.	,275		125		2,130		408		2,538	
2027		875		260	1.	,310		92		2,185		352		2,537	
2028		900		233	1.	,345		56		2,245		289		2,534	55.59
2029		930		206	1.	,380		19		2,310		225		2,535	
2030		960		177		-		-		960		177		1,137	
2031		985		148		-		-		985		148		1,133	
2032		1,015		118		-		-		1,015		118		1,133	
2033		1,050		87		-		-		1,050		87		1,137	88.53
2034		1,080		53		-		-		1,080		53		1,133	
2035		1,120		18		-		-		1,120		18		1,138	100.00
Total	\$	11,415	\$ 2	2,209	\$ 7	,770	\$	638	\$	19,185	\$	2,847	\$	22,033	

Source: Combined Bond Resolutions

Information provided to comply with continuing disclosure requirements of SEC Rule 15c2-12

BRAZOS RIVER AUTHORITY

WATER SUPPLY REVENUE BONDS

SERIES 2009 AND SERIES 2015

COVERAGE AND ACCOUNT BALANCES

AUGUST 31, 2023 (unaudited) (in thousands)

Average Annual Principal and Interest Requirements, 2024 - 2035 Coverage of Average Requirements by August 31, 2023 Net Revenues	\$ 1,836 12.52
Maximum Principal and Interest Requirements, 2026 Coverage of Maximum Requirements by August 31, 2023 Net Revenues	\$ 2,538 8.65
System Revenue Bonds Outstanding, August 31, 2023	\$ 19,185
Interest and Sinking Account Balance, August 31, 2023	\$ 1,017 1
Reserve Account Balance, August 31, 2023 (Series 2009)	\$ 1,438 2

¹ Funds are transferred to the Interest and Sinking Fund in equal monthly installments sufficient to make the next debt service payment when due.

Information provided to comply with continuing disclosure requirements of SEC Rule 15c2-12

² At August 31, 2023, all reserve account balances met all coverage requirements.

BRAZOS RIVER AUTHORITY WATER SUPPLY SYSTEM

CONDENSED SUMMARY OF OPERATING RESULTS

(CALCULATION BASED ON BOND RESOLUTION REQUIREMENTS)

AUGUST 31, 2023 (unaudited) (in thousands)

	Fiscal Year Ended August 31												
	2023	2022	2021	2020	2019								
Corres													
Gross Revenues:	¢ 40.776	Ф 52 292	¢ 40 105	¢ 40.469	¢ 41.620								
Raw water	\$ 49,776	\$ 52,382	\$ 48,125	\$ 49,468	\$ 41,629								
Treated water	6,292	5,419	5,213	4,168	3,028								
Wastewater treatment	3,986	3,842	3,589	4,019	3,447								
Lease income	614	537	568	487	529								
Other	785	873	481	640	507								
Interest	4,044	604	922	2,495	3,024								
Grants	1,471	1,623	1,021	1,251	904								
TOTAL GROSS REVENUES	\$ 66,968	\$ 65,280	\$ 59,919	\$ 62,528	\$ 53,068								
Operation & Maintenance Expenses:													
Personnel services	\$ 23,052	\$ 19,164	\$ 18,673	\$ 20,228	\$ 20,085								
Materials, supplies & services	2,513	1,986	1,774	1,630	1,626								
Utilities	1,063	1,580	1,289	941	818								
Outside services	9,255	9,887	7,971	9,084	6,625								
Repair and maintenance	2,163	2,696	2,102	2,715	1,901								
Landfill and sludge hauling	520	715	667	790	399								
Purchased water	2,424	2,315	2,183	2,184	2,159								
Other	1,406	1,696	1,146	1,478	1,639								
Other non-operating	-	14	173	211	120								
Program and project expenditures	_	_	_	_	1,466								
Other debt service (1)	1,587	7,587	2,229	2,319	2,477								
TOTAL OPERATION &													
MAINTENANCE	\$ 43,983	\$ 47,640	\$ 38,207	\$ 41,580	\$ 39,315								
WIMINIEWHICE	Ψ +3,763	\$\pi\$	\$ 30,207	ψ 41,500	Ψ 37,313								
NET REVENUES AVAILABLE													
TO PAY DEBT SERVICE	\$ 22,985	\$ 17,640	\$ 21,712	\$ 20,948	\$ 13,753								
DEBT SERVICE WATER													
SUPPLY SYSTEM BONDS	\$ 2,658	\$ 2,538	\$ 2,536	\$ 2,535	\$ 2,538								
COVERAGE PERCENTAGE	8.65	6.95	8.56	8.26	5.42								

⁽¹⁾ Debt service related to the purchase of water storage rights in the Federal Reservoirs Information provided to comply with continuing disclosure requirements of SEC Rule 15c2-12

BRAZOS RIVER AUTHORITY SCHEDULE OF DEBT BY TYPE LAST TEN FISCAL YEARS

AUGUST 31, 2023 (unaudited) (in thousands)

Fiscal Year	11 2		ontract Revenue Bonds (1)	of	Army Corps Engineers acts Payable	A	nt to Use ssets BITAS)		Net emium/(Discount) Revenue Bonds Payable	
2014	\$ 41,565	a	\$	32,664	\$	26,901	\$	-		\$ 23
2015	\$ 39,555		\$	32,300	\$	24,998	\$	-	b	\$ 687
2016	\$ 37,895		\$	31,932	\$	23,819	\$	-		\$ 648
2017	\$ 36,210		\$	31,104	\$	22,659	\$	-		\$ 560
2018	\$ 34,485		\$	30,240	\$	21,465	\$	-		\$ 500
2019	\$ 32,720		\$	29,345	\$	20,356	\$	-		\$ 441
2020	\$ 30,915		\$	27,575	\$	19,412	\$	-	c	\$ 1,796
2021	\$ 29,060		\$	26,640	\$	18,485	\$	-		\$ 2,899
2022	\$ 21,150	d	\$	24,460	\$	17,529	\$	653		\$ 2,409
2023	\$ 65,185	e	\$	22,205	\$	16,542	\$	374		\$ 1,962

- a. During FY 2014, the BRA defeased the Water Supply System Revenue Bonds, Series 2005B, in the amount of \$8,925.
- b. During FY 2015, the BRA refunded the Series 2006 Revenue Bonds and refinanced it with the Series 2015 Revenue bonds in the amount of \$17,270 and 16,860 respectively.
- c. During FY 2020, the BRA refunded the Series 1999 State Participation Loan and refinanced it with the Series 2019 Revenue bonds in the amount of \$14,955 and \$14,095 respectively.
- d. During FY 2022, the BRA paid off the Series 2002 State Participation Loan debt of \$6,000 owed to the Texas Water Development Board for the Allens Creek Project.
- e. On August 15, 2023, the BRA entered into an agreement for short-term taxable bonds with PHNC Bank N.A. (the "Lender") for \$46,000. Thes short-term financing was needed to bridge the gap between the expenditure reimbursement date requirement and the BRA's closing date with the TWDB.
- (1) Contract Revenue Bonds are payable from revenue derived from various contracts between the BRA and the parties securing payments to the BRA for debt service payments on the bonds. Debt coverage is 100% for these bonds. Each customer is billed monthly for 1/6th of the next debt payment due. Each contract revenue bond is insured or credit rated based on the financial strength of the contracting parties

BRA was created under Acts 1929, 41st Legislature, 2nd C.S., Spec. Leg. Page 22, Ch. 13. as amended

Year created: 1929

Domicile: Waco, Texas

Last revision of Enabling Act: 2001

Last revision of Bylaws: 2021

Population of District: 3,155,984 (Texas Water Development Board 2020)

Area of District: 42,865 square miles

Brazos River

Total River Miles 840 miles

Average Discharge 6,074,000 acre-feet

Average annual rainfall in the Basin ranges from:

West - 26 inches Southeast - 32 inches

Number of employees:

268 Full-time, 17 Part-time (per Fiscal Year 2024 Annual Operating Plan)

Offices: Central Office - Waco, Texas

Regional Office - Georgetown, Texas
Operations Office - Belton, Texas
Operations Office - Clute, Texas

Operations Office - Lake Granbury, Texas
Operations Office - Lake Limestone, Texas

Operations Office - Waco, Texas Operations Office - Leander, Texas

Operations Office - Possum Kingdom Lake, Texas

Operations Office - Sugar Land, Texas
Operations Office - Taylor, Texas
Operations Office - Temple, Texas
Operations Office - Hutto, Texas

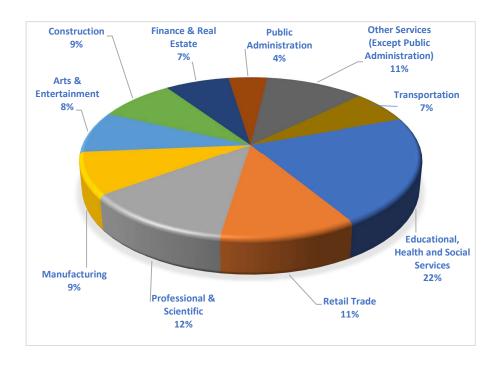
Brazos River Authority Operating Statistics:		
(water/wastewater treated in thousands of gallons)	Years Ended A 2023	ugust 31 2022
Temple Belton Wastewater Treatment Plant	2,840,790	2,884,000
Sugar Land Regional Sewerage System	3,805,924	4,015,000
Hutto Wastewater System	806,550	698,000
Clute/Richwood Regional Sewerage System	861,910	1,025,000
Sandy Creek Regional Water Treatment Plant	1,667,000	1,598,000
East Williamson County Water Treatment System	2,544,507	2,253,000
Doshier Farm Wastewater Treatment Plant	804,183	973,000

Brazos River Authority Dams and Reservoirs:	
Possum Kingdom	(TWDB Survey December 2016)
	Capacity - 556,340 acre-feet
	Surface Area - 18,568 acres
	Elevation - 1,000.0 ft-msl
	Permitted Yield - 230,750 acre-feet
Limestone	(TWDB Survey June 2014)
	Capacity - 203,780 acre-feet
	Surface Area - 12,486 acres
	Elevation - 363.0 ft-msl
	Permitted Yield - 65,074 acre-feet
Granbury	(TWDB Survey July 2016)
	Capacity - 136,326 acre-feet
	Surface Area - 8,282 acres
	Elevation - 693.0 ft-msl
	Permitted Yield - 64,712 acre-feet

lla	Conservation Pool	Flood Control Pool
Capacity	43,293 acre-feet	135,636 acre-feet
Surface Area	3,085 acres	6,999 acres
Elevation	537.5 ft-msl	556.0 ft-msl
Permitted Yield	13,896 acre-feet	TWDB Survey July 2014
on	Conservation Pool	Flood Control Pool
Capacity	432,631 acre-feet	1,072,631 acre-feet
Surface Area	12,445 acres	23,605 acres
Elevation	594.0 ft-msl	631.0 ft-msl
Permitted Yield	100,257 acre-feet	TWDB Survey October 2015
iger	Conservation Pool	Flood Control Pool
Capacity	51,822 acre-feet	230,481 acre-feet
Surface Area	4,159 acres	11,040 acres
Elevation	504.0 ft-msl	528.0 ft-msl
Permitted Yield	19,840 acre-feet	TWDB Survey March 2013
getown	Conservation Pool	Flood Control Pool
Capacity	38,068 acre-feet	131,793 acre-feet
Surface Area	1,307 acres	3,220 acres
Elevation	791.0 ft-msl	834.0 ft-msl
Permitted Yield	13,610 acre-feet	TWDB Survey January 2016
tor	Conservation Pool	Flood Control Pool
Capacity	54,762 acre-feet	369,500 acre-feet
Surface Area	4,615 acres	14,010 acres
Elevation	1,162.0 ft-msl	1,197.0 ft-msl
Permitted Yield	19,658 acre-feet	TWDB Survey February 2012
erville	Conservation Pool	Flood Control Pool
Capacity	150,293 acre-feet	494,500 acre-feet
Surface Area	11,395 acres	24,400 acres
Elevation	238.0 ft-msl	258.0 ft-msl
Permitted Yield	48,000 acre-feet	TWDB Survey April 2012
Capacity	Conservation Pool 229,881 acre-feet	Flood Control Pool 624,581 acre-feet
Surface Area	6,429 acres	11,830 acres
Elevation	622.0 ft-msl	666.0 ft-msl
Permitted Yield	67,768 acre-feet	TWDB Survey December 2015
0	Conservation Pool	Flood Control Pool
Capacity	189,773 acre-feet	518,895 acre-feet
Surface Area	8,190 acres	19,440 acres
Elevation	462.0 ft-msl	500.0 ft-msl
Permitted Yield	104,100 acre-feet	TWDB Survey May 2011
ney	Conservation Pool	Flood Control Pool
Capacity	617,194 acre-feet	1,989,664 acre-feet
Surface Area	23,215 acres	49,820 acres
Elevation	533.0 ft-msl	571.0 ft-msl
Permitted Yield	18,336 acre-feet	Volumetric Survey March 2019

Brazos Basin Geographic Area Ten Largest Industries

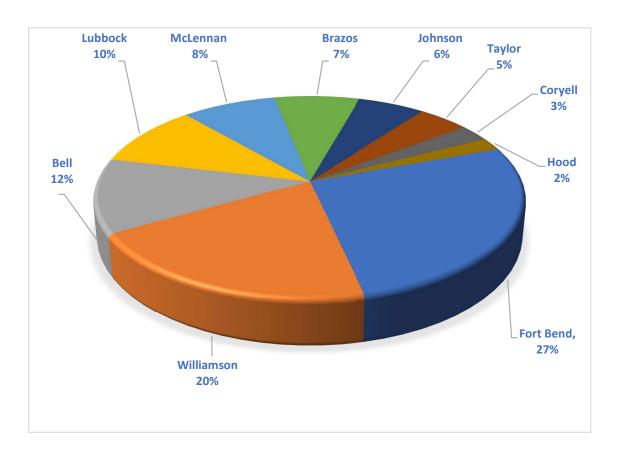
Industry	Percentage of Entities in Category
Educational, Health and Social Services	21.80%
Retail Trade	11.20%
Professional & Scientific	12.50%
Manufacturing	8.70%
Arts & Entertainment	8.30%
Construction	8.50%
Finance & Real Estate	7.10%
Public Administration	4.30%
Other Services (Except Public Administration)	11.00%
Transportation	6.60%



Source: U.S. Census Bureau, 2021 American Community Survey 1-Year Estimates

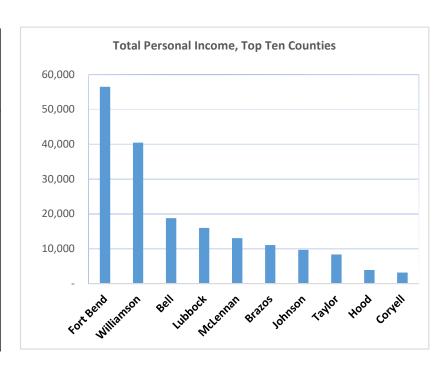
Brazos River Basin Population by County (Largest)

County	Population
Fort Bend	858,527
Williamson	643,026
Bell	379,617
Lubbock	314,451
McLennan	263,115
Brazos	237,032
Johnson	187,280
Taylor	143,326
Coryell	84,232
Hood	64,222

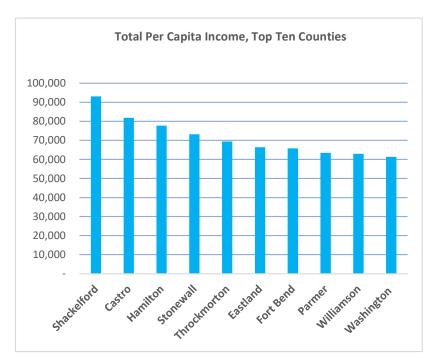


Source: 2021 Bureau of Economic Analysis CAINC1 Population November 16, 2022 release

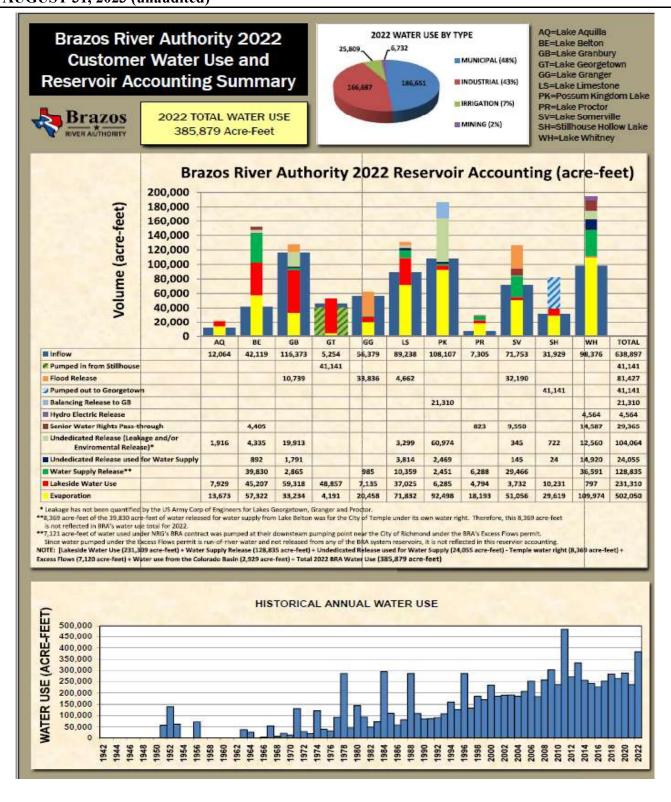
County (Top Ten)	Total Personal Income (in millions)
Fort Bend	56,488
Williamson	40,466
Bell	18,755
Lubbock	15,999
McLennan	13,027
Brazos	11,070
Johnson	9,667
Taylor	8,358
Hood	3,912
Coryell	3,157



Total Per Capita Income
(in thousands)
93,075
81,900
77,672
73,182
69,390
66,400
65,797
63,512
62,931
61,295



Source: Bureau of Economic Analysis, Updated November 16, 2022



BRAZOS RIVER AUTHORITY

SCHEDULE OF CAPITAL ASSETS - NET ADDITIONS/(DELETIONS) BY OPERATIONS

AUGUST 31, 2023(unaudited) (in thousands)

(accrual basis of accounting)

Last Ten Fiscal Years

						Clute-	
Year	Water Supply	WCRRWL	TBRSS	BCRWS	Sandy Creek	Richwood	Total
2014	4,070	(2,170)	(1,554)	(7)	(9)	(1)	329
2015	1,170	599	-	(21)	-	-	1,748
2016	(720)	231	-	-	-	-	(489)
2017	21,470	-	-	59	-	-	21,529
2018	961	50	-	-	-	-	1,011
2019	4,184	-	-	(144)	-	-	4,040
2020	6,000	-	-	-	-	-	6,000
2021	1,966	6	-	-	-	-	1,972
2022	75,338	(5)	=	-	(18)	=	75,315
2023	3,582		<u> </u>				3,582
	\$ 118,021	\$ (1,289)	\$ (1,554)	\$ (113)	\$ (27)	\$ (1)	\$ 115,037

BRAZOS RIVER AUTHORITY

SCHEDULE OF CAPITAL ASSETS - NET ADDITIONS/(DELETIONS) BY CLASSIFICATION

AUGUST 31, 2023 (unaudited) (in thousands)

(accrual basis of accounting)

Last Ten Fiscal Years

	2014 2		2015		2016		2017		2018		2019		2020		2021		2022		2023	Total	
Land, storage and water rights	\$	(542)	\$	278	\$ (29)	\$	16,660	\$	(5 \$	3	-	\$	-	\$	-	\$ 75,209	\$	-	\$	91,582
Reservoirs, water treatment and sewerage																					
facilities		5,556		13,520	39		-			-		-		-		-	-		-		19,115
Building, structures and improvements		(3,543)		(13,542)	(10)		5,491		(36	5)		2,649		5,088		1,032	26		2,448		(397)
Vehicles, furniture and equipment		(1,142)		1,492	(489)		(622)		1,041			1,391		912		940	80		1,134		4,737
Total	\$	329	\$	1,748	\$ (489)	\$	21,529	\$	1,011	. \$	3	4,040	\$	6,000	\$	1,972	\$ 75,315	\$	3,582	\$	115,037

BRAZOS RIVER AUTHORITY SCHEDULE OF INSURANCE

AS OF AUGUST 31, 2023 (unaudited)

Policy	Name of Company	Policy Number	Summary of Coverage	Limits of	Coverage Period
2 oney	Company	- Tumber	or coverage	Blasticy	1 01100
Aircraft Liability	Texas Municipal League	1970-8292	Non-owned Aircraft Liability Deductible - \$2,500	\$10,000,000	10/1/2022 10/1/2023
Airport Liability	Texas Municipal League	1970-8292	Airport Liability Premises Products & Completed Operations Deductible - \$2,500	\$10,000,000 \$10,000,000	10/1/2022 10/1/2023
Automobile Liability & Physical Damage	Texas Municipal League	1970-8292	Automobile Liability Automobile Medical Payments Hired & Non-Owned Automobile Deductible - None Uninsured/Underinsured Motorist	\$5,000,000 \$1,000,000	10/1/2022 10/1/2023
			Automobile Physical Damage Deductible: \$ 250		
Commercial Crime	Texas Municipal League	1970-8616	Public Employee Dishonesty		10/1/2022
			Forgery or Alteration	\$1,000,000	10/1/2023
			Computer Fraud Deductible: \$10,000	\$100,000	
			Theft, Disappearance & Destruction Deductible - None	\$10,000	
General Liability	Texas Municipal League	1970-8292	General Aggregate Deductible - None	\$10,000,000	10/1/2022 10/1/2023
Marine and Hull/ Mobile Equipment	Texas Municipal League	1970-8616	Coverage for Boats, Motors and Mobile Equipment Deductible: \$10,000	As Scheduled	10/1/2022 10/1/2023
Law Enforcement Liability	Texas Municipal League	1970-8392	Annual Aggregate Deductible: \$2,500	\$10,000,000	10/1/2022 10/1/2023
Errors & Omissions Liability	Texas Municipal League	1970-8292	Annual Aggregate Deductible: \$25,000	\$10,000,000	10/1/2022 10/1/2023
Boiler and Machinery	Texas Municipal League	1970-8616	Annual Aggregate Deductible: \$50,000	\$100,000	10/1/2022 10/1/2023
Real & Personal Property	Texas Municipal League	1970-8616	Annual Aggregate Deductible: \$50,000	As Scheduled	10/1/2022 10/1/2023
Cyber Liability and Data Breach Response	Texas Municipal League	1970-8293	Annual Aggregate Deductible: \$50,000	As Scheduled	10/1/2022 10/1/2023

BRAZOS RIVER AUTHORITY SCHEDULE OF INSURANCE

AS OF AUGUST 31, 2023 (unaudited)

	Name of	Policy	Summary	Limits of	Coverage
Policy	Company	Number	of Coverage	Liability	Period
Fiduciary and Employee	Great American	MEP4387691	Annual Aggregate	\$5,000,000	10/1/2022
Benefits	Insurance		Per Occurrence	\$5,000,000	10/1/2023
			Deductible: \$10,000		
Public Officials Bond	Insurors of Texas/	71252612	Board of Director's Bond	\$105,000	5/1/2023
r ublic Officials Bollu		/1232012		\$105,000	
	C N A Surety Group		Deductible - None		5/1/2024
Public Officials Bond	Insurors of Texas/	46BSBAE6365	Govt, Federal & Public Official Bonds	\$12,000	2/1/2023
	Hartford Insurance Group		Deductible - None		2/1/2024
Travel Accident	Insurors of Texas/	ETB-4333	A	Ø5 000 000	11/1/2022
Travel Accident		E1B-4333	Aggregate for Hazard	\$5,000,000	11/1/2022
	Hartford Life		Excludes Personal Aircraft		11/1/2023
			Deductible - None		
Workers' Compensation	Texas Water Conservation	99	Self-insured for first	Aggregate Deduct	7/1/2022
•	Association		\$ 50,000 per occurrence	\$150,000	7/1/2023
	Association		\$ 50,000 per occurrence	\$150,000	//1/2023
Workers' Compensation	Texas Water Conservation	99	Self-insured for first	Aggregate Deduct	7/1/2023
	Association		\$ 50,000 per occurrence	\$150,000	7/1/2024

BRAZOS RIVER AUTHORITY FULL -TIME EQUIVALENT LAST TEN FISCAL YEARS (unaudited)

	Full-Time Equivalent Employees									
	Per Annual Operating Plan									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Upper Basin										
Management	5	5	4	4	4	4	4	4	4	4
Possum Kingdom	45	45	45	45	44	44	42	44	48	48
Lake Granbury	19	19	18	18	17	17	15	15	15	15
Central Basin										
Management & Lab	21	21	24	24	27	28	24	24	24	25
Temple-Belton WWTP	13	13	13	13	13	13	16	16	17	10
Brushy Creek RWS	0	0	0	0	16	16	17	17	17	17
Georgetown WWTP (a)	0	0	0	0	0	0	0	0	0	8
Sandy Creek WTP	5	5	5	4	4	4	4	4	4	5
Hutto WWS	3	3	2	2	2	2	2	2	0	0
East Williamson RWS	8	8	8	7	8	8	6	6	6	6
Lower Basin										
Lake Limestone	14	13	12	12	12	11	11	10	10	10
SLRSS	14	14	14	14	14	10	10	10	10	10
Clute	4	4	4	4	4	4	4	4	4	4
Liberty Hill (a)	0	0	0	0	0	0	0	0	0	1
Central Office										
General Administration	3	3	3	3	2	2	2	2	3	3
Legal Services	7	7	7	4	4	4	4	4	4	4
Financial Services	16	16	15	15	15	15	15	15	15	15
Human Resources	7	5	5	5	5	5	5	5	5	4
Gov. Cus. Relations	6	7	6	7	6	6	7	7	7	7
Information Technology	15	13	13	13	14	14	14	14	14	13
Special Projects & Strategic Initiatives	3	2	1	1	1	1	2	2	2	1
Strategic Planning	0	0	0	0	0	0	0	0	0	2
Office of Security	3	6	5	4	0	0	0	0	0	0
Water Services	9	8	8	7	0	0	0	0	0	0
Environmental Services	20	18	16	18	0	0	0	0	0	0
Technical Services	21	22	20	22	47	47	46	43	41	41
	261	257	248	246	259	255	250	248	250	253

⁽a) The BRA entered into negotiations for early termination of the cost reimbursable contract. After negotiations were complete the employees became employees of the purchasing entity.

Source: Brazos River Authority Annual Operating Plan

