

BRAZOS VALLEY GROUNDWATER
CONSERVATION DISTRICT

Independent Auditors' Report
and
Financial Statements

As of and For the Year Ended December 31, 2023

BRAZOS VALLEY GROUNDWATER
CONSERVATION DISTRICT

Table of Contents

	<u>Page</u>
<u>Independent Auditors' Reports</u>	
Independent Auditors' Report on Basic Financial Statements	1
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	4
<u>Management's Discussion and Analysis</u>	6
<u>Basic Financial Statements</u>	
Statement of Net Position	10
Statement of Revenues, Expenses and Changes in Net Position	11
Statement of Cash Flows	13
Notes to the Financial Statements	14
<u>Required Supplementary Information</u>	
Budgetary Comparison Schedule	30
Schedule of Changes in Net Pension Liability and Related Ratios	31
Schedule of Employer Contributions	32

Milberger Nesbitt & Ask, L.L.P.

(a Registered Limited Liability Partnership consisting of two Individuals and a Professional Limited Liability Company)

William V. Milberger, CPA
Clay W. Nesbitt, CPA, PLLC
Paul E. Ask, CPA

Certified Public Accountants

Russell C. Armagost, CPA

3833 S. Texas Ave., Suite 240
Bryan, TX 77802-4015
Telephone (979) 822-0175
Fax (979) 779-8422
www.dmnacpas.com

Independent Auditors' Report

Board of Directors
Brazos Valley Groundwater
Conservation District
Hearne, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Brazos Valley Groundwater Conservation District (“District”) as of and for the year ending December 31, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the accompanying table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Brazos Valley Groundwater Conservation District as of December 31, 2023, and the respective changes in financial position, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibility of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, misrepresentation, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

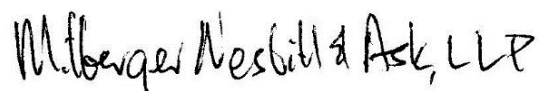
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison and pension schedules on pages 6 through 9, page 29 and pages 30 through 31, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of the 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.

Report on Summarized Comparative Information

We have previously audited the District's 2022 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated July 13, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2024, on our consideration of the Brazos Valley Groundwater Conservation District'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 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 District'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 Brazos Valley Groundwater Conservation District's internal control over financial reporting and compliance.



Bryan, Texas
October 10, 2024

MILBERGER NESBITT & ASK, L.L.P.
Certified Public Accountants

Independent Auditors' Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Board of Directors
Brazos Valley Groundwater
Conservation District
Hearne, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Brazos Valley Groundwater Conservation District ("District") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 10, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose as described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given those limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Bryan, Texas
October 10, 2024

MILBERGER NESBITT & ASK, L.L.P.
Certified Public Accountants

Brazos Valley Groundwater Conservation District
Management's Discussion and Analysis
For the Year Ended December 31, 2023

The following discussion and analysis of the District's (the District's) financial performance presents management's overview of the District's financial activities for the year ended December 31, 2023. Please read it in conjunction with the District's basic financial statements, which begin immediately following this analysis. This annual financial report includes the Management's Discussion and Analysis (this section), the independent auditors' report, the basic financial statements of the District and the required supplementary information.

Overview of the Basic Financial Statements

The District operates as a utility enterprise and presents its financial statements using the economic resources measurement focus and the full accrual basis of accounting. As an enterprise fund, the District's basic financial statements include four components:

- *Statement of Net Position*
- *Statement of Revenues, Expenses and Changes in Net Position*
- *Statement of Cash Flows*
- *Notes to the Financial Statements*

The *Statement of Net Position* includes all of the District's assets and liabilities, with the difference between the two reported as net position. Net position is displayed in three categories:

- Invested in Capital Assets, Net of Related Debt
- Restricted
- Unrestricted

The *Statement of Net Position* provides the basis for evaluating the capital structure of the District and assessing its liquidity and financial flexibility.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information which shows how the District's net position changed during the year. All of the current year's revenues and expenses are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The *Statement of Revenues, Expenses and Changes in Net Position* measures the success of the District's operations over the past year and determines whether the District has recovered its costs through assessments, permit fees, and other charges.

Brazos Valley Groundwater Conservation District
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2023

The *Statement of Cash Flows* provides information regarding the District's cash receipts and cash disbursements during the year. This statement reports cash activity in four categories:

- Operating
- Noncapital financing
- Capital and Related financing
- Investing

This statement differs from the *Statement of Revenues, Expenses and Changes in Net Position* in that it accounts only for transactions that result in cash receipts and cash disbursements.

The *Notes to the Financial Statements* provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.

Financial Highlights

During the year ending December 31, 2023, the District's operating revenue of \$1,025,840.25 and operating expenses of \$948,351.49 resulted in \$77,488.76 income from operations. A financial analysis of the District follows on the next page.

Brazos Valley Groundwater Conservation District
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2023

Financial Analysis of the District

Statement of Net Position

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Current Assets	\$ 338,978.02	\$ 524,314.83	(\$ 185,336.81)
Certificates of Deposit	1,187,348.29	1,033,092.26	154,256.03
Non-Current Assets	<u>321,945.85</u>	<u>200,206.69</u>	<u>121,739.16</u>
Total Assets	<u>\$ 1,848,272.16</u>	<u>\$ 1,757,613.78</u>	<u>\$ 90,658.38</u>
Current Liabilities	\$ 41,998.66	\$ 29,033.75	\$ 12,964.91
Non-Current Liabilities	<u>11,299.00</u>	<u>75,378.00</u>	<u>(64,079.00)</u>
Total Liabilities	<u>\$ 53,297.66</u>	<u>\$ 104,411.75</u>	<u>(\$ 51,114.09)</u>
Invested in Capital Assets	\$ 111,527.15	\$ 76,584.69	\$ 34,942.46
Restricted	-	-	-
Unrestricted	<u>1,683,447.35</u>	<u>1,576,617.34</u>	<u>106,830.01</u>
Total Net Position	<u>\$ 1,794,974.50</u>	<u>\$ 1,653,202.03</u>	<u>\$ 141,772.47</u>
Operating Revenues	\$ 1,025,840.25	\$ 658,599.43	\$ 367,240.82
Operating Expenses	(917,148.49)	(613,425.20)	(303,723.29)
Income from operations	<u>\$ 108,691.76</u>	<u>\$ 45,174.23</u>	<u>\$ 63,517.53</u>
Non-operating revenues	\$ 33,080.71	\$ 6,315.02	\$ 26,765.69
Non-operating expenses	<u>-</u>	<u>-</u>	<u>-</u>
Non-operating revenues (expenses)	<u>\$ 33,080.71</u>	<u>\$ 6,315.02</u>	<u>\$ 26,765.69</u>
Change in Net Position	<u>\$ 141,772.47</u>	<u>\$ 51,489.25</u>	<u>\$ 90,283.22</u>

Changes in Net Income from Operations

There were no significant changes in the District's operating revenues and operating expenses over the prior year.

Brazos Valley Groundwater Conservation District
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2023

Capital Assets

At December 31, 2023, the District had invested in capital assets net of accumulated depreciation as follows:

District Capital Assets

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Land	\$ 2,400.00	\$ 2,400.00	\$ -
Building	114,170.36	114,170.36	-
Office furniture, equipment and vehicles	<u>112,930.44</u>	<u>86,346.81</u>	<u>26,583.63</u>
	\$ 229,500.80	\$ 202,917.17	\$ 26,583.63
Less: Accumulated Depreciation	<u>(117,973.65)</u>	<u>(126,332.48)</u>	<u>8,358.83</u>
Total Capital Assets, Net of Depreciation	<u><u>\$ 111,527.15</u></u>	<u><u>\$ 76,584.69</u></u>	<u><u>\$ 34,942.46</u></u>

Economic Factors

The District's excellent financial condition continues as the District benefits from sound financial planning on the part of the Board of Directors to assure the operating budget and fund balance are sufficient to fulfill the obligation of successful groundwater management.

Contacting the District's Financial Management

This financial report is designed to provide our customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages. If you have questions about this report or need additional financial information, contact the Brazos Valley Groundwater Conservation District's office at P. O. Box 528, Hearne, TX 77859.

BRAZOS VALLEY GROUNDWATER CONSERVATION DISTRICT
Statement of Net Position
December 31, 2023
With Comparative Totals for December 31, 2022

	December 31,	
	2023	2022
Assets		
Current and other assets		
Cash	\$ 318,885.76	\$ 505,028.07
Accounts and interest receivable	20,092.26	19,286.76
Certificates of deposit	1,187,348.29	1,033,092.26
Total Current Assets	\$ 1,526,326.31	\$ 1,557,407.09
Capital Assets		
Fixed assets, net of \$117,973.65 and \$126,332.48 accumulated depreciation, respectively	111,527.15	76,584.69
Other Noncurrent Assets		
Restricted Cash - Well Assistance Fund	\$ 139,289.70	\$ -
Net pension asset	28,627.00	100,153.00
Total Other Noncurrent Assets	\$ 167,916.70	\$ 100,153.00
Total Assets	\$ 1,805,770.16	\$ 1,734,144.78
Deferred Outflows of Resources	42,502.00	23,469.00
Total Assets and Deferred Outflows	\$ 1,848,272.16	\$ 1,757,613.78
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	\$ 41,998.66	\$ 29,033.75
Total Current Liabilities	\$ 41,998.66	\$ 29,033.75
Deferred Inflows of Resources	11,299.00	75,378.00
Total Liabilities and Deferred Inflows	\$ 53,297.66	\$ 104,411.75
Net Position		
Invested in capital assets, net of related debt	\$ 111,527.15	\$ 76,584.69
Unrestricted	1,683,447.35	1,576,617.34
Total Net Position	\$ 1,794,974.50	\$ 1,653,202.03
Total Liabilities and Net Position	\$ 1,848,272.16	\$ 1,757,613.78

The accompanying notes which begin on page 14 are an integral part of this statement.

BRAZOS VALLEY GROUNDWATER CONSERVATION DISTRICT
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2023
With Comparative Totals for December 31, 2022

	For the Year Ended December 31,	
	2023	2022
Revenues		
Assessments		
Rural Water - Robertson County	\$ 25,133.77	\$ 18,802.69
Rural Water - Brazos County	51,723.97	41,349.15
Municipal - Robertson County	25,282.80	21,497.40
Municipal - Brazos County	636,295.20	510,388.56
Industrial - Robertson County	2,136.19	2,415.41
Industrial - Brazos County	38,224.96	33,137.82
Agricultural - Robertson County	17,520.84	10,535.87
Agricultural - Brazos County	10,312.36	8,971.60
Steam electric	1,818.95	1,600.93
Fees and permits	17,391.21	9,900.00
Grant income	200,000.00	-
Total Revenues	\$ 1,025,840.25	\$ 658,599.43
Operating expenses		
Supplies		
Office supplies	\$ 22,508.40	\$ 26,742.89
Public education	42,271.10	25,127.54
	\$ 64,779.50	\$ 51,870.43
Professional services		
Legal, accounting and engineering fees	\$ 315,597.58	\$ 186,209.30
Salaries and benefits		
Salaries	\$ 254,959.91	\$ 235,575.29
Payroll taxes	27,234.78	20,468.17
Health insurance	35,111.37	34,277.40
Retirement benefits	26,207.78	(5,971.19)
	\$ 343,513.84	\$ 284,349.67

The accompanying notes which begin on page 14 are an integral part of this statement.

BRAZOS VALLEY GROUNDWATER CONSERVATION DISTRICT
Statement of Revenues, Expenses, and Changes in Net Position (Continued)
For the Year Ended December 31, 2023
With Comparative Totals for December 31, 2022

	For the Year Ended December 31,	
	2023	2022
Operating expenses, continued		
Other Services		
Insurance	\$ 6,422.98	\$ 4,029.58
Advertising and legal notices	1,209.01	1,237.58
Conferences and travel	16,762.66	14,516.81
Telephone and utilities	6,536.28	6,269.61
Miscellaneous services	19,917.21	11,236.68
Dues	3,080.00	2,971.03
	\$ 53,928.14	\$ 40,261.29
Other Expenses		
Grant programs	\$ 126,063.60	\$ 38,784.89
Building maintenance	3,132.83	6,891.62
Depreciation	10,133.00	5,058.00
	\$ 139,329.43	\$ 50,734.51
Total Expenses	\$ 917,148.49	\$ 613,425.20
Operating income	\$ 108,691.76	\$ 45,174.23
Non-operating income		
Interest income	\$ 33,080.71	\$ 6,315.02
	\$ 33,080.71	\$ 6,315.02
Change in Net Position	\$ 141,772.47	\$ 51,489.25
Net position, beginning	1,653,202.03	1,601,712.78
Net position, ending	\$ 1,794,974.50	\$ 1,653,202.03

The accompanying notes which begin on page 14 are an integral part of this statement.

BRAZOS VALLEY GROUNDWATER CONSERVATION DISTRICT
Statement of Cash Flows
For the Year Ended December 31, 2023
With Comparative Totals for December 31, 2022

	For the Year Ended December 31,	
	2023	2022
Cash Flows From Operating Activities		
Cash received from groundwater assessments and users	\$ 1,025,675.97	\$ 658,254.72
Cash paid to suppliers of goods and services	(557,409.82)	(322,674.37)
Cash paid for employee services	(348,226.76)	(323,206.35)
Net cash provided by operating activities	\$ 120,039.39	\$ 12,374.00
Cash Flows From Noncapital Financing Activities	\$ -	\$ -
Cash Flows From Capital and Related Financing Activities		
Purchases of fixed assets	(\$ 45,075.46)	(\$ 5,046.06)
Net cash used from capital and related financing activities	(\$ 45,075.46)	(\$ 5,046.06)
Cash Flows From Investing Activities		
Investment earnings	\$ 32,439.49	\$ 5,608.35
Transfers to/from restricted cash, net	(139,289.70)	-
Increase in certificates of deposit, net	(154,256.03)	(4,136.93)
Net cash (used) provided by investing activities	(\$ 261,106.24)	\$ 1,471.42
Net increase in cash	(\$ 186,142.31)	\$ 8,799.36
Cash, beginning	505,028.07	496,228.71
Cash, ending	\$ 318,885.76	\$ 505,028.07

The accompanying notes which begin on page 14 are an integral part of this statement.

BRAZOS VALLEY GROUNDWATER CONSERVATION DISTRICT
Notes to the Financial Statements
December 31, 2023

Note 1 – Summary of Significant Accounting Policies

The basic financial statements of the Brazos Valley Groundwater Conservation District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Organization

Brazos Valley Groundwater Conservation District (District) was initially created by an Act of May 28, 1999, 76th Leg., R.S., ch. 1331, Sec 1(a)(2), 1999 Tex. Gen. Laws 4536 (SB 1911) as a political subdivision. The District's creation was ratified by H.B. 1784 during the 77th Legislature in its Regular Session on September 1, 2001 and effective upon its confirmation election held November 5, 2002. Its boundaries are coextensive with the boundaries of Robertson and Brazos Counties. It was created to accomplish the purposes of Section 59, Article XVI, Texas Constitution, and operating pursuant to the provisions of the Texas Water Code, Chapter 36, relating to water conservation and development of natural resources for public use and benefit. The basic operations of the District are financed from water use fees assessed to water producers. The District is governed by an eight member board comprised of four members from Brazos County and four members from Robertson County. The Board is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Reporting Standards, since Board members are appointed by the respective County Commissioners' Courts, have decision making authority, the power to designate management and the responsibility to significantly influence operations and primary accountability for fiscal matters.

Reporting Entity

The basic financial statements of the District include all funds and operations which are controlled by or dependent upon the District, and include no component units. The District Board's responsibility is to appoint management, set budgets for the District and oversee operations included in these financial statements. The District does not have taxing authority.

Basis of Accounting and Financial Statement Presentation

The basic financial statements of a governmental entity normally include both government-wide and fund financial statements. However, because the District only has one fund, only fund financial statements are presented. The District's operations are accounted for as an enterprise fund (proprietary fund type.) The focus of proprietary fund measurement is upon the determination of operating income, changes in net position, net position and cash flows.

The District uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

Cash and Other Deposits

Cash and other deposits consist of demand and time deposits with financial institutions and are carried at cost. For purposes of the statement of cash flows, all cash and other deposits with an original maturity of three months or less when acquired are considered to be cash equivalents.

Fixed Assets

Fixed assets are recorded at historical cost. Depreciation is computed using the straight-line method over useful lives of five to forty years.

Compensated Absences

District employees earn vacation and sick leave in varying amounts based on length of service. The District records the cost of vested vacation as it is earned. Vacation pay is payable to employees at the time vacation is taken or upon termination of employment.

Net Position

Net position is divided into three components:

Invested in capital assets – this component consists of capital assets, including restricted capital assets, net of accumulated depreciation.

Restricted – this component consists of external constraints imposed on net position by creditors, grantors, or laws or regulations of other governments or through constitutional provisions or enabling legislation.

Unrestricted – this component consists of net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

At December 31, 2023, the District has no restricted net position.

Budgeting

The Board of Directors of the Brazos Valley Groundwater Conservation District approved the budget for the year ended December 31, 2023 on November 10, 2022 and approved an amended, final budget on October 10, 2024. The annual budget is considered a management control and planning tool and, as such, is incorporated into the accounting system of the District.

Concentrations

The District's primary source of revenue is from groundwater charges levied to entities and individuals who extract water from the groundwater basis underlying the District. The amount of rainfall in the area can have a significant effect on the amount of water extracted.

Assessments

The District is allowed by the Texas Legislature to assess fees to water producers. The District currently defines water producers as those that have a well capable of producing more than 50,000 gallons of water per day. The initial fees could not exceed: \$0.25 per acre-foot for water used for irrigating agricultural crops or operating existing steam electric stations; or \$0.0425 per thousand gallons for water used for any other purpose. These fees may be increased at a cumulative rate not to exceed three percent per year.

Public/Municipal/RWPS water producers are assessed an annual fee of \$.04625/1,000 gallons of water produced. All other water producers in Robertson and Brazos Counties are assessed a fee of \$.04625/1,000 gallons of water produced, \$.02941 per acre-foot for steam electric stations and \$.1875/acre foot for agricultural irrigation. Each participant may pay its assessment monthly.

The District requires oil and gas hydraulic fracturing wells to pay water production fees annually at a rate of \$.04625/1,000 gallons of water pumped.

The District charges a transport fee at a rate of \$0.17/1,000 gallons produced.

Assessments collected in the current fiscal year which are for the subsequent fiscal year are recorded as deferred revenue.

Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees and natural disasters. During the year ended December 31, 2023, the District purchased coverage with the Texas Municipal League Intergovernmental Risk Pool to cover property and general liabilities. In addition, the District purchased commercial insurance to cover commercial crime coverage and public official bonds. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pensions

The District implemented the GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*.

In government-wide and enterprise fund financial statements, pension plans are required to be recognized and disclosed using the accrual basis of accounting. In general, the District recognizes a net pension liability, which represents the District's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension plan reflected in the actuarial report provided by the Texas County & District Retirement System. The net pension liability is measured as of December 31, 2022.

Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

For purposes of measuring the net pension liability and deferred outflow/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's pension plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the Texas County & District Retirement System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2 – Cash

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The District's cash deposits as of and during the year ended December 31, 2023 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

The District's cash and certificates of deposit are considered Category 1 investments (insured or registered, or securities held by the District or its agent in the District's name).

Note 3 – Fixed Assets

The following is a summary of changes in fixed assets for the year ended December 31, 2023:

	Office Furniture, Equipment and Vehicles	Land and Building	Total
Balance - December 31, 2022	\$ 86,346.81	\$ 116,570.36	\$ 202,917.17
Additions	45,075.46	-	45,075.46
Deletions	<u>(18,491.83)</u>	<u>-</u>	<u>(18,491.83)</u>
Balance - December 31, 2023	<u>\$ 112,930.44</u>	<u>\$ 116,570.36</u>	<u>\$ 229,500.80</u>

Note 4 – Commitments

The District has an engineering/hydrologist contract to perform Hydro-geological studies of the aquifers within the District to develop the appropriate science as required by law and for development of the District's management plan and rules. The total fees incurred for the year ended December 31, 2023 were \$179,754.21.

The District has contracts with attorneys for general counsel expenses, developing management strategies, monitoring of legislative issues and defense of permits and regulations. The total fees incurred for the year ended December 31, 2023 were \$61,061.10.

Note 5 – Defined Benefit Pension Plan

Plan Description

A description of the pension plan pursuant to Paragraph 40 of GASB Statement No 68 is as follows:

- a. Brazos Valley Groundwater Conservation District participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
 - 1) All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
 - 2) The plan provides retirement, disability and survivor benefits.
 - 3) TCDRS is a savings-based plan. For the District's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 235%) and is then converted to an annuity.
 - 4) There are no automatic COLAs. Each year, the District may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
 - 5) Benefit terms are established under the TCDRS Act. They may be amended as of Jan. 1 each year, but must remain in conformity with the Act.
- c. Membership information is shown in the chart below.
- d. The District's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Brazos Valley Groundwater Conservation District contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform to the TCDRS Act. The employee contribution rates are set by the District and are currently 7%. Contributions to the pension plan from the District for 2022 are shown in the Schedule of Employer Contributions.
- e. The most comprehensive annual financial report for TCDRS can be found at the following link, www.tcdrs.org/Employer.

Note 5 – Defined Benefit Pension Plan (continued)

Membership Information

<u>Members</u>	<u>December 31, 2021</u>	<u>December 31, 2022</u>
Number of inactive employees entitled to but not yet receiving benefits	2	2
Number of active employees:	3	3
Average monthly salary*:	\$6,271	\$6,502
Average age*:	52.85	53.85
Average length of service in years*:	9.08	10.08
<u>Inactive Employees (or their Beneficiaries) Receiving Benefits</u>		
Number of benefit recipients:	0	0
Average monthly benefits	\$0	\$0

*Averages reported for active employees.

Funding Policy

The District has elected the annually determined contribution rate (variable 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 contribution rate of the employer is actuarially determined annually. The District contributed using the actuarially determined rate of 13.76% for the months of the accounting year in 2023.

The deposit rate payable by the employee members for calendar year 2023 was the rate of 7% as adopted by the Board. The employee deposit rate and the employer contribution rate may be changed by the Board within the options available in the TCDRS Act.

Note 5 – Defined Benefit Pension Plan (continued)

Pension, Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

The District's proportionate share of the net pension liability/asset is as follows:

<u>Net Pension (Asset)/Liability</u>	<u>2022</u>	<u>2021</u>
Total pension liability	\$ 596,298	\$ 508,497
Fiduciary net position	<u>624,925</u>	<u>608,650</u>
Net pension liability (asset)	<u>\$ (28,627)</u>	<u>\$ (100,153)</u>
Fiduciary net position as a percentage of total net position liability	104.80%	119.70%
Pensionable covered payroll (1)	<u>\$ 234,086</u>	<u>\$ 225,766</u>
Net pension liability as a percentage of covered payroll	-12.23%	-44.36%

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below.

(1) *Payroll is calculated based on contributions as reported to TCDRS.*

Discount Rate

Discount rate (2)	7.60%	7.60%
Long-term expected rate of return, net of Investment expense (2)	7.60%	7.60%
Municipal bond rate (3)	Does not apply	Does not apply

(2) *This rate reflects the long-term rate of return funding valuation assumption of 7.50%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68.*

(3) *The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply.*

Note 5 – Defined Benefit Pension Plan (continued)

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

- 1) The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
- 2) The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

- 1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
- 2) Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
- 3) The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
- 4) Any increased cost due to the adoption of COLA is required to be funded over a period of 15 years, if applicable.

Note 5 – Defined Benefit Pension Plan (continued)

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administration expenses for GASB 68 purposes. Therefore, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

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 show below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2023 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assigned 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 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice.

Note 5 – Defined Benefit Pension Plan (continued)

<u>Asset Class</u>	<u>Benchmark</u>	<u>Target Allocation⁽¹⁾</u>	<u>Geometric Real Rate of Return (Expected Minus Inflation)⁽²⁾</u>
US Equities	Dow Jones U. S. Total Stock Market Index	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
International Equities - Developed Markets	MSCI World Ex USA (net)	5.00%	4.95%
International Equities - Emerging Markets	MSCI EM Standard (net) Index	6.00%	4.95%
Investment-Grade Bonds	Bloomberg U. S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.39%
Direct Lending	Morningstar LSTA Leveraged Loan TR USD Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	7.60%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U. S. Treasury	2.00%	0.20%

(1) Target asset allocation adopted at the March 2023 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.3%, per Cliffwater's 2023 capital market assumptions.

(3) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

(4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

(5) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs

Note 5 – Defined Benefit Pension Plan (continued)

Other Key Actuarial Assumptions

All actuarial assumptions that determined the total pension liability as of December 31, 2021 were based on an actuarial experience study for the period January 1, 2017 – December 31, 2020, except where required to be different by GASB 68. The economic assumptions were reviewed at the March 2021 TCDRS Board of Trustees meeting and revised assumptions were adopted.

Changes in the Net Pension Liability

The changes in the net pension liability for the Plan were as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at December 31, 2021	\$ 508,497.00	\$ 608,650.00	\$ (100,153.00)
Changes, net	<u>87,801.00</u>	<u>16,275.00</u>	<u>71,526.00</u>
Balance at December 31, 2022	<u>\$ 596,298.00</u>	<u>\$ 624,925.00</u>	<u>\$ (28,627.00)</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the district, calculated using the discount rate of 7.60%, as well as what the Brazos Valley Groundwater Conservation District net pension liability would be if it were calculated using a discount rate that is one percent point lower (6.60%) or one percent higher (8.60%) than the current rate.

	Discount Rate - 1% (6.60%)	Current Discount Rate (7.60%)	Discount Rate + 1% (8.60%)
Total pension liability	\$ 670,862.00	\$ 596,298.00	\$ 532,735.00
Fiduciary net position	<u>624,925.00</u>	<u>624,925.00</u>	<u>624,925.00</u>
Net pension liability(asset)	<u>\$ 45,937.00</u>	<u>\$ (28,627.00)</u>	<u>\$ (92,190.00)</u>

Note 5 – Defined Benefit Pension Plan (continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of December 31, 2022, the deferred inflows and outflows of resources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,406.00	\$ 4,270.00
Changes in assumptions	1,893.00	14,939.00
Net difference between projected and actual earnings	-	293.00
Contributions made subsequent to measurement date ⁽¹⁾	N/A	Employer determined

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31:	
2023	\$ 1,111.00
2024	5,237.00
2025	6,182.00
2026	19,940.00
2027	(1,381.00)
Thereafter ⁽²⁾	114.00

(1) Any eligible employer contributions made subsequent to the measurement date through the employer's fiscal year end

(2) Total remaining balance to be recognized in future year, if any. Note that additional future deferred inflows and outflows may impact these numbers.

Note 6 – Well Assistance Agreement

Effective October 20, 2022, the District signed a Water Well Assistance Agreement (“agreement”) with a private land owner (“permittee”), whereby the permittee can produce groundwater in accordance with existing production permits and to deliver water (under future transport permits) from Robertson County, Texas, to customers to meet their significant water supply demands. The agreement is designed to facilitate early, proactive, and voluntary mitigation measures, conducted by the District, to support community relations effected by the decrease in water levels of the groundwater supply. The agreement will be carried out in phases; (1) pre-mitigation and; (2) mitigation. The District received the \$200,000.00 in advanced funding and began phase one during 2023. The advance funding is restricted to purpose and not refundable. The pre-mitigation’s purpose is to identify all wells currently in the Simsboro Aquifer and to assess condition, location and capacity.

Note 7 – Subsequent Events

These financial statements considered subsequent events through October 10, 2024, the date the financial statements were available to be issued.

Required Supplementary Information

BRAZOS VALLEY GROUNDWATER CONSERVATION DISTRICT
 Budgetary Comparison Schedule
 For the Year Ended December 31, 2023

	Budgeted Amounts				Variances with Budget Positive (Negative)
	Original	Amendments	Amended	Actual	
OPERATING REVENUES					
Groundwater usage fees and assessments	\$ 774,642.77	\$ -	\$ 774,642.77	\$ 1,025,840.25	\$ 251,197.48
OPERATING EXPENSES					
Supplies	\$ 60,950.00	\$ 4,050.00	\$ 65,000.00	\$ 64,779.50	\$ 220.50
Professional services	247,000.00	97,000.00	344,000.00	315,597.58	28,402.42
Salaries and benefits	348,575.64	3,000.00	351,575.64	343,513.84	8,061.80
Other services	79,100.00	-	79,100.00	53,928.14	25,171.86
Other expenses	91,325.00	48,675.00	140,000.00	139,329.43	670.57
Total Operating Expenses	<u>\$ 826,950.64</u>	<u>\$ 152,725.00</u>	<u>\$ 979,675.64</u>	<u>\$ 917,148.49</u>	<u>\$ 62,527.15</u>
Operating Income (Loss)	\$ (52,307.87)	\$ (152,725.00)	\$ (205,032.87)	\$ 108,691.76	\$ 313,724.63
NON-OPERATING REVENUE	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,080.71</u>	<u>33,080.71</u>
Change in Net Position	<u>\$ (52,307.87)</u>	<u>\$ (152,725.00)</u>	<u>\$ (205,032.87)</u>	\$ 141,772.47	<u>\$ 346,805.34</u>
Net Position, beginning				<u>1,653,202.03</u>	
Net Position, ending				<u>\$ 1,794,974.50</u>	

BRAZOS VALLEY GROUNDWATER CONSERVATION DISTRICT
Schedule of Changes in Net Pension Liability and Related Ratios

	December 31,	
	2022	2021
Total Pension Liability		
Service Cost	\$ 44,941	\$ 44,701
Interest on total pension liability	42,061	36,083
Effect on plan changes	-	-
Effect on economic/demographic (gains) or losses	798	284
Effect on assumption changes or inputs	-	(2,649)
Benefit payments/refunds of contributions	-	-
Other	1	-
Net change in total pension liability	\$ 87,801	\$ 78,419
Total pension liability, beginning	508,497	430,078
Total pension liability, ending	<u>\$ 596,298</u>	<u>\$ 508,497</u>
Fiduciary Net Position		
Employer contributions	\$ 32,702	\$ 51,972
Member contributions	16,386	15,804
Investment income net of investment expenses	(39,866)	103,487
Benefit payments/refunds of contributions	-	-
Administrative expenses	(366)	(329)
Other	7,419	2,040
Net change in fiduciary position	\$ 16,275	\$ 172,974
Fiduciary net position, beginning	608,650	435,676
Fiduciary net position, ending	<u>\$ 624,925</u>	<u>\$ 608,650</u>
Net pension liability/(asset)	<u>\$ (28,627)</u>	<u>\$ (100,153)</u>
Fiduciary net position as a % of total pension	104.80%	119.70%
Pensionable covered payroll	<u>\$ 234,086</u>	<u>\$ 225,766</u>
Net pension liability as a % of covered payroll	-12.23%	-44.36%

BRAZOS VALLEY GROUNDWATER CONSERVATION DISTRICT
Schedule of Employer Contributions

	December 31,				
	2022	2021	2020	2019	2018
Actuarially Determined Contribution(1)	\$ 32,702	\$ 27,972	\$ 27,987	\$ 25,732	\$ 22,990
Actual Employer Contributions(1)	32,702	51,972	27,987	25,732	30,133
Contribution Deficiency (Excess)	\$ -	(\$ 24,000)	\$ -	\$ -	(\$ 7,143)
Pensionable Covered Payroll(2)	\$ 234,086	\$ 225,766	\$ 226,800	\$ 211,268	\$ 190,154
Actual Contribution as a % of Covered Pay	14.00%	23.00%	12.30%	12.20%	15.80%

- (1) *TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.*
- (2) *Payroll is calculated based on contributions as reported to TCDRS.*

Notes to Schedule

Valuation Date: Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age (level of percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	20.0 years (based on contribution rate calculated in 12/31/2021 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation
Investment rate of Return	7.50%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected. 2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule.

* *Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to*