Lavaca-Navidad River Authority

Annual Financial Report
September 30, 2022

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Independent Auditor's Report

Board of Directors
Lavaca-Navidad River Authority

Opinions

We have audited the financial statements of the business-type activities and each major fund of Lavaca-Navidad River Authority (the Authority), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority'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 respective financial position of the business-type activities and each major fund of the Authority, as of September 30, 2022, and the respective changes in financial position, and cash flows thereof 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 (GAAS). 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 Authority, 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.

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 Authority'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.

Auditor's 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 auditor's 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 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, 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 Authority'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 Authority'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 on pages 5 through 8 and required supplementary information on pages 40 through 42 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.

RSM US LLP

San Antonio, Texas
January 18, 2023

The management of Lavaca-Navidad River Authority (the Authority) offers the reader of the Authority's basic financial statements this narrative overview and analysis of the financial performance of the Authority for the year ended September 30, 2022.

This report is intended to serve as an introduction to the Authority's basic financial statements. We encourage readers to consider the information presented herein, in conjunction with the financial statements and the notes to the financial statements.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) for local governments, as prescribed by the Governmental Accounting Standards Board (GASB).

Financial Highlights

As of September 30, 2022:

- The Authority's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by approximately $62.1 million. This amount represents net position of approximately $41.0 million of net investment in capital assets, approximately $7.0 million in restricted net position for debt service and customer contract reserve and approximately $14.1 million in unrestricted net position.

- The Authority's total assets were approximately $122.6 million; of this amount approximately $76.5 million represents net capital assets and approximately $41.7 million represents cash and cash equivalents under both current and restricted assets.

- Deferred outflows of resources were approximately $2.3 million, which is the deferred charge on refunding, pension amounts and other postemployment benefits amounts.

- Liabilities for the Authority totaled approximately $59.0 million, of which approximately $35.3 million accounts for obligations under long-term portion of bonds payable.

- Deferred inflows of resources were approximately $3.8 million, which relates to pension and other postemployment benefit amounts.

- Operating revenues for the Authority were approximately $19.0 million and exceeded operating expenses by approximately $2.7 million. The major revenue source is water sales.

- Nonoperating expenses exceeded nonoperating revenues by approximately $0.1 million. This is net of interest expense on bonds that totaled approximately $1.4 million.

Overview of the Financial Statements

The Authority's financial statements are comprised of three basic components: (1) business-type activities financial statements, (2) notes to the financial statements and (3) required supplementary information.

The business-type activities financial statements include Enterprise Funds, which are designed to provide readers with a broad overview of the Authority's finances, presented in a manner similar to that of a private-sector business. The Authority's major Enterprise Funds are Lavaca-Navidad River Authority General Operations (LNRA), East Delivery System and West Delivery System, which are all presented as major funds.

The business-type activities distinguish functions of the Authority that are principally supported by user fees and charges. The Authority's current enabling act, public law and water supply contracts allow for fees to be charged at levels sufficient to cover its general operations, which include raw water delivery operations and water and wastewater treatment operations, debt service payments, land management, parks and recreation, reservoir management, watershed management, public outreach/education and resource planning and development.

The statement of net position presents information on all the Authority's assets and deferred outflows and liabilities and deferred inflows, with the difference 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 Authority is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents information showing how the Authority'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. Therefore, 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 Authority's current-year operations on its financial position.

The statement of cash flows summarizes all the Authority'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 useful in assessing the following:

- The Authority's ability to generate future cash flows
- The Authority's ability to pay its debt as the debt matures
- Reasons for the difference between the Authority's operating cash flows and operating income
- The impact of the Authority's financial position of cash and noncash transactions from investing, noncapital, capital and financing activities

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required supplementary information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Authority's employee retirement plan and postemployment benefit plan.

Business-Type Activities Financial Statement Information

Condensed Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position Information

	2022	2021	Change	Percentage Change
Assets:				
Current	$ 16,026,915	$ 15,139,457	$ 887,458	5.9%
Noncurrent	106,550,938	84,870,707	21,680,231	25.5%
Total assets	122,577,853	100,010,164	22,567,689	22.6%
Deferred outflows of resources	2,327,462	2,629,680	(302,218)	(11.5%)
Total assets and deferred outflows of resources	$ 124,905,315	$ 102,639,844	$ 22,265,471	21.7%
Liabilities:				
Current liabilities	$ 24,450,197	$ 4,576,400	$ 19,873,797	434.3%
Noncurrent liabilities	34,539,009	37,497,659	(2,958,650)	(7.9%)
Total liabilities	58,989,206	42,074,059	16,915,147	40.2%
Deferred inflows of resources	3,767,464	1,080,772	2,686,692	248.6%
Total liabilities and deferred inflows of resources	62,756,670	43,154,831	19,601,839	45.4%
Net position:				
Net investment in capital assets	40,970,504	40,143,088	827,416	2.1%
Restricted for debt service and contract reserve	7,041,875	7,110,487	(68,612)	(1.0%)
Unrestricted net position	14,136,266	12,231,438	1,904,828	15.6%
Total net position	62,148,645	59,485,013	2,663,632	4.5%
Total liabilities, deferred inflows of resources and net position	$ 124,905,315	$ 102,639,844	$ 22,265,471	21.7%

- Deferred outflows of resources decreased by approximately $302 thousand and deferred inflows of resources increased by approximately $2.7 million from 2021 to 2022.

- Net investment in capital assets increased by approximately $827 thousand, which represents a 2.1% increase from 2021 to 2022.

- Current liabilities increased by approximately $19.9 million and noncurrent liabilities decreased by approximately $3.0 million from 2021 to 2022.

Condensed Revenues, Expenses and Changes in Net Position Information

	2022	2021	Change	Percentage Change
Total operating revenues	$ 18,955,270	$ 18,846,826	$ 108,444	0.6%
Total operating expenses	16,208,078	16,178,934	29,144	0.2%
Operating income	2,747,192	2,667,892	79,300	3.0%
Total nonoperating revenues (expenses)	(83,560)	(996,454)	912,894	(91.6%)
Income before special item	2,663,632	1,671,438	992,194	59.4%
Special item	-	13,600,000	(13,600,000)	100.0%
Change in net position	2,663,632	15,271,438	(12,607,806)	(82.6%)
Net position, beginning	59,485,013	44,213,575	15,271,438	34.5%
Net position, ending	$ 62,148,645	$ 59,485,013	$ 2,663,632	4.5%

- Operating income increased by approximately $79 thousand, which represents a 3% increase from 2021 to 2022.
- Nonoperating revenues (expenses) decreased by approximately $12.6 million due to an extinguishment of debt in the amount of approximately $13.6 million recognized in 2021.

Capital assets: The Authority's capital assets, net of accumulated depreciation as of September 30, 2022, totaled $76.5 million, a decrease of $1.6 million in comparison to the prior year. The change is due to depreciation/amortization expense of $3.7 million, capital asset additions of approximately $1.3 million, and disposals, net of accumulated depreciation of approximately $17 thousand. The investment in capital assets includes land; buildings and infrastructures; improvements other than buildings; machinery and equipment; office furniture, fixtures and equipment; vehicles; and construction in progress. Additional information can be found in Note 3.

Long-term debt: At the end of the current fiscal year, the Authority had long-term debt of $32.5 million, a decrease of $2.2 million from the prior year. No new debt was issued during the year; therefore, the $2.2 million decrease is due to principal payments made during the year. The table below reflects the outstanding debt at September 30. Additional information can be found in Note 4.

Long-Term Debt

	2022	2021
Outstanding balance at September 30	$ 34,695,000	$ 36,840,000
Less current maturities	2,225,000	2,145,000
Total long-term debt	$ 32,470,000	$ 34,695,000

Requests for additional information: This report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the General Manager of Lavaca-Navidad River Authority, P.O. Box 429, Edna, Texas 77957.

Basic Financial Statements

Lavaca-Navidad River Authority

Statement of Net Position
September 30, 2022

	LNRA	East Delivery System	West Delivery System	Total Business-Type Activities
Assets				
Current assets:				
Cash and cash equivalents	$ 14,619,983	$ 122,036	$ 31,120	$ 14,773,139
Accounts receivable, net	123,233	145,549	926,920	1,195,702
Other assets	58,074	-	-	58,074
Total current assets	14,801,290	267,585	958,040	16,026,915
Noncurrent assets:				
Restricted cash and cash equivalents	6,130,359	20,192,668	610,932	26,933,959
Capital assets, net	60,847,947	9,207,874	6,414,873	76,470,694
Net pension asset	2,795,849	128,608	221,828	3,146,285
Total noncurrent assets	69,774,155	29,529,150	7,247,633	106,550,938
Total assets	84,575,445	29,796,735	8,205,673	122,577,853
Deferred outflows of resources:				
Pension plan	1,684,196	84,891	131,118	1,900,205
Other postemployment benefits	370,140	18,756	23,062	411,958
Loss on debt refunding	15,299	-	-	15,299
Total deferred outflows of resources	2,069,635	103,647	154,180	2,327,462
Total assets and deferred outflows of resources	86,645,080	29,900,382	8,359,853	124,905,315

(Continued)

See notes to financial statements.

Lavaca-Navidad River Authority

Statement of Net Position (Continued)
September 30, 2022

	LNRA	East Delivery System	West Delivery System	Total Business-Type Activities
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	511,842	853,019	187,816	1,552,677
Unearned revenue	830,460	19,156,360	-	19,986,820
Accrued compensated absences	273,399	13,783	17,114	304,296
Accrued interest	245,236	-	30	245,266
Lease liability	114,725	44	21,369	136,138
Water supply revenue bonds	2,225,000	-	-	2,225,000
Total current liabilities	4,200,662	20,023,206	226,329	24,450,197
Long-term liabilities:				
Accrued compensated absences	107,564	6,446	8,219	122,229
Total OPEB liability	1,134,582	57,577	70,270	1,262,429
Lease liability	98,070	-	-	98,070
Water supply system revenue bonds, net	33,056,281	-	-	33,056,281
Total long-term liabilities	34,396,497	64,023	78,489	34,539,009
Total liabilities	38,597,159	20,087,229	304,818	58,989,206
Deferred inflows of resources:				
Pension plan	3,004,564	145,812	226,238	3,376,614
Other postemployment benefits	352,790	17,077	20,983	390,850
Total deferred inflows of resources	3,357,354	162,889	247,221	3,767,464
Total liabilities and deferred inflows of resources	41,954,513	20,250,118	552,039	62,756,670
Net position:				
Net investment in capital assets	25,369,170	9,207,830	6,393,504	40,970,504
Restricted for:				
Debt service	3,813,484	-	-	3,813,484
Customer contract reserve	2,316,875	300,584	610,932	3,228,391
Unrestricted net position	13,191,038	141,850	803,378	14,136,266
Total net position	$ 44,690,567	$ 9,650,264	$ 7,807,814	$ 62,148,645

See notes to financial statements.

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Lavaca-Navidad River Authority

Statement of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2022

	LNRA	East Delivery System	West Delivery System	Total Business-Type Activities
Operating revenues:				
Water sales:				
Operations and maintenance	$ 11,390,062	$ 933,914	$ 3,234,062	$ 15,558,038
Interruptible water sales	374,085	-	-	374,085
Capital improvements	497,568	-	-	497,568
Recreation	2,525,579	-	-	2,525,579
Total operating revenues	14,787,294	933,914	3,234,062	18,955,270
Operating expenses:				
Dues and subscriptions	95,997	-	-	95,997
Public relations	232,481	-	-	232,481
Depreciation	2,703,393	570,229	355,368	3,628,990
Amortization	86,591	520	5,198	92,309
Recreation	2,017,621	-	-	2,017,621
Insurance	100,273	15,681	35,062	151,016
Payroll and related benefits	4,751,780	322,375	468,112	5,542,267
Professional services	607,157	46,865	29,950	683,972
Contracts	174,666	29,493	79,350	283,509
Operations and maintenance	885,590	137,001	222,277	1,244,868
Utilities	80,229	218,346	1,703,802	2,002,377
TCEQ fees	49,478	-	-	49,478
Miscellaneous operating expenses	183,193	-	-	183,193
Total operating expenses	11,968,449	1,340,510	2,899,119	16,208,078
Operating income (loss)	2,818,845	(406,596)	334,943	2,747,192
Nonoperating revenues (expenses):				
Miscellaneous income	462,674	-	-	462,674
Texas Department of Transportation Income	-	739,752	-	739,752
Investment income	149,471	2,767	6,369	158,607
Loss on disposal of capital assets	(1,293)	-	(2,821)	(4,114)
Interest and fiscal charges	(1,439,417)	(14)	(1,048)	(1,440,479)
Total nonoperating revenues (expenses)	(828,565)	742,505	2,500	(83,560)
Income before transfers	1,990,280	335,909	337,443	2,663,632
Transfers in	90,000	-	-	90,000
Transfers out	-	(40,000)	(50,000)	(90,000)
Change in net position	2,080,280	295,909	287,443	2,663,632
Net position (deficit) at beginning of year	42,610,287	9,354,355	7,520,371	59,485,013
Net position at end of year	$ 44,690,567	$ 9,650,264	$ 7,807,814	$ 62,148,645

See notes to financial statements.

Lavaca-Navidad River Authority

Statement of Cash Flows
Year Ended September 30, 2022

	LNRA	East Delivery System	West Delivery System	Total Business-Type Activities
Cash flows from operating activities:				
Cash received from customers	$ 15,335,996	$ 20,090,579	$ 2,751,732	$ 38,178,307
Cash paid to suppliers for goods and services	(4,677,617)	345,638	(2,104,780)	(6,436,759)
Cash paid to employees for services	(5,504,058)	(360,550)	(529,169)	(6,393,777)
Net cash provided by operating activities	5,154,321	20,075,667	117,783	25,347,771
Cash flows from noncapital financing activities:				
Transfers in	90,000	-	-	90,000
Transfers out	-	(40,000)	(50,000)	(90,000)
Net cash provided by (used in) noncapital noncapital financing activities	90,000	(40,000)	(50,000)	-
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(698,494)	(869,011)	(466,616)	(2,034,121)
Other nonoperating receipts	462,674	-	-	462,674
Principal paid on revenue bonds	(2,145,000)	-	-	(2,145,000)
Interest paid on revenue bonds	(1,562,706)	-	-	(1,562,706)
Principal paid on leases	(84,805)	(1,179)	(5,909)	(91,893)
Interest paid on leases	(7,520)	(14)	(1,018)	(8,552)
Proceeds from sale of capital assets	12,976	-	-	12,976
Net cash used in capital and related financing activities	(4,022,875)	(870,204)	(473,543)	(5,366,622)
Cash flows from investing activities:				
Interest on investments	149,471	2,767	6,369	158,607
Texas Department of Transportation receipts	-	739,752	-	739,752
Net cash provided by investing activities	149,471	742,519	6,369	898,359
Net increase (decrease) in cash and cash equivalents	1,370,917	19,907,982	(399,391)	20,879,508
Cash and cash equivalents at beginning of year	19,468,197	406,722	1,041,443	20,916,362
Cash and cash equivalents at end of year	$ 20,839,114	$ 20,314,704	$ 642,052	$ 41,795,870
Reconciliation of cash and cash equivalents:				
Unrestricted cash and cash equivalents	$ 14,619,983	$ 122,036	$ 31,120	$ 14,773,139
Restricted cash and cash equivalents	6,130,359	20,192,668	610,932	26,933,959
Total	$ 20,750,342	$ 20,314,704	$ 642,052	$ 41,707,098

(Continued)

Lavaca-Navidad River Authority

Statement of Cash Flows (Continued)
Year Ended September 30, 2022

	LNRA	East Delivery System	West Delivery System	Total Business-Type Activities
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ 2,818,845	$ (406,596)	$ 334,943	$ 2,747,192
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	2,789,984	570,749	360,566	3,721,299
Net changes in assets and liabilities:				
Accounts receivable, net	402,805	(10,787)	(509,430)	(117,412)
Other assets	159,026	11,092	27,100	197,218
Net pension asset	(3,371,893)	(165,929)	(253,144)	(3,790,966)
Deferred outflows of resources	270,798	12,624	18,796	302,218
Accounts payable and accrued expenses	(409,958)	793,024	(34,339)	348,727
Unearned revenue	145,897	19,156,360	-	19,302,257
Accrued compensated absences	19,681	2,998	3,753	26,432
Total OPEB liability	(60,865)	(6,649)	(8,372)	(75,886)
Deferred inflows of resources	2,390,001	118,781	177,910	2,686,692
Total adjustments	2,335,476	20,482,263	(217,160)	22,600,579
Net cash provided by operating activities	$ 5,154,321	$ 20,075,667	$ 117,783	$ 25,347,771

See notes to financial statements.

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Note 1. Summary of Significant Accounting Policies

The financial statements of Lavaca-Navidad River Authority (the Authority) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the Authority's significant policies.

Reporting entity: The Authority was first created to operate as the Jackson County Flood Control District, as authorized by Article 8280-131 (VACS) May 27, 1941. In 1969, by act of the 61st Legislature of Texas, its name was changed to Lavaca-Navidad River Authority. The Authority is subject to supervision by the Texas Commission on Environmental Quality, under Texas Water Code §12.081, and the audit requirements of Chapter 49, Texas Water Code. The Authority is controlled by a nine member Board of Directors (the Board). Each director is appointed by the Governor and serves a six-year term. The Authority is responsible for the operations of the Palmetto Bend Reservoir Project (the Palmetto Bend Project).

The Palmetto Bend Project was a collaborative effort of the United States Bureau of Reclamation (BOR), a federal agency; the Texas Water Development Board (TWDB), a state agency, and the Authority. During fiscal year 2001, TWDB and the Authority purchased BOR's interest in the Palmetto Bend Project. During fiscal year 2002, the Authority purchased TWDB's interest in the Palmetto Bend Project by the issuance of water contract revenue bonds. Therefore, the Authority has sole ownership of the Palmetto Bend Project, subject to outstanding debt.

The Authority was established to develop, conserve and protect the water resources of the Lavaca Basin. The Palmetto Bend Project, commonly referred to as Lake Texana, was authorized by Congress to provide a reliable water supply for municipal, industrial and environmental interests; to develop and enhance fish and wildlife resources; and to enhance and provide public recreation opportunities. The Authority manages these various competing interests through operational and management decisions designed to protect the integrity of Lavaca Basin, Lake Texana and the lands comprising the Palmetto Bend Project. The mission of the Authority is to manage, conserve and protect the natural resources of the Lavaca Basin in a responsible manner that provides opportunities for growth and benefits the public.

Measurement focus and basis of accounting: The Authority's activities are reported as business-type activities, which include three Enterprise Funds (a proprietary fund type) and are prepared on the accrual basis of accounting and economic resource measurement focus in accordance with GAAP. Under this approach, all assets, deferred outflow of resources, liabilities and deferred inflows of resources of the Authority are reported in the statement of net position. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the cash flows.

Revenue recognition: The Authority recognizes revenue on a monthly basis based on the contractually obligated maximum amount of water to be supplied per year. The volume of water distributed by the Authority is determined based on contractual requirements, customer demand and availability of water. Under the current water supply contracts, the water customers agree to take and pay for contracted amounts (whether taken or not) based on Board-approved budgets and corresponding rates. In addition to its take or pay contracts, the Authority also has contracted with the City of Corpus Christi for interruptible water classified as interruptible water sales. Recreation revenue is recognized as goods or services are provided.

Note 1. Summary of Significant Accounting Policies (Continued)

The following major Enterprise Funds are maintained by the Authority.

Lavaca-Navidad River Authority General Operations (LNRA): The general operations of LNRA are based on the Board-approved annual water operations budget, which is billed proportionally to customers based on the number of acre-feet of water determined by the customers' water supply contracts. In accordance with a Letter of Agreement, dated August 21, 2003, each customer is proportionally billed for capital improvements related to the maintenance, repairs and improvements of LNRA's infrastructure. Lastly, and in accordance with the water supply contracts, each customer is billed for its proportionate share of LNRA's debt service related to the Water Supply Contract Revenue Bonds, Series 2014 A, B and C.

East Delivery System: The East Delivery System is used to account for the operations of the water intake pumping plant and delivery pipeline system, which provides water to Inteplast Corporation (Inteplast), Formosa Plastics (Formosa), City of Point Comfort, Texas (Point Comfort) and Calhoun Port Authority through a 36-inch and 54-inch pipeline system.

West Delivery System: The West Delivery System is used to account for the operations of the water intake pumping plant and approximately 2,200 feet of the delivery pipeline system, along with the cost of providing for the operation and maintenance of the City of Corpus Christi's Mary Rhodes Phase II delivery system, which when operated independently or jointly, provides water to the City of Corpus Christi.

Revenue and expense classification: The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the principal ongoing operations. The principal operating revenues of the Authority are charges to customers for water sales. Water sales are based on existing customer water supply contracts. Operating expenses include the cost of service, administrative expenses and depreciation of capital items. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of estimates: The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions. This will affect the reported amounts in the financial statements and the accompanying notes. Actual results could differ from these estimates.

Cash and cash equivalents: The Authority's cash and cash equivalents, including restricted cash and cash equivalents, are considered to be cash on hand and includes demand deposits, external investment pools and short-term investments with original maturities of 90 days or less from the date of acquisition. Restricted cash and cash equivalents represent amounts restricted for debt service and customer contract reserves. External investment pools are valued at amortized cost or net asset value, as applicable.

Accounts receivable: The allowance for uncollectible accounts is established as losses are estimated to have occurred through a provision for bad debts charged to earnings. Losses are charged against the allowance when management believes it is probable the receivable will not be recovered. Subsequent recoveries, if any, are taken against the allowance. The allowance for doubtful accounts is evaluated on a regular basis by management and is based on historical experience and specifically-identified questionable receivables. As of September 30, 2022, management determined accounts receivable to be fully collectible with the exception of property taxes receivable noted below; accordingly, no other allowance for uncollectible accounts was deemed necessary as of year-end.

Note 1. Summary of Significant Accounting Policies (Continued)

The Authority last levied property taxes on January 1, 1998. Therefore, the Authority no longer relies on property taxes to finance any portion of its budget. The balance of remaining property taxes receivable to be collected is $24,908. In addition, the Authority also maintains an allowance for doubtful accounts for the same amount.

Leases: The Authority follows GASB Statement No. 87, Leases, which defines the Authority's leasing arrangement as the right to use an underlying asset as a lessor or lessee.

As lessee, the Authority recognizes a lease payable. The lease payable is measured using the net present value of future lease payments for the lease term. Periodic payments are reflected as a reduction of the discounted lease payable and as interest payable for that period.

Re-measurement of lease payables occur when there are modifications, including but not limited to changes in the contract price, lease term, and adding or removing an underlying asset to the lease agreements. In the case of a partial or full lease termination, the carrying value of the lease receivable and the related deferred inflow of resources will be reduced and will include a gain or loss for the difference.

For lease contracts that are short-term, the Authority recognizes short-term lease payments as outflows of resources (expenses) based on the payment provisions of the lease contract.

Capital assets: Capital assets are stated at cost. The Authority's policy is to capitalize purchases of assets if the asset has a useful life of more than one year and an individual value of $5,000 or greater. Donated capital assets are valued at their acquisition value on the date received. Construction in progress will be depreciated when the related asset is placed in service. Depreciation is calculated on the straight-line method based on the following estimated useful lives:

Pipelines	40-50 years
Buildings and infrastructures	20-50 years
Improvements other than buildings	10-20 years
Machinery and equipment	10-20 years
Office furniture, fixtures and equipment	5-10 years
Vehicles	5 years

Right to use leased assets are amortized on the straight-line method over the shorter of the lease term or the useful life of the underlying asset.

Compensated absences: The Authority pays any unused vacation leave time earned at the time an employee terminates employment with the Authority. The maximum accrued vacation leave that may be carried forward from one calendar year to the next is 240 hours. Hours in excess of 240 at the end of the calendar year are automatically lost. Terminated employees are not paid for accumulated sick leave.

Unearned revenue: The Authority bills certain customers in advance for services related to water supply contracts. Payments received prior to year-end for services to be performed and due in fiscal year 2023 are included in unearned revenue. The Authority entered into two agreements with the Texas Department of Transportation to relocate specified sections of the East Delivery System and West Delivery System pipelines. Payments received in advance are included in unearned revenue initially, then recognized as revenue as expenses are incurred to relocate the pipelines under the terms of the agreements.

Net position: Net position represents the residual of assets and deferred outflows of resources less liabilities and deferred inflows of resources.

Note 1. Summary of Significant Accounting Policies (Continued)

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent bond proceeds, as applicable.

A summary of the net investment in capital assets as of September 30, 2022, is as follows:

Capital assets, net of accumulated depreciation	$ 76,470,694
Lease liability	(234,208)
Deferred outflows of resources—loss on refunding	15,299
Long-term bonds payable	(35,281,281)
Net investment in capital assets	$ 40,970,504

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position represents the remaining portion of net position.

Net pension liability: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Authority's participation in the Texas Counties and District Retirement System (TCDRS), an agent multiple-employer defined-benefit plan, and additions to/deductions from TCDRS' fiduciary net position have been determined on the same basis as they are reported by TCDRS. 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.

Total other postemployment benefits (OPEB) liability: For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Authority's participation in the TCDRS, and additions to/deductions from TCDRS' fiduciary net position have been determined on the same basis as they are reported by TCDRS. There are no investments in the plan as this is a pay-as-you-go plan.

Deferred outflows of resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses) until then. The Authority has three items that qualify for reporting in this category. One is the deferred charge for pension, which consists of contributions made after the measurement date of December 31, 2020, and differences between the expected and actual experience and changes of assumptions. The second is a loss on refunding of revenue bonds. The loss on debt refunding is the difference in the carrying value of refunded debt and its acquisition price. The third is the deferred charge for other postemployment benefits (OPEB), which consists of unamortized items not yet charged to OPEB expense.

Deferred inflows of resources: In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has two items that qualify for reporting in this category. One is the deferred charge for pension, which includes the differences between expected and actual experience and the net difference between projected and actual earnings. The second is the deferred charge for OPEB, which consists of unamortized items not yet charged against OPEB expense.

Note 1. Summary of Significant Accounting Policies (Continued)

Interfund transactions: Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expensed, are separately reported in the respective funds' operating statements as transfers in and transfers out.

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to (from) other funds."

Contingencies: Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Authority, but which will only be resolved when one or more future events occur or fail to occur. The Authority's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Authority or unasserted claims that may result in such proceedings, the Authority's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims, as well as perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates it is probable that a material loss has been incurred, and the amount of the liability can be estimated, then the estimated liability would be accrued in the Authority's financial statements. If the assessment indicates a potentially material loss contingency is not probable, but is reasonably possible, or is probable, but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed.

Note 2. Deposits and Investments

Cash and cash equivalents as of September 30, 2022, are classified in the accompanying financial statements as follows:

Current:	
Cash and cash equivalents—unrestricted	$ 14,773,139
Noncurrent:	
Cash and cash equivalents—restricted	26,933,959
Total cash and cash equivalents	$ 41,707,098

Cash and cash equivalents as of September 30, 2022, consist of the following:

Deposits held by financial institutions	$ 24,808,854
Deposits held by bond trustee	3,540,857
Cash on hand	1,900
Cash equivalents—TexPool investment fund	13,355,487
Total cash and cash equivalents	$ 41,707,098

Deposits: The Authority's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the Authority's agent bank approved pledged securities in an amount sufficient to protect Authority funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Note 2. Deposits and Investments (Continued)

Cash deposits: At September 30, 2022, the carrying amount of the Authority's deposits was $24,808,854, and the bank balance was $25,177,936. The Authority also had $1,900 in petty cash.

Custodial credit risk: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority's cash deposits as of and for the year ended September 30, 2022, were entirely covered by FDIC insurance or by pledged collateral held by the Authority's agent bank in the Authority's name.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

a. Depository: Prosperity Bank; Edna, Texas.

b. The market value of securities pledged as of the date of the highest combined balance on deposit totaled $30,056,774.

c. The highest combined balances of cash, savings and time deposit accounts totaled $25,610,936 and occurred during the month of June.

d. Total amount of FDIC coverage at the time of the largest combined balance was $250,000.

Deposits held by bond trustee are not collateralized.

Investments: The Authority is required by Government Code Chapter 2256, The Public Funds Investment Act (PFIA), to adopt, implement and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable instruments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities and (9) bid solicitation preferences for certificates of deposit (CDs).

PFIA determines the types of investments which are allowable for the Authority. These include, with certain restrictions, (1) obligations of the United States Treasury, certain United States agencies and state of Texas; (2) CDs; (3) certain municipal securities; (4) money market savings accounts; (5) repurchase agreements; (6) bankers acceptances; (7) mutual funds; (8) investment pools; and (9) guaranteed investment contracts.

Public funds investment pools: Public funds investment pools in Texas (Pools) are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of PFIA, Chapter 2256 of the Texas Government Code. In addition to other provisions of PFIA designed to promote liquidity and safety of principal, it requires Pools to (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, (2) maintain a continuous rating of no lower than AAA or AAAm or an equivalent rating by at least one nationally recognized rating service and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The Authority's investments in Pools are reported at amortized cost in accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

Note 2. Deposits and Investments (Continued)

Texas Local Government Investment Pool (TexPool): TexPool is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the PFIA. It is not Securities and Exchange Commission-registered. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller of Public Accounts has established an advisory board composed both of participants in TexPool and of other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority manages its exposure to interest rate risk by investing in instruments whose maturities do not exceed one year from the time of purchase.

Information about the sensitivity of the fair values of the Authority's investments to market interest rate fluctuations is provided by the following table that shows the investments and its maturity as of September 30, 2022:

Description	Weighted-Average Maturity
TexPool investment fund	25 days

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the Authority's investment policy and the PFIA and the actual rating as of September 30, 2022, for the investment:

Description	Investment Policy Minimum Rating	Investment Rating	Rating Organization	Amortized Cost	Percentage Invested
TexPool investment fund	AAA	AAAm	Standard & Poor's	$ 13,355,487	100%

Concentration of credit risk: The Authority is required to disclose investments in any one issuer that represent 5% or more of total investments. However, investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools and other pooled investments are excluded from this requirement. The Authority's investments were not subject to this risk.

Custodial credit risk: The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's TexPool investments are not exposed to custodial credit risk as of September 30, 2022.

Note 3. Changes in Capital Assets

A summary of the changes in the Authority's capital assets is shown below:

	Balance at September 30, 2021, as restated	Additions	Deletions	Transfer/ Reclassify	Balance at September 30, 2022
Nondepreciable assets:					
LNRA:					
Land	$ 8,876,670	$ -	$ -	$ -	$ 8,876,670
Construction in progress	118,471	39,044	-	(118,471)	39,044
Total LNRA nondepreciable assets	8,995,141	39,044	-	(118,471)	8,915,714
East Delivery System:					
Land	15,000	-	-	-	15,000
CIP - Buildings & Infrastructure	-	739,752	-	-	739,752
Total East Delivery System nondepreciable assets	15,000	739,752	-	-	754,752
Total nondepreciable assets	9,010,141	778,796	-	(118,471)	9,670,466
Depreciable assets:					
LNRA:					
Buildings and infrastructures	88,098,707	37,600	(24,840)	-	88,111,467
Improvements other than buildings	8,039,349	287,745	-	18,211	8,345,305
Machinery and equipment	1,751,032	217,667	(27,573)	-	1,941,126
Office furniture, fixtures and equipment	2,207,590	165,887	(4,584)	100,260	2,469,153
Vehicles	1,844,296	39,191	(138,341)	-	1,745,146
Total LNRA depreciable assets	101,940,974	748,090	(195,338)	118,471	102,612,197
East Delivery System:					
Buildings and infrastructures	25,385,687	-	-	-	25,385,687
Improvements other than buildings	331,656	-	-	-	331,656
Machinery and equipment	304,405	88,199	-	-	392,604
Office furniture, fixtures and equipment	48,959	41,720	-	-	90,679
Vehicles	10,597	-	-	-	10,597
Total East Delivery System depreciable assets	26,081,304	129,919	-	-	26,211,223
West Delivery System:					
Buildings and infrastructures	6,572,187	-	-	-	6,572,187
Improvements other than buildings	572,638	-	-	-	572,638
Machinery and equipment	4,601,111	412,856	(449,773)	-	4,564,194
Office furniture, fixtures and equipment	240,947	53,099	-	-	294,046
Vehicles	13,486	-	-	-	13,486
Total West Delivery System depreciable assets	12,000,369	465,955	(449,773)	-	12,016,551
Total depreciable assets	140,022,647	1,343,964	(645,111)	118,471	140,839,971
Less accumulated depreciation:					
Buildings and infrastructures	(59,717,200)	(2,548,584)	14,076	-	(62,251,708)
Improvements other than buildings	(4,295,134)	(423,285)	-	-	(4,718,419)
Machinery and equipment	(4,043,355)	(328,626)	471,020	-	(3,900,961)
Office furniture, fixtures and equipment	(1,831,506)	(185,850)	4,584	-	(2,012,772)
Vehicles	(1,385,373)	(142,645)	138,341	-	(1,389,677)
Total accumulated depreciation	(71,272,568)	(3,628,990)	628,021	-	(74,273,537)
Total depreciable assets, net	68,750,079	(2,285,026)	(17,090)	118,471	66,566,434
Intangible Right-to-Use assets					
LNRA:					
Leased machinery and equipment	262,423	-	-	-	262,423
Leased office furniture, fixtures and equipment	35,178	-	-	-	35,178
Total LNRA right-to-use assets	297,601	-	-	-	297,601
East Delivery System:					
Leased office furniture, fixtures and equipment	563	-	-	-	563
Total East System Delivery right-to-use assets	563	-	-	-	563
West Delivery System:					
Leased machinery and equipment	27,222	-	-	-	27,222
Leased office furniture, fixtures and equipment	717	-	-	-	717
Total West System Delivery right-to-use assets	27,939	-	-	-	27,939
Total right-to-use assets	326,103	-	-	-	326,103
Less accumulated amortization:					
Leased machinery and equipment	-	(76,581)	-	-	(76,581)
Leased office furniture, fixtures and equipment	-	(15,728)	-	-	(15,728)
Total accumulated amortization	-	(92,309)	-	-	(92,309)
Total intangible right-to-use assets, net	326,103	(92,309)	-	-	233,794
Total capital assets, net	$ 78,086,323	$ (1,598,539)	$ (17,090)	$ -	$ 76,470,694

Note 4. Long-Term Debt

A summary of changes in notes and bonds for the Authority is shown below:

Series	Maturity Date	Effective Interest Rate	Original Amount	Outstanding at September 30, 2021	Additions	Deletions	Outstanding at September 30, 2022	Amount Due Within One Year
Notes and bonds:								
LNRA:								
Water Supply Contract Revenue:								
Series 2014-A Bond	2035	(a)	$ 12,830,000	$ 9,670,000	$ -	$ 520,000	$ 9,150,000	$ 540,000
Series 2014-B Bond	2035	(a)	12,460,000	9,275,000	-	495,000	8,780,000	515,000
Series 2014-C Bond	2035	(a)	22,060,000	16,420,000	-	910,000	15,510,000	940,000
Contract Revenue—Series 2007								
Bond	2027	(b)	3,500,000	1,475,000	-	220,000	1,255,000	230,000
Total			$ 50,850,000	36,840,000	-	2,145,000	34,695,000	2,225,000
Bond premiums				704,851	-	118,570	586,281	-
Total long-term liabilities				$ 37,544,851	$ -	$ 2,263,570	$ 35,281,281	$ 2,225,000

Principal and interest requirements for all long-term debt of the Authority as of September 30, 2022, are summarized as follows:

	Principal	Interest	Total
Years ending September 30:			
2023	$ 2,225,000	$ 1,482,988	$ 3,707,988
2024	2,320,000	1,388,043	3,708,043
2025	2,420,000	1,287,913	3,707,913
2026	2,525,000	1,181,855	3,706,855
2027	2,640,000	1,068,995	3,708,995
2028-2032	13,205,000	3,904,907	17,109,907
2033-2037	9,360,000	899,891	10,259,891
	$ 34,695,000	$ 11,214,592	$ 45,909,592

The Authority's outstanding notes from direct borrowings related to business-type activities of $34,695,000 are secured with pledged collateral. Details about these direct borrowings are as follows:

(a) On December 2, 2014, the Authority issued the Water Supply Contract Revenue Refunding Bonds, Series 2014-A; the Water Supply Contract Revenue Refunding Bonds, Series 2014-B and the Water Supply Contract Taxable Revenue Refunding Bonds, Series 2014-C (collectively, the Series 2014 Bonds). The Authority has pledged future Water Supply Contract revenue entered into with customers, net of specified operating expenses, to repay $47,350,000 of the Series 2014 Bonds. Proceeds from the sale of the Series 2014 Bonds were used to (i) refund the Authority's outstanding Contract Revenue Refunding Bonds, Series 2001; Water Supply Contract Revenue Bonds, Taxable Series 2002-A Bonds; and Water Supply Contract Revenue Bonds, Taxable Series 2002-B Bonds to achieve debt service savings; (ii) fund deposits into a reserve accounts; and (iii) pay issuance costs on the Series 2014 Bonds. The Series 2014 Bonds are payable solely from water customer net revenues and are payable through 2035. Annual principal and interest payments on the Series 2014 Bonds are expected to require approximately 58% of net revenues. The total principal and interest remaining to be paid on the bonds is $44,482,154. Principal and interest paid for the current year and total customer net revenue were $3,421,405.26 and $6,389,267, respectively.

Note 4. Long-Term Debt (Continued)

In addition, the Authority has covenanted to apply the Authority's unrestricted reserves to the payment of the Series 2014 Bonds in the event pledged revenues are insufficient. The reserves of $3,540,857 are included in restricted cash and cash equivalents in the statement of net position. The Authority has also covenanted to charge and collect from each water customer a rate that is sufficient to pay the principal and interest of the Series 2014 Bonds, to make punctual payments and to enforce the Water Supply Contracts to ensure that adequate pledged revenues are available to pay the principal and interest of the Bonds.

Pledged revenues were defined as the revenue derived from each customer under the respective Water Supply Contract with the Authority for the debt service of the bonds and parity obligations. The net revenues, as defined in the following, shall not be pledged revenues for the Series 2014 Bonds:

(i) Net revenue, as defined by the Trust Indenture by and between LNRA and Manufacturers and Traders Trust Company in connection with the $13,600,000 LNRA Water Supply System Contract Revenue Bonds, Series 1990 (Formosa Plastics Corporation, Texas Project) dated November 1, 1990.

(ii) The pledged revenue, as defined in the Trust Indenture between LNRA and Norwest Bank Texas, National Association made and entered into as of March 1, 1997, in connection with the net revenues from the Authority's Interruptible Water Supply Contract with the City of Corpus Christi, as defined in the Resolution authorizing the $3,500,000 Lavaca-Navidad River Authority Contract Revenue Bond, Series 2007 (Brackenridge Recreation Complex Project).

(b) The Series 2007 Contract Revenue Bonds were issued for the purpose of the development, design and construction of the Brackenridge Recreation Complex Project—Lake Texana. The Authority and the City of Corpus Christi, Texas, have executed a water supply contract dated December 14, 1993, where the Authority provides water to the City of Corpus Christi, Texas, under an interruptible water supply agreement dated July 24, 2001, as amended July 22, 2003. The issuance is part of special obligations of the Authority and principal and interest are payable solely from and equally secured by first lien on and pledged revenue as defined by the resolution—City of Corpus Christi, Texas (Interruptible Water Supply Contract, which requires all revenue above the delivery cost to be dedicated to the development and implementation of environmental enhancements and recreational projects within the Palmetto Bend Project and the Lavaca-Navidad basin and water conservation) and are payable through 2027. The total principal and interest remaining to be paid on the Series 2007 Contract revenue Bonds is $1,427,438. Pledged revenue from interruptible water sales and the related principal and interest paid for in the current year totaled $285,638 and $374,085, respectively.

In addition, there are covenants to maintain a specific balance in a bond reserve fund, as well as to limit the use of the bond proceeds from private business use, financing loans to persons other than state or local government units or treating the Bond as private activity bonds. The reserves of $272,627 are included in restricted cash and cash equivalents in the statement of net position.

Note 4. Long-Term Debt (Continued)

The following are the changes in long-term liabilities as of September 30, 2022:

Changes in Long-Term Liabilities

	Balance at September 30, 2021, as restated	Additions	Reductions	Balance at September 30, 2022	Due Within One Year
Business-type activities:					
Bonds payable:					
Notes and bonds	$ 36,840,000	$ -	$ (2,145,000)	$ 34,695,000	$ 2,225,000
Bond premium	704,851	-	(118,570)	586,281	-
Total bonds payable	37,544,851	-	(2,263,570)	35,281,281	2,225,000
Compensated absences	400,093	359,711	(333,279)	426,525	304,296
Lease liability	326,102	-	(91,894)	234,208	136,138
Net pension (asset) liability	644,681	2,736,093	(6,527,059)	(3,146,285)	-
Total OPEB liability	1,338,315	118,869	(194,755)	1,262,429	-
Business-type long-term liabilities	$ 40,254,042	$ 3,214,673	$ (9,410,557)	$ 34,058,158	$ 2,665,434

Note 5. Leases

The Authority leases equipment used in LNRA, East Delivery System and West Delivery System Enterprise Funds. The leases have terms between 2 and 5 years, requiring monthly payments, with interest rates ranging from 4.25% to 5%. As of September 30, 2022, the principal and interest requirements to maturity for the lease liability is as follows:

	Principal	Interest	Total
Years ending September 30:			
2023	$ 136,138	$ 7,049	$ 143,187
2024	64,919	2,933	67,852
2025	33,151	411	33,562
Total	$ 234,208	$ 10,393	$ 244,601

Note 6. Employees' Retirement Plan

TCDRS plan description: The Authority provides retirement, retirement disability and group term life benefits for its employees (except temporary employees) through a nontraditional defined benefit pension plan in the statewide TCDRS. The board of trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 677 nontraditional defined benefit pension plans. TCDRS was established by legislative act in 1967 under authority of Article XVI of the Texas Constitution. The TCDRS Act (Subtitle F, Title 8, Texas Government Code) is the basis for TCDRS' administration. TCDRS, in the aggregate, issues a publicly available comprehensive annual financial report (CAFR) on a calendar-year basis. The CAFR is available upon written request from TCDRS's board of trustees at P.O. Box 2034, Austin, Texas 78768-2034 or may be downloaded at http://www.tcdrs.com.

The plan's provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service, with 30 years of service regardless of age or when the sum of their age and years of service equals 80 or more. Members are vested after 10 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 their employer.

Note 6. Employees' Retirement Plan (Continued)

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding policy: The Authority has chosen a fixed rate plan under the provisions of the TCDRS Act. The plan is funded by monthly contributions from both employees and the Authority based on the covered payroll of the employees. Under the TCDRS Act, the regular contribution rate for the Authority's employees is a fixed percent equal to the 7% contribution payable to the employee. The matching employer contribution adopted by the governing body of the Authority was 200% of the required employee contribution. This regular contribution rate of the Authority is not actuarially determined and is one of the rates that can be adopted in accordance with the TCDRS Act. However, the plan of benefits adopted by the Authority at the time of plan inception or when benefit increases were adopted was limited by the TCDRS Act to what the actuary determined could be adequately financed by the commitment of the Authority to contribute the same amount as the employees. The employee contribution rate and the Authority contribution rate may be changed by the governing body of the Authority within the options available in the TCDRS Act.

If a plan has had adverse experience, the TCDRS Act has provisions which allow the employer to contribute a fixed supplemental contribution rate determined by the TCDRS's actuary above the regular rate. During the year, the Authority contributed a total rate of 15%.

Plan benefits: Effective on the date of participation, the Authority provides retirement, disability and death benefits. Based on the aforementioned funding policy, the employee's savings, by law, grow at a rate of 7%, compounded annually at retirement, the employee's account balance is combined with the Authority's matching and converted into a lifetime monthly benefit. Employees receive a month of service time 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 employer matching, at age 60 or older.

The Authority adopted a 10 year/Age 60 Retirement Eligibility described in section 844.207 of the TCDRS Act, under which any TCDRS member who has 10 or more years of service credit with the Authority and other subdivisions that have adopted the provisions of sections 844.207 or 844.210, is a vested member and shall have the right to retire and receive a service retirement annuity after attaining age 60.

Any TCDRS member who is a vested member may terminate employment with all participating subdivisions prior to attaining age 60 and remain eligible to retire and receive a service retirement annuity after attaining age 60 provided his or her membership is not terminated other than by retirement. Any TCDRS member who is a vested member under section 844.207 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 Authority and other subdivisions is eligible for purpose of the Survivor Annuity Death Benefit.

Note 6. Employees' Retirement Plan (Continued)

Retirees elect to receive their lifetime benefit by choosing one of seven actuarially equivalent payment options. Prior service gives employees monetary credit for time worked for an eligible organization before it joined the system. Buybacks allow current employees to re-establish a closed TCDRS account from previous service with an employer. Partial lump-sum payments at retirement allow employees to withdraw part of their TCDRS account balance as a lump sum at retirement with a reduced monthly benefit. In addition, the Authority may choose to adopt a cost-of-living adjustment (COLA) for its retirees. This adjusts retiree benefits to restore purchasing power lost due to the effects of inflation.

Employees covered by benefit terms: At September 30, 2022, the following types of employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	30
Inactive employees entitled to, but not yet receiving benefits	29
Active employees	83
Total	142

Contributions: Employees and the Authority are required to contribute at a rate set by statute. The contribution requirements of the employees and the Authority are established and may be amended. For 2020 and 2019, the contribution rate for the employees was 7% of gross pay. The Authority pays a matching portion to the defined contribution pension plan totaling 14% of gross pay for 2022 and 2021, which totaled $793,522 and $753,251 for 2022 and 2021, respectively.

Net pension liability: The Authority's net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions: The actuarial assumptions that determined the total pension liability as of December 31, 2021, were based on the results of an actuarial experience study for the period January 1, 2017 through December 31, 2020, except where required to be different by GASB Statement No. 68.

The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00%, including inflation
Investment rate of return	7.50%

Mortality rates were based on the following:

Depositing members: 135% of the Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Service retirees, beneficiaries and nondepositing members: 135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Disabled retirees: 160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Note 6. Employees' Retirement Plan (Continued)

Long-term rate of return on assets: 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. The numbers shown are based on January 2022 information for a 10-year time horizon. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a 30-year time horizon; the most recent analysis was performed in 2021.

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected Minus Inflation) (2)
United States equities	Dow Jones U.S. Total Stock Market Index	11.50%	3.80%
Global equities	MSCI World (net) Index	2.50%	4.10%
International equities—developed	MSCI World Ex USA (net) Index	5.00%	3.80%
International equities—emerging	MSCI Emerging Markets (net) Index	6.00%	4.30%
Investment-grade bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	1.77%
Direct lending	S&P/LSTA Leveraged Loan Index	16.00%	6.25%
Distressed debt	Cambridge Associates Distressed Securities Index (3)	4.00%	4.50%
REIT equities	67% FTSE NAREIT Equity REITs Index plus 33% S&P Global REIT (net) Index	2.00%	3.10%
Master limited partnerships (MLPs)	Alerian MLP Index	2.00%	3.85%
Private real estate partnerships	Cambridge Associates Real Estate Index (4)	6.00%	5.10%
Private equity	Cambridge Associates Global Private Equity & Venture Capital Index (5)	25.00%	6.80%
Hedge funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.55%
Cash equivalents	90-Day U.S. Treasury	2.00%	-1.05%
		100.00%	

(1) Target asset allocation adopted at the March 2022 TCDRS board meeting.

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.6%, per investment consultant's 2022 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.

Discount rate: The discount rate used to measure the total pension liability was 7.6%. In order to determine the discount rate to be used by the employer, the pension's actuary has used an alternative method to determine the sufficiency of the fiduciary net position in all future years. The pension's actuary 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 shall be amortized as a level percent of pay over 20-year closed layered periods.

Note 6. Employees' Retirement Plan (Continued)

(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 a COLA is required to be funded over a period of 15 years, if applicable.

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 asset 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 administrative expenses for GASB Statement No. 68 purposes. Therefore, the Authority agreed to the use of 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.

Changes in net pension liability: Following are changes in the net pension liability (asset) for the year ended September 30, 2022.

	Increase (Decrease)		
Changes in Net Pension Liability (Asset)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances as of December 31, 2020	$ 24,872,932	$ 24,228,251	$ 644,681
Changes for the year:			
Service cost	725,493	-	725,493
Interest on total pension liability (1)	1,912,409	-	1,912,409
Effect of economic/demographic	82,074	-	82,074
Effect of assumption changes or inputs	(62,596)	-	(62,596)
Refund of contributions	(6,358)	(6,358)	-
Benefit payments	(880,170)	(880,170)	-
Administrative expenses	-	(16,117)	16,117
Member contributions	-	351,517	(351,517)
Net investment income	-	5,346,841	(5,346,841)
Employer contributions	-	753,251	(753,251)
Other (2)	-	12,854	(12,854)
Balances as of December 31, 2021	$ 26,643,784	$ 29,790,069	$ (3,146,285)

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.
(2) Relates to allocation of system-wide items.

Note 6. Employees' Retirement Plan (Continued)

Sensitivity analysis: The following presents the net pension (asset) liability of the Authority, calculated using the discount rate of 7.6%, as well as what the Authority net pension liability would be if it were calculated using a discount rate that is 1.0 percentage point lower (6.6%) or 1.0 percentage point higher (8.6%) than the current rate.

	1.0% Decrease (6.6%)	Current Discount Rate (7.6%)	1.0% Increase (8.6%)
Total pension liability (a)	$ 30,329,570	$ 26,643,784	$ 23,536,680
Fiduciary net position (b)	29,790,071	29,790,069	29,790,071
Net pension (asset) liability (a)-(b)	$ 539,499	$ (3,146,285)	$ (6,253,391)

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued TCDRS report.

Pension expense: The Authority recognized the following pension-related expense (income):

Pension Expense (Income)	January 1, 2021 Through December 31, 2021
Service cost	$ 725,493
Interest on total pension liability (1)	1,912,409
Administrative expenses	16,117
Member contributions	(351,517)
Expected investment return net of investment expenses	(1,849,367)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	85,940
Recognition of assumption changes or inputs	249,865
Recognition of investment gains or losses	(935,561)
Other (2)	(12,855)
Pension expense	$ (159,476)

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

(2) Relates to allocation of system-wide items.

Note 6. Employees' Retirement Plan (Continued)

Deferred outflows of resources and deferred inflows of resources related to pensions: At September 30, 2022, the Authority reported pension-related deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 273,690	$ -
Changes of assumptions	1,025,736	52,163
Net difference between projected and actual earnings	-	3,324,451
Subtotal	1,299,426	3,376,614
Contributions made subsequent to measurement date	600,779	-
	$ 1,900,205	$ 3,376,614

Contributions made subsequent to the measurement date are eligible employer contributions made from January 1, 2021 through September 30, 2022, and will be recognized as a decrease of net pension liability for the year ended September 30, 2022. 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 through the year ended September 30, 2026, as follows:

Years ended December 31:	
2022	$ (399,117)
2023	(770,922)
2024	(488,133)
2025	(422,264)
2026	3,248
	$ (2,077,188)

Note 7. Other Postemployment Benefits

Plan description: In addition to providing pension benefits described previously, the Authority provides certain health care benefits for eligible retirees and their dependents through Texas Municipal League Benefits Pool under an agent multiple-employer plan. The plan is administered by the Texas Municipal League and management has the authority to establish or amend the plan provisions or contribution requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan does not issue a stand-alone financial report.

Benefits provided: The Authority pays 100% of a retiree's medical insurance premium and 50% of a dependent's medical insurance premium until the retiree reaches age 65, then the Authority's contribution ceases for both the retiree and dependent. Coverage also ceases for both the retiree and dependent upon the death of the retiree. For employees retiring on or after October 1, 2017, the Authority also pays 100% of the retiree's dental and vision insurance premiums and 50% of the dependent's dental and vision premiums. The Authority provides a post-65 Voluntary Supplemental Medical and Drug Plan that is paid entirely by the retirees.

Note 7. Other Postemployment Benefits (Continued)

Eligibility: The eligibility requirements for participation in this plan are as follows:

- Retiree must have been a full-time (minimum 40 hours weekly) employee for a minimum of 10 consecutive years immediately prior to retirement and be between the ages of 59 and 65.
- Retiree must also be eligible for retirement with TCDRS, as summarized below:
  - Age 60 with 10 years of service
  - Any age with 30 years of service
  - Age plus years of service equals 80 (Rule of 80)

Contributions: The Authority's Board has elected to participate and offer this benefit to its employees. Accordingly, the Authority's management has the authority to establish and amend contribution requirements. The Authority's management establishes rates based on an actuarially determined rate. For the year ended September 30, 2022, the Authority's average contribution rate was 28.38% of covered payroll. Employees are not required to contribute to the plan.

Plan participants as of October 1, 2020 (the most recent actuarial valuation date):

Actives	77
Inactives entitled to, but not yet receiving, benefit payments	-
Inactives currently receiving benefit payments	4
	81

Total OPEB liability: The Authority's total OPEB liability of $1,338,315 was measured as of September 30, 2021, and was determined by an actuarial valuation as of October 1, 2020.

Actuarial methods and assumptions: The total OPEB liability in the October 1, 2020, actuarial valuation was determined using the following actuarial methods, assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases:	4.00% per year
Discount rate:	4.02% per Bond Buyer 20-Bond GO Index
Inflation:	2.20% per year
Medical trend rate:	Implied inflation of 2.20% per year
Mortality table:	Pub-2010 Mortality (headcount weighted) for Employees, Healthy Annuitants, and Contingent Annuitants projected forward (fully generational) with MP-2020

Note 7. Other Postemployment Benefits (Continued)

Changes in the total OPEB liability:

	Total OPEB Liability
Balance as of September 30, 2021	$ 1,338,315
Changes for the year:	
Service cost	86,996
Interest	31,873
Benefit payments	(30,206)
Changes in assumptions	(164,549)
Net changes	(75,886)
Balance as of September 30, 2022	$ 1,262,429

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the Authority, as well as what the Authority's approximate total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.02%) or 1 percentage point higher (5.02%) than the current discount rate:

	1% Decrease (3.02%)	Discount Rate (4.02%)	1% Increase (5.02%)
Total OPEB liability	$ 1,354,754	$ 1,262,429	$ 1,174,577

Sensitivity of the total OPEB liability to changes in the health care cost trend rates: The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using health care cost trend rates that are 1 percentage point lower (1.20%) or 1 percentage point higher (3.20%) than the current health care cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	$ 1,113,572	$ 1,262,429	$ 1,438,575

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB: For the year ended September 30, 2022, the Authority recognized OPEB expense of $122,530. At September 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following source:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 302,138	$ 126,525
Changes in assumptions	109,823	264,323
	$ 411,961	$ 390,848

Note 7. Other Postemployment Benefits (Continued)

Amounts reported as the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense over the average future service to retirement of plan participants through the year ended September 30, 2027 as follows:

Years ending December 31:		
2023	$	3,660
2024		3,660
2025		1,298
2026		8,440
2027		4,219
Thereafter		(164)
	$	21,113

Note 8. Deferred Compensation Plan

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code section 457. The plan, available to all Authority employees, permits them to defer a portion of their salary until future years. Except in specified circumstances, the deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The Authority has transferred these plan assets to an independent trust for the exclusive benefit of the participants and their beneficiaries. The Authority does not, and is not required to, make contributions into this plan. Employee participation is strictly voluntary.

Note 9. Major Customers

Approximately $8.6 million of LNRA's operating revenues, which accounts for more than 58% of the total operating revenues for the year ended September 30, 2022, were derived from two primary customers. Approximately $0.9 million of East Delivery's operating revenues, which accounts for more than 96% of the total operating revenues for the year ended September 30, 2022, were derived from one primary customer. Approximately $2.9 million of West Delivery's operating revenues, which accounts for more than 99% of the total operating revenues for the year ended September 30, 2022, were derived from one primary customer.

Note 10. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Authority purchased commercial insurance to cover risks associated with potential claims in fiscal year 2022. There were no significant reductions in coverage in the past year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

The Authority has divided its risk of loss into two major categories: (1) uninsured risk and (2) insured risk. Property included in the uninsured risk category includes infrastructure assets. Property included in the insured risk category includes buildings, vehicles, equipment, the above-ground components of the water delivery system and the pumping facilities. Additionally, the Authority, for risk management purposes, includes risk for general and law enforcement liability, errors and omissions liability and workers' compensation liability as part of the insured risk category. The Authority assumes uninsured risks, and management has designated a portion of its net position to meet the financial demands of risk for uninsured property.

Note 11. Commitments

A purchase and sale contract exists between LNRA and Formosa Plastics dated July 15, 2015, whereby Formosa Plastics agree to sell 2,500 acres of land to LNRA for the price of $400.00 per acre. The parties agreed to a five-year inspection period with the option to extend the inspection period up to three additional years. During that time, LNRA will evaluate if the land is suitable for the intended use. LNRA and Formosa Plastics has agreed to the three-year extension of the inspection period. The inspection period will now expire July 15, 2023.

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Required Supplementary Information

Lavaca-Navidad River Authority

Schedule of Changes in the Authority's Net Pension Liability
Year Ended September 30,

	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:								
Service cost	$ 725,493	$ 629,219	$ 590,446	$ 564,347	$ 558,901	$ 550,247	$ 497,882	$ 480,840
Interest on total pension liability	1,912,409	1,757,987	1,625,603	1,511,297	1,396,364	1,270,974	1,159,132	1,069,804
Effect on plan changes	-	188,340	-	-	-	-	77,395	-
Effect of economic/demographic gains or losses	82,074	128,495	177,863	39,822	60,996	35,100	116,095	(126,442)
Effect of assumptions changes or inputs	(62,596)	1,515,419	-	-	54,097	-	141,553	-
Benefit payments/refunds of contributions	(886,528)	(825,626)	(772,053)	(690,293)	(624,733)	(571,180)	(489,662)	(386,507)
Net change in total pension liability	1,770,852	3,393,834	1,621,859	1,425,173	1,445,625	1,285,141	1,502,395	1,037,695
Total pension liability at beginning of year	24,872,932	21,479,098	19,857,239	18,432,066	16,986,441	15,701,300	14,198,905	13,161,210
Total pension liability at end of year (a)	26,643,784	24,872,932	21,479,098	19,857,239	18,432,066	16,986,441	15,701,300	14,198,905
Fiduciary net position:								
Employer contributions	753,251	713,713	691,737	643,117	612,440	574,562	578,473	521,409
Member contributions	351,517	333,066	322,810	300,121	285,805	268,128	269,954	243,324
Net investment income	5,346,841	2,249,129	3,036,685	(343,485)	2,337,869	1,081,468	(175,600)	879,836
Benefit payments/refunds of contributions	(886,528)	(825,627)	(772,053)	(690,293)	(624,733)	(571,180)	(489,662)	(386,507)
Administrative expenses	(16,117)	(17,728)	(16,587)	(14,854)	(12,362)	(11,746)	(10,433)	(10,621)
Other	12,854	8,701	11,333	9,403	3,549	89,628	30,334	(65,938)
Net change in fiduciary net position	5,561,818	2,461,254	3,273,925	(95,991)	2,602,568	1,430,860	203,066	1,181,503
Fiduciary net position at beginning of year	24,228,251	21,766,997	18,493,071	18,589,061	15,986,493	14,555,633	14,352,567	13,171,063
Fiduciary net position at end of year (b)	29,790,069	24,228,251	21,766,996	18,493,070	18,589,061	15,986,493	14,555,633	14,352,566
Net pension liability (asset) at end of year = (a)-(b)	$ (3,146,285)	$ 644,681	$ (287,898)	$ 1,364,169	$ (156,995)	$ 999,948	$ 1,145,667	$ (153,661)
Fiduciary net position as a percentage of total pension liability	111.81%	97.41%	101.34%	93.13%	100.85%	94.11%	92.70%	101.08%
Pensionable covered payroll	$ 4,758,086	$ 4,758,086	$ 4,611,578	$ 4,287,447	$ 4,082,932	$ 3,830,406	$ 3,856,487	$ 34,567,062
Net pension (asset) liability as a percentage of covered payroll	(66.13%)	13.55%	(6.24%)	31.82%	(3.85%)	26.11%	29.71%	(0.44%)

Note: GASB Statement No. 68 requires this schedule to be presented for a 10-year period. The Authority adopted GASB Statement No. 68 during 2015; therefore, only 2015-2022 are presented. The full trend information will be accumulated over the next two years.

Lavaca-Navidad River Authority

Schedule of the Authority's Pension Contributions
Year Ended September 30,

Schedule of Employer Contributions

Years Ending December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2012	$ 304,468	$ 453,078	$ (148,610)	$ 3,020,518	15.0%
2013	336,164	498,266	(162,102)	3,321,774	15.0%
2014	352,820	521,409	(168,589)	3,476,062	15.0%
2015	360,967	578,473	(217,506)	3,856,487	15.0%
2016	352,014	574,562	(222,548)	3,830,406	15.0%
2017	371,547	612,440	(240,893)	4,082,932	15.0%
2018	380,297	643,117	(262,820)	4,287,447	15.0%
2019	372,154	691,737	(319,583)	4,611,578	15.0%
2020	380,647	713,713	(333,066)	4,758,086	15.0%
2021	404,245	753,251	(349,006)	5,021,675	15.0%

Lavaca-Navidad River Authority

Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios
Year Ended September 30, 2022

	2022	2021	2020	2019	2018
Total OPEB liability:					
Service cost	$ 86,996	$ 84,710	$ 65,009	$ 43,158	$ 63,036
Interest	31,873	27,494	30,552	39,146	24,265
Changes of benefit terms	-	-	-	-	32,115
Economic/demographic gains or losses	-	182,270	-	(301,045)	321,966
Changes in assumptions	(164,549)	(87,868)	30,665	228,880	(115,831)
Benefit payments	(30,206)	(55,043)	(45,784)	(57,913)	(22,187)
Net change in total OPEB liability	(75,886)	151,563	80,442	(47,774)	303,364
Total OPEB liability at beginning of year	1,338,315	1,186,752	1,106,310	1,154,084	850,720
Total OPEB liability at end of year	$ 1,262,429	$ 1,338,315	$ 1,186,752	$ 1,106,310	$ 1,154,084
Covered payroll*	$ 4,715,056	$ 4,715,056	$ 4,715,056	$ 4,168,133	$ 4,030,763
Total OPEB liability as a percentage of covered payroll	26.77%	28.38%	25.17%	26.54%	28.63%

*Covered payroll reflects the payroll for the measurement period (i.e., fiscal 2017).

Changes in assumptions: Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

2019	2.21%
2018	2.66%
2017—beginning of year	3.35%

Note: GASB Statement No. 75 requires this schedule to be presented for a 10-year period. The Authority adopted GASB Statement No. 75 during 2018; therefore, only 2018-2022 are presented. The full trend information will be accumulated over the next five years.