LOWER COLORADO RIVER AUTHORITY

FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
June 30, 2021, and 2020

With Independent Auditors' Report

Lower Colorado River Authority
Financial Statements
As of and for the
Years Ended
June 30, 2021, and 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Lower Colorado River Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Lower Colorado River Authority, as of and for the year ended June 30, 2021, including the fiduciary activities, as of and for the years ended June 30, 2021 and 2020 and the related notes to the financial statements, which collectively comprise the Lower Colorado River Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the fiduciary activities were not audited in accordance with *Government Auditing Standards.*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to the Lower Colorado River Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Lower Colorado River Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities as of June 30, 2021, including the fiduciary activities, as of June 30, 2021 and 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of the business-type activities of Lower Colorado River Authority, as of and for the year ended June 30, 2020, were audited by other auditors whose report dated September 18, 2020, expressed an unmodified opinion on those statements.

Emphasis of Matter

As discussed in Note 1, the Lower Colorado River Authority adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, 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 and other auditors 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will also issue a report on our consideration of the Lower Colorado River Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lower Colorado River Authority'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 Lower Colorado River Authority's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Austin, Texas
September 20, 2021

Financial Statements Overview

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments," the Lower Colorado River Authority (LCRA) is considered a special-purpose government engaged only in business-type and fiduciary activities. GASB Statement No. 34 requires the following components in a governmental entity's annual report:

Management's Discussion and Analysis

This section provides an objective and easily readable analysis of financial activities based on currently known facts, decisions or conditions.

Balance Sheets

The presentation of assets and liabilities of proprietary funds should distinguish between current and noncurrent assets and liabilities. Deferred inflow of resources and deferred outflow of resources are reported as separate line items.

Statements of Revenues, Expenses and Changes in Net Position

These statements provide the operating results broken into the categories of operating revenues and expenses, nonoperating revenues and expenses, costs to be (prior costs) recovered from revenues, and capital contributions.

Statements of Cash Flows

Sources and uses of cash are classified using the direct method as resulting from operating, noncapital financing, capital and related financing or investing activities.

Statements of Fiduciary Net Position

These statements report on a pension plan's financial position and broken into the categories of assets, liabilities and net position.

Statements of Changes in Fiduciary Net Position

These statements report on the additions and reductions to a pension plan's net position.

Notes to Financial Statements

The notes explain information in the financial statements and provide additional details.

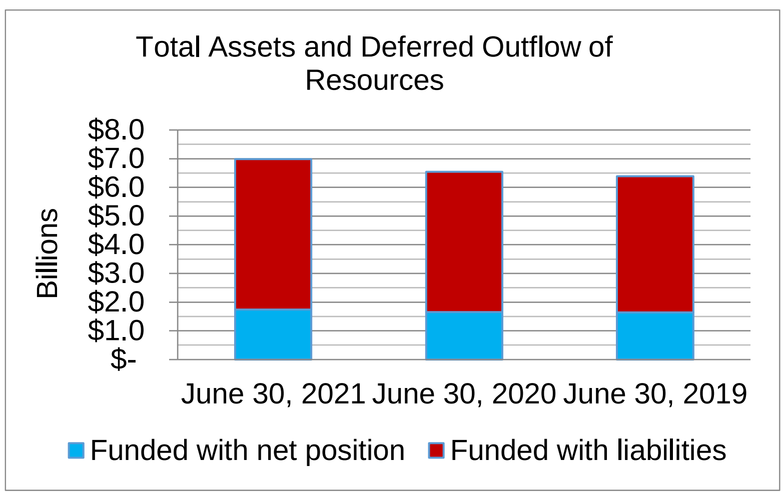
Financial Highlights

Condensed Balance Sheets
(Dollars in Millions)

	June 30, 2021	June 30, 2020	June 30, 2019	2021 vs. 2020	2020 vs. 2019
Current assets	$ 926.1	$ 736.6	$ 640.2	25.7%	15.1%
Capital assets, net	5,200.1	4,941.4	4,709.0	5.2%	4.9%
Other noncurrent assets	729.3	720.5	830.4	1.2%	(13.2%)
Total Assets	6,855.5	6,398.5	6,179.6	7.1%	3.5%
Total Deferred Outflow of Resources	133.8	150.8	214.3	(11.3%)	(29.6%)
Total Assets and Deferred Outflow of Resources	$ 6,989.3	$ 6,549.3	$ 6,393.9	6.7%	2.4%
Current liabilities	$ 894.5	$ 684.4	$ 660.5	30.7%	3.6%
Noncurrent liabilities	4,184.0	4,036.8	3,966.8	3.6%	1.8%
Total Liabilities	5,078.5	4,721.2	4,627.3	7.6%	2.0%
Total Deferred Inflow of Resources	170.9	173.0	130.5	(1.2%)	32.6%
Net investment in capital assets	942.1	1,028.3	1,002.6	(8.4%)	2.6%
Restricted net position	87.5	72.6	159.8	20.5%	(54.6%)
Unrestricted net position	710.3	554.2	473.7	28.2%	17.0%
Total Net Position	1,739.9	1,655.1	1,636.1	5.1%	1.2%
Total Liabilities, Deferred Inflow of Resources and Net Position	$ 6,989.3	$ 6,549.3	$ 6,393.9	6.7%	2.4%

Balance Sheets Overview

LCRA continues to be a capital asset-driven business with approximately 75.9% of its assets being capital assets. The other assets primarily exist to support the capital assets and their activities. See details in the Capital Asset Activity section. LCRA uses long-term debt to finance most of its capital activity. The Debt Activity section provides additional details. The adjacent chart shows total assets and deferred outflow of resources for each of the last three years. It also identifies the amount of the assets and deferred outflow of resources funded by liabilities versus net position.



2021 Compared to 2020

Total assets and deferred outflow of resources increased by $440.0 million, or 6.7%, from the prior year. This primarily was caused by a $258.7 million, or 5.2%, increase in net capital assets, mainly due to transmission project construction. Current assets increased by $189.5 million, or 25.7%, due to a $140.8 million increase in net receivables, primarily due to Winter Storm Uri. These increases were partially offset by a $17.0 million, or 11.3%, decrease in deferred outflow of resources caused by a $15.2 million decrease in unrealized contributions and losses related to pensions.

Current liabilities increased by $210.1 million, or 30.7% due to a $196.9 million increase in short-term debt. Noncurrent liabilities increased by $147.2 million, or 3.6% due to a $188.2 million increase in long-term debt offset by a $39.4 million decrease in net pension liability. The increase in debt is a result of capital expansion.

2020 Compared to 2019

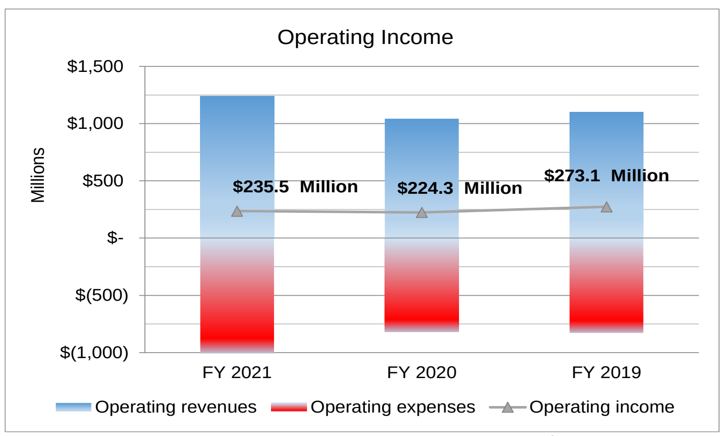
Total assets and deferred outflow of resources increased by $155.4 million, or 2.4%, from the prior year. This primarily was caused by a $232.4 million, or 4.9%, increase in net capital assets, mainly due to transmission project construction, partially offset by a decrease in deferred outflows of $63.5 million, or 29.6%, mainly resulting from a higher return on pension plan assets and a lower unamortized loss on debt refundings arising from the LCRA Series 2010A&B refunding. Current assets increased $96.4 million, or 15.1%, and other noncurrent assets decreased $109.9 million, or 13.2%. This change was primarily due to a cash and investments portfolio that had a higher proportion of less than one-year assets in Fiscal Year (FY) 2020 compared to a higher proportion of greater than one-year assets in FY 2019. Total current liabilities increased by $23.9 million, or 3.6%, from the prior year, primarily due to an increase in security deposits. Total deferred inflows increased by $42.5 million, or 32.6%, from the prior year, primarily due to hedging activities, lower other postemployment benefits net liabilities, and lower fuel costs than anticipated.

Condensed Statements of Revenues, Expenses and Changes in Net Position
(Dollars in Millions)

	Year Ended June 30, 2021	2020	2019	2021 vs. 2020 Favorable/ (Unfavorable)	2020 vs. 2019 Favorable/ (Unfavorable)
Operating revenues	$ 1,242.5	$ 1,042.7	$ 1,100.4	19.2%	(5.2%)
Operating expenses	(1,007.0)	(818.4)	(827.3)	(23.0%)	1.1%
Operating income	235.5	224.3	273.1	5.0%	(17.9%)
Nonoperating revenues	13.2	(24.8)	14.2	(153.2%)	(274.6%)
Nonoperating expenses	(164.3)	(181.3)	(200.4)	9.4%	9.5%
Nonoperating loss	(151.1)	(206.1)	(186.2)	26.7%	(10.7%)
Capital contributions	0.4	0.8	0.7	(50.0%)	14.3%
Change in net position	84.8	19.0	87.6	346.3%	(78.3%)
Total Net Position, Beginning of Year	1,655.1	1,636.1	1,548.5	1.2%	5.7%
Total Net Position, End of Year	$ 1,739.9	$ 1,655.1	$ 1,636.1	5.1%	1.2%

Operating Income Overview

Operating income is derived primarily from wholesale energy sales, providing transmission and transformation services, and raw water sales. The Public Utility Commission of Texas (PUC) regulates transmission and transformation rates. LCRA's Board of Directors sets all other rates. The following chart shows LCRA's operating revenues, expenses and income for each of the last three years.



2021 Compared to 2020

Operating income for FY 2021 increased by $11.2 million, or 5.0%, compared to the prior year. This increase was due to a $199.8 million, or 19.2%, increase in operating revenues, partially offset by an increase in operating expenses of $188.6 million, or 23.0%. Both variances were primarily caused by an increase in electric and ancillary revenues and related fuel expenses due to the effects of Winter Storm Uri.

2020 Compared to 2019

Operating income for FY 2020 decreased by $48.8 million, or 17.9%, compared to the prior year. This decrease was due to a $57.7 million, or 5.2%, decrease in operating revenues, partially offset by a decrease in operating expenses of $8.9 million, or 1.1%. The revenue decrease mainly was due to a decrease in off-system sales resulting from mild market conditions.

Nonoperating revenues (expenses)

LCRA's nonoperating revenues and expenses primarily are composed of:

- Interest income and expense.
- Gains or losses on the disposition of assets.
- Deferral of costs to be recovered from future revenues and recognition of prior costs recovered from current revenues.

2021 Compared to 2020

LCRA's nonoperating loss for FY 2021 decreased by $55.0 million, or 26.7%, from the prior year. The most significant item contributing to the decrease in FY 2021 was a $48.6 million decrease in prior costs recovered from revenues during FY 2021 compared to FY 2020. This decrease was primarily the result of a decrease in interest expense and the early paydown of LCRA debt in February 2020. This was partially offset by an increase in regulatory expense due to a FY 2020 LCRA Transmission Services Corporation depreciation study adjustment.

2020 Compared to 2019

LCRA's nonoperating loss for FY 2020 increased by $19.9 million, or 10.7%, from the prior year. The most significant item contributing to the nonoperating loss in FY 2020 was a $35.0 million decrease in costs deferred to future years for recovery during FY 2020 compared to FY 2019. This decrease primarily arose from the redemption of LCRA Series 2010A&B bonds. This was partially offset by a $13.4 million decrease in loss on the disposition of property.

Capital Asset Activity

Capital Asset Activity (Dollars in Millions)	FY 2021		FY 2020	
Expended for construction activities	$	488.1	$	466.3
Depreciation expense	$	207.3	$	214.6
Asset retirements, net of proceeds	$	22.1	$	19.3
Other capital asset activity	* No significant nonroutine transactions		* No significant nonroutine transactions	

* For additional details, see Note 7 of the Notes to the Financial Statements.

Capital Expansion and Improvement Program

LCRA's capital expansion and improvement program for FY 2022 through FY 2026 is forecast to be $2.5 billion with approximately 69.7% to be debt-funded and the remainder to be funded from operations, as summarized in the following table. The majority of forecast capital costs are for expansion of transmission services and new water supply projects aimed at creating firm water supply and offsetting the use of stored water from the Highland Lakes.

Forecast Capital Expenditures (Dollars in Millions)	Year Ended June 30,					
	2022	2023	2024	2025	2026	Total
Revenue/other funded	$ 135.4	$ 121.4	$ 127.9	$ 186.8	$ 192.0	$ 763.5
Debt funded	381.5	409.3	409.7	337.1	216.1	1,753.7
Total LCRA Capital	$ 516.9	$ 530.7	$ 537.6	$ 523.9	$ 408.1	$ 2,517.2
Percent debt funded	73.8%	77.1%	76.2%	64.3%	53.0%	69.7%

Debt Activity

LCRA Debt Activity
(Dollars in Millions)

	FY 2021	FY 2020
Private notes issued	$ 585.0	$ 202.0
Commercial paper issued	$ 306.5	$ 340.8
Scheduled debt payments	$ 92.4	$ 105.7
Interest payments	$ 171.6	$ 175.0
Bond issuance	LCRA TSC refunding revenue bond series 2020A issued with a net premium. The bond proceeds were used to pay down $68.0 million in outstanding commercial paper and $107.0 million in notes. *	LCRA TSC Series 2019A Refunding Revenue Bonds ($173.3 million): The bonds were issued at a premium and proceeds were used to refund $200.0 million of tax-exempt commercial paper. *
	LCRA TSC refunding revenue bond series 2021 issued with a net premium. The bond proceeds were used to pay down $333.8 million in previously outstanding bonds, $50.0 million in outstanding commercial paper and $150.0 million in notes. *	LCRA TSC refunding revenue bond series 2020 issued with a net premium. The bond proceeds were used to pay down $159.6 million in previously outstanding bonds, $100.0 million in notes and $50.0 million in commercial paper. *
		LCRA refunding revenue bond series 2020 issued with a net premium. The bond proceeds were used to pay down $268.5 million in previously outstanding bonds. *

* For additional details, see Note 3 of the Notes to the Financial Statements.

Contacting LCRA's Management

This report provides a general overview of LCRA's finances. For more information, contact Bill Lauderback, Executive Vice President for Public Affairs, Lower Colorado River Authority, P.O. Box 220, Austin, TX 78767.

LOWER COLORADO RIVER AUTHORITY
BALANCE SHEETS
(Dollars in Millions)

	June 30, 2021	June 30, 2020
Assets		
Current Assets:		
Cash and cash equivalents	$ 421.4	$ 377.7
Unrestricted investments	50.6	72.1
Receivables, net	306.6	165.8
Inventories, net	120.0	104.2
Other	27.5	16.8
Total current assets	926.1	736.6
Noncurrent Assets:		
Restricted cash and cash equivalents	89.8	71.4
Restricted investments	201.5	199.1
Unrestricted investments	124.7	163.3
Capital assets:		
Depreciable:		
Utility plant in service	7,164.4	6,697.7
Intangible assets - other	92.5	12.2
Oil and gas property	28.2	28.2
Other physical property	56.0	58.9
Less: accumulated depreciation	(3,008.9)	(2,828.2)
Depreciable capital assets, net	4,332.2	3,968.8
Nondepreciable:		
Utility plant in service	68.3	119.5
Intangible assets - easements	323.6	274.2
Intangible assets - water rights	102.2	102.2
Other physical property	19.0	19.7
Construction work in progress	354.8	457.0
Nondepreciable capital assets	867.9	972.6
Notes receivable	16.4	2.3
Other charges		
Costs to be recovered from future revenues	285.0	271.7
Other charges	11.9	12.7
Total other charges	296.9	284.4
Total noncurrent assets	5,929.4	5,661.9
Total Assets	6,855.5	6,398.5
Deferred Outflow of Resources:		
Unamortized loss on debt refundings	47.2	53.1
Changes in fair value of hedging derivatives	2.4	0.7
Unamortized expense on asset retirement obligation	18.4	18.5
Unrealized losses related to other post-employment benefits	16.7	14.2
Unrealized contributions and losses related to pensions	49.1	64.3
Total Deferred Outflow of Resources	133.8	150.8
Total Assets and Deferred Outflow of Resources	$ 6,989.3	$ 6,549.3

The accompanying notes are an integral part of these financial statements.

LOWER COLORADO RIVER AUTHORITY

BALANCE SHEETS

(Dollars in Millions)

	June 30, 2021	June 30, 2020
Liabilities		
Current Liabilities:		
Accounts payable	$ 97.9	$ 86.2
Interest payable	26.6	22.9
Other current liabilities	122.0	130.3
Compensated absences	19.1	13.0
Bonds and notes payable	628.9	432.0
Total current liabilities	894.5	684.4
Noncurrent Liabilities:		
Construction payables	1.8	9.3
Asset retirement obligation	21.3	20.3
Bonds and notes payable	3,810.9	3,622.7
Other credits and other noncurrent liabilities	74.9	78.4
Other postemployment benefit liability	106.9	98.5
Net pension liability	168.2	207.6
Total noncurrent liabilities	4,184.0	4,036.8
Total Liabilities	5,078.5	4,721.2
Deferred Inflow of Resources:		
Regulatory credits from future recovery	88.7	96.4
Unrealized gains related to pension	30.7	3.2
Unrealized gains related to other postemployment benefits	14.3	24.7
Deferred gain - tower sale	28.5	34.0
Other	8.7	14.7
Total Deferred Inflow of Resources	170.9	173.0
Net Position		
Net investment in capital assets	942.1	1,028.3
Restricted for capital projects	0.2	0.9
Restricted other	87.3	71.7
Unrestricted	710.3	554.2
Total Net Position	1,739.9	1,655.1
Total Liabilities, Deferred Inflow of Resources and Net Position	$ 6,989.3	$ 6,549.3

The accompanying notes are an integral part of these financial statements.

LOWER COLORADO RIVER AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
(Dollars in Millions)

	Year Ended June 30, 2021	Year Ended June 30, 2020
Operating Revenues		
Electric	$ 1,153.6	$ 965.1
Water and irrigation	32.5	29.7
Other	56.4	47.9
Total Operating Revenues	1,242.5	1,042.7
Operating Expenses		
Fuel	341.3	233.7
Purchased power	126.8	173.5
Operations	271.7	148.2
Maintenance	58.9	47.4
Depreciation, depletion and amortization	208.3	215.6
Total Operating Expenses	1,007.0	818.4
Operating Income	235.5	224.3
Nonoperating Revenues (Expenses)		
Interest income	6.1	19.6
Gain on disposition of property	6.8	6.0
Loss on disposition of property	(27.2)	(20.8)
Interest on debt	(137.1)	(160.5)
Other income	7.5	5.4
Total Nonoperating Revenues (Expenses)	(143.9)	(150.3)
Income Before Costs to be (Prior Costs) Recovered From Revenues, Capital Contributions and Loss on Early Defeasance of Debt	91.6	74.0
Costs to be (Prior Costs) Recovered From Revenues	(7.2)	(55.8)
Capital Contributions	0.4	0.8
Change in Net Position	84.8	19.0
Total Net Position, Beginning of Year	1,655.1	1,636.1
Total Net Position, End of Year	$ 1,739.9	$ 1,655.1

The accompanying notes are an integral part of these financial statements.

LOWER COLORADO RIVER AUTHORITY
STATEMENTS OF CASH FLOWS
(Dollars in Millions)

	Year Ended June 30, 2021	Year Ended June 30, 2020
Cash Flows From Operating Activities		
Receipts from customers	$ 1,038.6	$ 1,070.4
Payments for goods and services	(622.9)	(452.8)
Payments to employees	(179.5)	(175.9)
Other receipts (payments)	(9.1)	2.6
Net cash provided by operating activities	227.1	444.3
Cash Flows From Noncapital Financing Activities		
Grant proceeds received	0.4	1.0
Other revenues	5.6	4.4
Net cash provided by noncapital financing activities	6.0	5.4
Cash Flows From Capital and Related Financing Activities		
Purchase of property, plant and equipment	(488.2)	(446.9)
Proceeds from sale of capital assets	0.8	2.7
Debt issue costs	(6.2)	(3.9)
Contributed capital received for capital costs	0.2	0.7
Proceeds from bonds	684.6	691.6
Proceeds from commercial paper and notes	891.5	397.8
Debt principal payments	(92.4)	(105.7)
Interest paid	(171.6)	(175.0)
Payments to refund and defease debt	(1,056.1)	(819.6)
Net cash used in capital and financing activities	(237.4)	(458.3)
Cash Flows From Investing Activities		
Sale and maturity of investment securities	399.1	890.6
Purchase of investment securities	(341.3)	(858.7)
Note payments and interest received	8.6	17.5
Net cash provided by investing activities	66.4	49.4
Net increase in cash and cash equivalents	62.1	40.8
Cash and cash equivalents, beginning of year	449.1	408.3
Cash and cash equivalents, end of year	$ 511.2	$ 449.1

The accompanying notes are an integral part of these financial statements.

LOWER COLORADO RIVER AUTHORITY
STATEMENTS OF CASH FLOWS
(Dollars in Millions)

	Year Ended June 30, 2021	Year Ended June 30, 2020
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$ 235.5	$ 224.3
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation, depletion and amortization	208.3	215.6
Changes in assets, liabilities, deferred inflows and outflows of resources:		
Accounts receivable	(152.8)	1.1
Inventories	(15.8)	(20.2)
Other current assets	(10.5)	(3.5)
Current liabilities	78.5	23.8
Other noncurrent assets, charges and deferred outflow of resources	(2.3)	(0.5)
Other credits and other noncurrent liabilities, and deferred inflow of resources	(113.8)	3.7
Net cash provided by operating activities	$ 227.1	$ 444.3
Noncash Financing and Investing Activities		
Investment market adjustments	$ 1.0	$ (1.9)
Capital assets financed through current liabilities	(7.3)	(0.5)

The accompanying notes are an integral part of these financial statements.

LOWER COLORADO RIVER AUTHORITY
STATEMENTS OF FIDUCIARY NET POSITION
PENSION TRUST FIDUCIARY FUNDS
(Dollars in Millions)

	Dec. 31, 2020	Dec. 31, 2019
Assets		
Cash and cash equivalents	$ 33.0	$ 11.6
Investments - at fair value	445.7	417.2
Receivables:		
Accrued interest and dividends	-	0.6
Employee buyback contributions	-	1.0
Other receivables	2.4	1.1
Total receivables	2.4	2.7
Total assets	481.1	431.5
Liabilities:		
Accrued investment expenses	0.3	-
Accrued administrative expenses	-	0.1
Benefits payable	2.4	1.5
Total liabilities	2.7	1.6
Net position restricted for pensions	$ 478.4	$ 429.9

The accompanying notes are an integral part of these financial statements.

LOWER COLORADO RIVER AUTHORITY
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FIDUCIARY FUNDS
(Dollars in Millions)

	Year Ended Dec. 31, 2020	2019
Additions		
Net appreciation on investments	$ 50.2	$ 62.5
Interest	0.9	2.5
Dividends	12.8	0.2
Settlements, commissions, and other income (loss)	(0.1)	3.7
Total investment income	63.8	68.9
Less investment expenses	(1.3)	(3.2)
Net investment income	62.5	65.7
Employer contributions	31.0	24.5
Employee contributions	0.1	0.2
Total contributions	31.1	24.7
Total additions	93.6	90.4
Deductions		
Benefits paid to participants	(44.8)	(42.9)
General, administrative and other expenses	(0.3)	(0.2)
Total deductions	(45.1)	(43.1)
Net increase in net position	48.5	47.3
Net position restricted for pensions, beginning of period	429.9	382.6
Net position restricted for pensions, end of period	$ 478.4	$ 429.9

The accompanying notes are an integral part of these financial statements.

1. Significant Accounting Policies

Reporting Entity: LCRA is a conservation and reclamation district created by the Texas Legislature in 1934. It receives no state tax money and cannot levy taxes. It operates on revenue from the sale of wholesale electricity, water and other services. The LCRA Board of Directors is appointed by the Texas governor, with state Senate approval, to serve six-year terms. The financial condition of LCRA is not controlled by or dependent on the State of Texas or any other political subdivision. Under the criteria set forth by GASB, LCRA considers its relationship to the state to be that of a related organization.

LCRA Transmission Services Corporation (LCRA TSC): LCRA TSC was created under Chapter 152 of the Texas Water Code as a nonprofit corporation and instrumentality of LCRA, conducting LCRA's transmission business. Although it is a separate legal entity, LCRA TSC is reported as part of LCRA because it is governed by a board of directors composed in its entirety of the LCRA Board. LCRA TSC issues separate financial statements that can be obtained by contacting the Lower Colorado River Authority, P.O. Box 220, Austin, TX 78767.

GenTex Power Corporation (GenTex): GenTex, a nonprofit corporation created by LCRA, is governed by a nine-member board appointed by the LCRA Board. Although it is a separate legal entity, GenTex is reported as part of LCRA because all of its capacity and energy is assigned to LCRA. LCRA and GenTex jointly own a combined-cycle, natural gas-fired generating unit that began operations in June 2001. GenTex does not issue separate financial statements.

LCRA Wholesale Energy Services Corporation (LCRA WSC Energy): LCRA WSC Energy, a nonprofit corporation and instrumentality of LCRA, was created in 2012 under Chapter 152 of the Texas Water Code to market and sell electric power outside of LCRA's traditional service area. Although it is a separate legal entity, LCRA WSC Energy is reported as part of LCRA because it is governed by a board of directors composed in its entirety of the LCRA Board. LCRA WSC Energy does not issue separate financial statements.

Fayette Power Project (FPP): Three coal-fired generating units are located at FPP and operate pursuant to a participation agreement with the City of Austin (Austin Energy). LCRA has an undivided 50% interest in units 1 and 2 and wholly owns Unit 3. LCRA's investment is financed with LCRA funds, and its pro-rata share of operations is recorded as if wholly owned. The original cost of LCRA's share of FPP's generation and transmission facilities is recorded in the utility plant accounts of LCRA in accordance with its accounting policies. The equity interest in FPP is calculated pursuant to the participation agreement and is reported in various asset and liability accounts within LCRA's financial statements.

Sandy Creek Energy Station: LCRA is a joint-venture participant in the Sandy Creek Energy Station, a coal-fired electric generation plant located near Waco. The plant became operational in May 2013. LCRA owns an 11.13% undivided interest in the plant. LCRA is committed to purchase an additional 11.14% of the generation from the plant. The cost of LCRA's share of the plant is recorded in the utility plant accounts of LCRA. LCRA's equity interest in Sandy Creek and its share of expense are calculated pursuant to the participation agreement and are reported in various accounts within LCRA's financial statements. Power purchased from the plant is reflected as purchased power expense on LCRA's financial statements.

Basis of Accounting: The accompanying financial statements of LCRA, a governmental entity, were prepared using proprietary fund and accrual basis accounting. LCRA follows GASB guidance.

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions affecting the reported amounts of assets, deferred outflow of resources, liabilities, deferred inflow of resources, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

LCRA considers electric revenues and costs directly related to the generation, purchase, transmission and distribution of electricity to be operating revenues and expenses. Water revenues and other services related to environmental laboratory operations, licensing and recreation and the costs directly related to these services are also considered operating revenues and expenses. Revenues and expenses related to financing and other activities are reflected as nonoperating revenues and expenses.

Newly Adopted Standards for Fiscal Year 2021:

In Fiscal Year (FY) 2021, LCRA implemented GASB Statement No. 84, "Fiduciary Activities." The standard was developed to improve guidance regarding the identification of fiduciary activities for accounting and reporting purposes and how those activities should be reported. LCRA's only fiduciary activity is its Pension Trust Fund. The financials of the fund are provided on pages 15 and 16.

Issued, But Not Yet Effective Pronouncements: GASB Statement No. 87, Leases, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognizes inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. LCRA will implement this standard effective July 1, 2021, using the full retrospective method; prior years will be restated. The new accounting standard will have an immaterial impact on LCRA's financial statements.

In May 2020, the GASB issued a new accounting standard (GASB Statement No. 96) for subscription-based information technology arrangements (SBITAs). This includes Software as a Service arrangements. Under the new standard, a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The new standard also provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The accounting method is similar to the accounting for leases established in GASB Statement No. 87. LCRA will implement the new standard effective July 1, 2022, using the full retrospective approach; prior periods will be restated. LCRA has not yet quantified the impact of adopting the new standard.

Fair Value Measurement: LCRA applies GASB Statement No. 72, **"**Fair Value Measurement and Application," which addresses accounting and financial reporting issues related to fair value. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Statement No. 72 establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of input are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument in an inactive market, prices for similar instruments, interest rates, prepayment spreads, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available.

Operating Revenues: LCRA's principal operating revenues are generated from electric sales, including both wholesale power and transmission services. The customers served by LCRA and the rates paid by such customers vary with services provided. Revenues are recorded when power is delivered or services are provided. In addition to contractual sales to customers, LCRA also sells power into an electricity market operated by the Electric Reliability Council of Texas (ERCOT). These sales are affected by market prices and are not subject to rate regulation by LCRA's Board of Directors or other regulatory bodies. Accordingly, LCRA does not apply the provisions of GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements," paragraphs 476-500, to these transactions.

LCRA also generates revenues through the sale of raw water. Revenues are recorded when water is delivered.

Major Customers and Electric Revenues: For FY 2021 and FY 2020, LCRA had one customer whose revenue individually represented 10% or more of total operating revenues at 18.5% and 25.2%, respectively.

Electric revenues, including transmission and wholesale power, represented approximately 92.8% and 92.6% of LCRA's operating revenues for FY 2021 and FY 2020, respectively.

LCRA's existing wholesale customers have entered into electric wholesale contracts that extend to 2041.

Rates and Regulations: LCRA's electric and water rates are set by the LCRA Board at a level sufficient to recover its operating costs, debt service and debt service coverage requirements. While the LCRA Board has original jurisdiction over its water rates, the PUC has appellate jurisdiction. LCRA's transmission service rates remain regulated by the PUC.

Transmission rates within the ERCOT system are determined pursuant to a universal 100% "postage stamp" rate that spreads the total annual costs of transmission services among distribution service providers according to their electric loads. The transmission costs are determined pursuant to transmission cost of service (TCOS) rate proceedings filed by all transmission service providers, including LCRA TSC. Every electric end-use consumer in the ERCOT system pays a portion of the total costs of maintaining a reliable statewide transmission system. Transmission charges are calculated by multiplying a distribution service provider's share of the statewide electric load by the statewide postage stamp rate of each transmission service provider. The PUC determines the load shares and rates through its TCOS regulatory process. Beginning in January 2017, LCRA TSC began charging for the export of power from ERCOT. These transmission charges, amounting to $0.4 million and $1.4 million for FY 2021 and FY 2020, respectively, are paid by utilities that have arranged in advance through ERCOT to receive the export power. Pursuant to a tariff approved by the PUC, LCRA TSC collects revenues for transformation services, providing transformers that step down voltage from levels appropriate for transmission to lower levels for distribution. The transformation tariff authorizes a monthly charge for each transformation delivery point. LCRA TSC also collects monthly metering service revenues based on a per-meter charge according to the PUC approved tariff.

Transmission revenues of $478.5 million for the year ended June 30, 2021, were the result of rate changes authorized during the fiscal year. New rates of $6.76 per kilowatt became effective on Sept. 22, 2020, and $7.06 per kilowatt became effective on March 29, 2021. Prior to the change, the rate was $6.42 per kilowatt and had been effective from April 3, 2020. The rate increases were related to investments in transmission system improvements.

LCRA TSC filed for an interim rate increase in August 2021 with a rate anticipated to be effective October 2021 to recover transmission project improvements. Rate changes reflect return on rate base and incremental ad valorem taxes on system improvements.

ERCOT Settlements Reporting: LCRA participates in ERCOT's energy and operating reserve market whereby sales and purchases are netted hourly. Total sales recorded as a reduction of operating expense were $94.4 million and $170.0 million for FY 2021 and FY 2020, respectively.

Fuel and Power Cost Recovery Factor (F&PCRF): Revenues from the sale of electricity include amounts collected through the F&PCRF charged to wholesale electric customers. LCRA records over- or under-recoveries of fuel costs as other current assets or deferred inflow of resources in the balance sheets. These costs are a component of the F&PCRF. Over-recoveries may result in credits to customers and under-recoveries may result in additional assessments to customers. LCRA under-recovered fuel costs by $10.2 million and over-recovered fuel costs by $30.2 million as of June 30, 2021, and June 30, 2020, respectively.

Gas Price Management: LCRA entered into futures contracts, swaps and options to mitigate the financial and market risk associated with price fluctuations. Derivative instruments are recorded on the balance sheets at their fair values. Changes in the fair value of derivatives are recorded each period. LCRA is using GASB Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments,” accounting as a component of the F&PCRF for its hedging derivatives. Gains and losses related to the derivative contracts deemed ineffective hedges are recognized in current earnings. Gains and losses on financial contracts that are effective hedges are deferred on the balance sheets. See Note 8 of the Notes to Financial Statements.

Capital Contributions: Capital contributions consist of donated assets and grant-funded or customer contributions for capital-related work.

Cash and Cash Equivalents: LCRA considers all highly liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents. LCRA maintains cash balances in excess of Federal Deposit Insurance Corp. limits at certain financial institutions. LCRA manages this credit risk by concentrating its cash balances in high quality financial institutions and by periodically evaluating the credit quality of the primary financial institutions holding such deposits. With short maturities, the investments present insignificant risk of changes in value because of interest rate changes and are readily convertible to cash. Historically, no losses have been incurred due to such cash concentrations.

Investments: LCRA’s investments are stated at fair value. Any changes, unrealized and realized, in the fair value of financial investments are recorded as investment income.

Accounts Receivable and Allowance for Doubtful Accounts: LCRA accounts receivable balances are subject to risk of nonpayment. Allowances to account for that risk have been calculated based on a three-year average of customer write-offs, except in certain cases, where amounts were recorded directly to bad debt expense and excluded from the three-year average. The allowance for doubtful accounts balance was $0.1 million and $0.1 million as of June 30, 2021, and 2020, respectively.

Inventories:
Fuel: Stored natural gas and fuel oil are stated at average cost.

Nonfuel: Nonfuel inventories are stated at the lower of cost or market using the average cost method and are subject to write-off when deemed obsolete. LCRA has established a reserve for excess and obsolete inventory, which is based primarily on inventory aging and historical analysis. The reserve is intended to adjust the net realizable value of inventory LCRA may not be able to use due to obsolescence. The balance in the reserve as of June 30, 2021, and 2020, totaled $0.8 million and $0.8 million, respectively.

Other Current Assets: Other current assets are comprised primarily of prepaid items, advances and the current portion of other noncurrent assets.

Restricted Funds: Restricted funds consist of construction funds derived from debt issuances, system revenues designated for specific purposes by the LCRA Board, and other funds with legal or contractual constraints. It is LCRA’s policy to use restricted resources first for the specified purposes, then unrestricted resources if they are needed.

Capital Assets:

Utility Plant: Utility plant consists of generating plants, electric transmission and distribution facilities, capital spares, dams, reservoir land, natural gas production and development, irrigation systems, water utilities, telecommunications facilities, and related projects under construction. These assets are recorded at cost, which includes materials, labor, overhead and interest capitalized during construction. The cost of repairs and minor replacements are charged to operating expense as incurred. Costs of asset replacements and betterments are capitalized. The net book value of a retired depreciable plant, along with removal expense less salvage value, is charged to nonoperating expense on the statements of revenues, expenses and changes in net position. Gains and losses upon disposition are recorded as nonoperating revenues or expenses in the period incurred. For FY 2021 and FY 2020, expenses for long-lived items greater than $1,000 are eligible to be capitalized. LCRA allows for direct expensing of items where the costs associated with obtaining approval of and tracking a capital project are onerous.

Intangible Assets: Intangible assets primarily include water rights, easements, energy capacity rights and internally generated software. Water rights and easements are stated at cost, have an indefinite life and are disclosed under the provisions of GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets." Internally generated software is included in the depreciable capital assets line item and is amortized over approximately five years. Energy capacity rights are amortized over 14 years and are included in the "Depreciable Intangible assets – other" line item of the balance sheets. Easements are shown separately on the balance sheets.

Natural Gas Development and Production: LCRA adopted the full-cost method of accounting for natural gas development and production. Under this method, all costs directly associated with acquisition and development of oil and gas properties are capitalized and recorded under depreciable capital assets as oil and gas properties and depleted to expense over the life of proved reserves on a units-of-production method. Depletion expense totaled approximately $0.03 million and $0.1 million for FY 2021 and FY 2020, respectively.

Capitalized Interest: LCRA complies with GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period." Accordingly, interest for debt related to construction costs are expensed as incurred rather than capitalized.

Impairment: LCRA evaluates the carrying value of its property, plant and equipment, and other long-lived assets when major events or changes in circumstances indicate a decline in an asset's service capacity. Impairment is measured using methods that isolate the asset's service capacity rendered unusable. LCRA and LCRA TSC had no material impairments during FY 2021 and FY 2020.

Depreciation, Depletion and Amortization: LCRA depreciates its plant in service on a straight-line basis over the estimated useful lives of the various classes of these assets. Annual depreciation expense, expressed as a percentage of depreciable plant, was approximately 2.9% for FY 2021 and 3.2% for FY 2020.

The estimated useful life of property, plant and equipment by major category is as follows:

Hydraulic Production Plant	5 - 50 years
Steam Production Plant	10 - 40 years
Transmission Facilities	5 - 58 years
General Office Buildings	4 - 45 years
Irrigation Plant	5 - 70 years
Sewage and Water Treatment Plant	5 - 50 years
Telecommunication Facilities	5 - 45 years
Intangible Assets	5 years - Indefinite

Regulatory Assets and Deferred Inflows: LCRA applies the accounting requirements of GASB Statement No. 62. Accordingly, certain costs may be capitalized as a regulatory asset that otherwise would be charged to expense. A regulatory asset is recorded when it is probable that future revenue in an amount at least equal to the capitalized costs will result from inclusion of those costs in future rates. These regulatory assets, which are included under other charges, will be recovered through rates in future years, and consist of depreciation of debt-funded assets, costs related to outstanding debt, under-recovery of fuel costs and costs related to pension and other postemployment benefits.

In addition, rate actions of the regulator may impose a regulatory credit on LCRA. A regulatory credit occurs when a regulator requires refunds to customers or provides current rates intended to recover costs expected to be incurred in the future. A regulatory credit is reported as a deferred inflow of resources on the balance sheets and is recognized and charged to income when the associated costs are incurred. The balance of regulatory credits also includes an over-recovery of fuel costs. Components of regulatory assets and regulatory credits are summarized in the following table:

Regulatory Assets and Credits (Dollars in Millions)		June 30, 2021		June 30, 2020
Regulatory assets:				
Fuel cost under-recovery	$	10.2	$	-
Deferred depreciation on debt-funded capital expenditures		30.7		16.1
Deferred pension and other postemployment benefits costs		254.3		255.6
	$	295.2	$	271.7
Regulatory credits:				
Fuel cost over-recovery	$	-	$	30.2
Amounts collected from rates to be used for future costs		88.7		66.2
	$	88.7	$	96.4

Other Noncurrent Assets: Other noncurrent assets are composed primarily of prepaid expense on software, hardware, and licensing agreements ($4.7 million and $4.4 million as of June 30, 2021, and 2020, respectively), and ERCOT congestion revenue rights ($3.3 million and $4.5 million as of June 30, 2021, and 2020, respectively).

Other Current Liabilities: Other current liabilities are composed primarily of transmission cost of service (TCOS) liabilities ($30.1 million and $15.1 million as of June 30, 2021, and 2020, respectively), property tax accruals ($12.7 million and $12.3 million as of June 30, 2021, and 2020, respectively), and security deposits ($29.3 million and $40.1 million as of June 30, 2021, and 2020, respectively).

Compensated Absences: LCRA records employees' earned vacation leave as a liability and accrues for certain related expenses associated with the payment of compensated absences.

Asset Retirement Obligations: In accordance with GASB Statement No. 83, "Certain Asset Retirement Obligations," LCRA records the fair value of a liability for an asset retirement obligation ("ARO"), which is a legally enforceable liability associated with the retirement of a tangible capital asset. A liability is recorded in the period in which it is incurred, if the fair value can be reasonably estimated even though uncertainty exists about the timing and/or method of settlement. These AROs primarily related to environmental liabilities imposed by federal or state laws and are measured based on projections of AROs, including inflation, discounted by LCRA's long-term debt rate of similar duration. When an ARO liability is initially recorded, LCRA records a corresponding deferred outflow of resources. For each subsequent reporting period, the liability is adjusted for inflation or deflation. The deferred outflow of resources is amortized over the remaining useful life of the related assets; the weighted-average remaining life is 19.0 years.

Bonds, Notes and Loans Payable: LCRA reports the current portion of long-term debt, which includes all commercial paper and scheduled debt payments to be made within the next 12 months, as a current liability. LCRA debt includes outstanding long-term revenue bonds, commercial paper and other notes. Amortization of debt discount and premium is computed using the effective yield method over the life of the related bonds and is recorded as interest expense.

Refunding and Defeasance of Debt: For debt refundings, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and reported as a component of deferred inflows or outflows of resources. Losses created by refunding transactions are amortized over the shorter of the remaining terms of the new issues or the refunded bonds. These amounts are reported as deferred outflow of resources on the balance sheets. Gains created by refunding transactions are amortized over the shorter of the remaining terms of the new issues or the refunded bonds. These amounts are reported as other deferred inflows of resources on the balance sheets. For debt defeasances, the difference between the carrying amount of the debt and the amount of funds needed to retire the debt is recognized immediately in the statements of revenues, expenses and changes in net position as a gain or loss on early defeasance of debt, if material. If the difference is not material, it is recognized immediately as interest expense.

Other Credits and Other Noncurrent Liabilities: Other credits and other noncurrent liabilities consist of environmental liabilities, supplemental executive retirement program liabilities, unearned revenues and other noncurrent liabilities.

Other Noncurrent Liabilities: In October 1999, LCRA entered into a long-term water supply agreement with the City of Austin. LCRA used the proceeds related to the agreement to pay down debt related to the acquisition of water rights, purchase additional water rights and help fund other programs related to its river management operations. LCRA has unearned revenues related to this agreement.

Changes in other noncurrent liabilities are as follows:

Other Noncurrent Liabilities
(Dollars in Millions)

Description	Balance June 30, 2019 [2]	Increase	(Decrease)	Balance June 30, 2020 [2]	Increase	(Decrease)	Balance June 30, 2021 [2]
Unearned Revenues - City of Austin [1]	$ 54.7	$ -	$ (1.8)	$ 52.9	$ -	$ (1.9)	$ 51.0
Asset Retirement Obligation	17.8	2.5	-	20.3	1.0	-	21.3
Unearned Revenue - Tower Sale	13.3	-	(0.7)	12.6	-	(0.7)	11.9
Other Noncurrent Liabilities	23.8	40.9	(42.5)	22.2	53.6	(62.0)	13.8
Total	$ 109.6	$ 43.4	$ (45.0)	$ 108.0	$ 54.6	$ (64.6)	$ 98.0

[1] City of Austin water agreement liability (see Other Noncurrent Liabilities paragraph)

[2] Balances exclude Pension payable and Other Postemployment Benefits (OPEB) payable. See Note 4 - Retirement and 401(k) Benefits and Note 5 - Other Postemployment Benefits.

Classifications of Net Position: The net position section of the balance sheets includes the following components:

Net investment in capital assets is the portion of net position that consists of capital assets, net of accumulated depreciation, plus deferred outflows of resources, reduced by outstanding debt and construction contracts payable attributable to the acquisition, construction or improvement of those assets. Capital assets for the net investment computation include both capital assets and regulatory assets. In the event there are unspent proceeds from a bond issuance for the stated purpose of capital improvement, the outstanding debt is reduced by the amount not used for capital projects as of period end. As of June 30, 2021, and 2020, debt-funded assets not related to capital assets included $168.2 million and $163.0 million, respectively, in cash and investments restricted for future capital projects or debt service fund requirements.

The categories of restricted net position represent the portion of net assets over which there are LCRA Board or externally imposed constraints as to its use. They consist of Board-restricted reserves, bond sinking fund requirements, and construction fund cash and investments reduced by any related outstanding debt or deferred inflows of resources related to the debt. As of June 30, 2021, and 2020, these restricted categories of net assets consisted of cash and investments of $291.4 million and $271.2 million, reduced by liabilities and deferred inflows of resources of $203.9 million and $198.6 million, respectively.

Unrestricted net position is the share of net position that is neither restricted nor invested in capital assets.

2. Financial Instruments

As of June 30, 2021, and 2020, LCRA had the following investments and maturities:

Investments and Maturities
(Dollars in Millions)

Type of Investment	June 30, 2021 Fair Value	June 30, 2021 WAM (Years)[1]	June 30, 2020 Fair Value	June 30, 2020 WAM (Years)[1]
Investments				
U.S. Government Securities	$ 6.9	1.85	$ -	-
U.S. Agency Notes	144.1	3.84	183.4	3.51
Commercial Paper	72.1	0.31	78.9	0.41
Taxable Municipals	153.7	2.24	172.2	2.51
Cash Equivalents				
Investment Pools	490.4	0.14	440.5	0.12
Total	$ 867.2	1.16	$ 875.0	1.37
Cash and Investments as of June 30, 2021, and 2020, Consisted of the Following:				
Cash	$ 20.8		$ 8.6	
Investments and Cash Equivalents	867.2		875.0	
Total Cash and Investments	$ 888.0		$ 883.6	

[1] Weighted Average Maturity

Investment Pool: LCRA investments included an investment pool with TexPool on June 30, 2021, and 2020. The Texas Comptroller of Public Accounts oversees TexPool, and the pool seeks to maintain a $1 value per share as required by the Texas Public Funds Investment Act. There are no minimum balance requirements for TexPool participants, and there is no limit on the number of accounts per participant.

LCRA investments also included an investment pool with Local Government Investment Cooperative (LOGIC) on June 30, 2021, and 2020. First Southwest Company and J.P. Morgan Investment Management, Inc. oversee LOGIC. The pool seeks to maintain a $1 value per share as required by the Texas Public Funds Investment Act.

TexPool investments were $272.0 million and $87.3 million as of June 30, 2021, and 2020, respectively. LOGIC investments were $218.4 million and $353.2 million as of June 30, 2021, and 2020, respectively.

Debt Service Reserve Funds: LCRA has debt service reserve funds, which include investments suitable to provide reserves to meet any shortfalls in funds available to make required debt service payments. Debt service reserve funds are not to be used except in the case of insufficient funds. As of June 30, 2021, and 2020, LCRA had investments in separate accounts holding U.S. Treasury notes and U.S. agency notes, held for the use of debt service reserves, totaling $154.5 million and $148.7 million, respectively.

Interest Risk: LCRA has no formal policy to address exposure to fair value losses resulting from changes in interest rates. However, in accordance with management policy, LCRA manages its exposure to changing interest rates by laddering the investment portfolio, matching maturities against liabilities when possible and holding investments to maturity.

Concentration Risk: LCRA owns investments from two issuers as of June 30, 2021 that account for greater than 5.0% of its investment portfolio, as shown in the table below.

Centration Risk
(Dollars in Millions)

Issuer	Amount	Percentage of Portfolio
Federal Farm Credit Bureau	$ 56.4	6.5%
Federal Home Loan Bank	46.9	5.4%

Credit Risk: LCRA's investment activities are governed by the state statute Texas Public Funds Investment Act, which specifies the types and ratings of investments governmental entities are allowed to purchase. In addition, LCRA Board policy and internal operating procedures further restrict investment activities. The credit ratings of LCRA's investments and external investment pools are summarized in the table below.

LCRA Investment Credit Ratings

	June 30, 2021		
Credit Risk	Moody's Ratings	Standard & Poor's Ratings	Fitch Ratings
TexPool investment pool		AAAm	
LOGIC investment pool		AAAm	
U.S. Agency Notes	Aaa	AA+	AAA [1]
U.S. Treasury Notes	Aaa	AA+u	AAA
Alabama Municipal Electric Authority	A1	AA	AA-
Alabama Public Schools	Aa1	AA	AA+
Albuquerque Water Utility Authority		AAA	
Allen, Texas Economic Development	Aa2		
Allen, Texas Independent School District	Aaa	AAA	
Auburn University	Aa2	AA-	
Barbers Hill, Texas Independent School District	Aaa	AAA	
Brooks County, Texas Independent School District		AAA	
California State Municipal Finance		AA-	AA
Canutillo, Texas Independent School District	Aaa		
Cedar Hill, Texas Independent School District	Aaa		AAA
Central Oklahoma Trasportation & Parking Authority	Aa2	AA+	
Charleston Educational Financing Corporation	Aa3	AA-	
City & County of Denver, Colorado	Aa3	AA-	AA-
City of Charleston	Aa1	AA+	
City of Dallas, Texas Independent School District		AAA	AA+
City of Dallas, Texas Utility System	Aa2	AAA	AA+
City of Harlingen, Texas General Obligation Bonds		AA-	AA+
City of Henderson, Nevada	Aa2	AA+	
City of Houston, Texas Utility System	Aa2	AA	AA
City of Huntsville	Aaa	AAA	
City of Lubbock		AA+	AA+
City of New Orleans, Louisiana	A2	AA	A
City of New York	Aa2	AA	AA-
City of San Antonio, Texas	Aaa	AAA	AA+
City of Wilmington, North Carolina	Aa1	AA+	AA+
Collin County, Texas	Aaa	AAA	
Connecticut State Housing	Aaa	AAA	
County of Collier	Aa1	AAA	
County of Montgomery	Aaa	AA+	
County of Williamson, Texas		AAA	AAA
Cuyahoga County General Obligation	Aa2	AA	
Dallas - Fort Worth International Revenue Bonds	A1	A	A+
Florida State Board of Finance Revenue Bonds	Aa3	AA	AA
Georgia State Municipal - Dekalb County	A1	AA	
Guadalupe-Blanco River Authority		AA+	
Honolulu City and County Waste Revenue Bonds	Aa3		AA-
Indiana University	Aaa	AAA	
Indianapolis Bond Bank	Aaa		AAA
Iowa Finance Authority	Aaa	AAA	
Kaufman County, Texas		AA-	AA
Lancaster County Career and Technical Center Authority		AA	
Louisiana Regional Transportation Authority	Aa3	AA	
Louisiana State Gas Authority	Aa2		AA-
Louisiana State Gas Revenue Bonds	Aa2		AA-
Lubbock Cooper Independent School District		AAA	AAA
Magnolia Independent School District	Aaa		
Massachussets Educational Finance Authority		AA	
McAllen, Texas Independent School District	Aaa		
Miami-Dade County Housing		AA+	
Michigan State Housing Authority	Aa2	AA+	
Mississippi State Development Bank		AA-	AA-
Missouri-Illinois Metropolitan District	Aa2	AA	
Nassua County, New York Interim Finance Authority		AAA	AAA
Neshaminy, Pennsylvania School District	Aa1		
Northern Arizona University General Revenue	A2	AA	
Oklahoma Turnpike Authority	Aa3	AA-	AA-
Oregon State School Board Association	Aa2	AA	
Pima County, Arizona		AA-	AA
Port Aransas, Texas Housing Revenue		AA+	
Port Authority of New York	Aa3	A+	A+
Round Rock, Texas Transportation Development Bonds		AA	
San Antonio, Texas Education Corporate Revenue Bonds		AA-	
State of Connecticut General Obligation Bonds	Aa3	A+	AA-
State of Louisiana General Obligation	Aa3	AA-	
State of Wisconsin	Aa1	AA	
Tarrant County, Texas Regional Water Authority		AAA	AA+
Tennessee Housing Development Agency	Aa1	AA+	
Texas A&M University	Aa2		AA
Texas Public Finance Authority	Aaa	AAA	
Texas State Transportation Highway Fund Revenue Bonds	Aaa		AAA
Texas State Womans Revenue Bonds	Aa3		
Texas Tech University Revenue Bonds	Aa1	AA+	AA+
Town of Davie, Florida Sewer and Water Revenue Bonds	A1	AA	
Town of Scarborough, Maine	Aa3	AA+	
University of Arkansas Revenue Bonds	Aa2		
University of California	Aa2	AA	AA
University of Minnesota	Aa1	AA	
University of North Carolina	Aaa	AAA	AAA
University of North Texas	Aa2		AA
Virginia Resource Authority	Aaa	AAA	
Wisconsin State General Revenue Bonds	Aa2		AA
Natixis Commercial Paper	P-1	A-1	F1
Toyota Commercial Paper	P-1	A-1+	F1
RBC Commercial Paper	P-1	A-1+	
Prudential Commercial Paper	P-1	A-1+	
USB Commercial Paper	P-1	A-1+	F1

[1] U.S. agency note issued by FHLB not rated by Fitch

	June 30, 2020		
Credit Risk	Moody's Ratings	Standard & Poor's Ratings	Fitch Ratings
TexPool investment pool		AAAm	
LOGIC investment pool		AAAm	
U.S. Treasury Notes	Aaa	AA+u	AAA
U.S. Agency Notes	Aaa	AA+	AAA [1]
Alabama Municipal Electric Authority	A1	AA	AA-
Allen, Texas Independent School District	Aaa	AAA	
Barbers Hill, Texas Independent School District	Aaa	AAA	
Brazos, Texas Higher Education Authority		AA	
Brooks County, Texas Independent School District		AAA	
California State Municipal Finance		AA-	AA
Canutillo, Texas Independent School District General Obli	Aaa		
Cedar Hill, Texas Indepentent School District	Aaa		AAA
Central Oklahoma Trasportation and Pack	Aa2	AA+	
City of Dallas, Texas Utility System	Aa2	AAA	AA+
City of Grand Prarie, Texas		AAA	AA+
City of Harlingen, Texas General Obligation Bonds		AA-	AA+
City of Henderson, Nevada	Aa2	AA+	
City of Houston, Texas Utility System	Aa2	AA	AA
City of New Orleans, Louisiana	A2	AA	A
City of New York	Aa1	AA	AA
City of San Antonio, Texas	Aaa	AAA	AA+
City of Wilmington, North Carolina	Aa1	AA+	AA+
Colorado State Housing Authority	Aaa	AAA	
County of Williamson, Texas		AAA	AAA
Dallas - Fort Worth International Airport	A1	A	A+
Great Lakes Michigan Water Authority Supply System Re	A1	AA-	A+
Honolulu City & County Watewater Revenue	Aa3		AA-
Indiana University	Aaa	AAA	
Iowa State Finance Authority	Aaa	AAA	
Lancaster County Career and Technical Center Authority		AA	
Massachusetts Educational Financing Authority		AA	
Massachusetts State Housing	Aa2	AA	
Michigan State Housing Authority	Aa2	AA+	
Minnesota State Housing Finance Agency	Aa1	AA+	
Nassua County, New York Interim Finance Authority		AAA	AAA
Neshaminy, Pennsylvania School District	Aa1		
New Jersey Turnpike Authority	A2	A+	A
Northern Arizona University General Revenu	WR	AA	
Oregon State School Board Association	Aa2	A+	WD
Pennsylvania State Housing Agency	Aa2	AA+	
Port Aransas, Texas Housing Revenue		AA+	
Port Authority of New York	Aa3	A+	AA-
Round Rock, Texas Transportation Development		AA	
State of Connecticut General Obligation	A1	A	A+
State of Georgia General Obligation	Aaa	AAA	AAA
Tarrant, Texas Regional Water Distribution Authority		AAA	AA
Tennessee Housing Development Agency	Aa1	AA+	
Texas A&M University	Aaa	AAA	AAA
Texas Public Finance Authority	Aaa	AAA	
Texas State Womans University Revenue	Aa3		
Texas State Transportation	MIG1	SP-1+	F1+
Texas Tech University Revenue Bond	Aa1	AA+	AA+
Town of Davie, Florida Sewer and Water Revenue	A1	AA	
University of Arkansas Revenue Bonds	Aa2		
University of California	Aa2	AA	AA
University of Colorado Enterprise Revenue	Aa1		AA+
University of Houston General Revenue	Aa2	AA	
University of Minnesota	Aa1	AA	
University of North Carolina	Aaa	AAA	AAA
Ventura County Public Financing Authority	Aa1	AA+	
Virginia Resource Authority	Aaa	AAA	
Wisconsin State General Revenue	Aa2		AA
Natixis Commercial Paper	P-1	A-1	F1
Exxon Commercial Paper	Aaa	AA	
Credit Suisse Commercial Paper	P-1	A-1	
Disney Commercial Paper	P-1	A-1	F-1
Toyota Commercial Paper	P-1	A-1+	F1
RBC Commercial Paper	P-1	A-1+	

[1]U.S. agency note issued by FHLB not rated by Fitch

Reporting Requirements: Under GASB Statement No. 72, “Fair Value Measurement and Application,” LCRA is required to disclose the valuation technique and level of inputs for all investments. One of the acceptable valuation techniques, and that which LCRA uses, is the market approach. The market approach is defined as “using prices and other relevant information generated by market transactions involving identical or similar assets, liabilities or a group of assets or liabilities, such as quoted prices.” Statement No. 72 also requires assets and liabilities to be categorized into three levels. Level I input is defined as: “quoted prices for identical assets or liabilities in active markets that LCRA can access at the measurement date.” Level II input is defined as “inputs – other than quoted prices - included within Level I that are observable for the asset or liability, either directly or indirectly.” LCRA uses Bloomberg Finance LP Service to quote investment market price by uniquely identifying each security with the Committee on Uniform Security Identification Procedures.

LCRA holds investments in each category as shown in the below table:

Fair Value Measurment
(Dollars in Millions)

	June 30, 2021		June 30, 2020	
Type of Investment	Fair Value	Category	Fair Value	Category
U.S. Government Securities	$ 6.9	I	$ -	I
U.S. Agency Notes	144.1	I	183.4	I
Commercial Paper	72.1	II	78.9	II
Taxable Municipals	153.7	I	172.2	I
Investment Pools	490.4	I	440.5	I
Total	$ 867.2		$ 875.0	

3. Long-Term Debt and Commercial Paper

Changes in long-term debt, including current portions, are as follows in millions of dollars:

Debt Activity
(Dollars in Millions)

Series	Balance June 30, 2019	Increase	(Decrease)	Balance June 30, 2020	Increase	(Decrease)	Balance June 30, 2021	Amount Due in FY 2022
LCRA TSC 2010	$ 159.6	$ -	$ (159.6)	$ -	$ -	$ -	$ -	$ -
LCRA TSC 2011A	274.2	-	(17.3)	256.9	-	(256.9)	-	-
LCRA TSC 2011B	91.9	-	(15.0)	76.9	-	(76.9)	-	-
LCRA TSC 2013	276.9	-	(7.2)	269.7	-	(7.4)	262.3	7.6
LCRA TSC 2013A	195.7	-	-	195.7	-	-	195.7	-
LCRA TSC 2015	227.9	-	(4.7)	223.2	-	(4.9)	218.3	5.2
LCRA TSC 2016	179.5	-	(6.3)	173.2	-	(6.4)	166.8	6.6
LCRA TSC 2018	282.8	-	(8.7)	274.1	-	(8.5)	265.6	8.2
LCRA TSC 2019	393.0	-	(1.3)	391.7	-	(5.6)	386.1	5.5
LCRA TSC 2019A	-	173.3	-	173.3	-	(5.5)	167.8	5.4
LCRA TSC 2020	-	261.5	-	261.5	-	(12.1)	249.4	18.3
LCRA TSC 2020A	-	-	-	-	145.5	(3.8)	141.7	4.5
LCRA TSC 2021	-	-	-	-	397.2	-	397.2	28.4
LCRA 2010	13.5	-	(13.5)	-	-	-	-	-
LCRA 2010A	195.4	-	(195.4)	-	-	-	-	-
LCRA 2010B	73.2	-	(73.2)	-	-	-	-	-
LCRA 2012A	246.9	-	(7.2)	239.7	-	(8.4)	231.3	8.0
LCRA 2012B	158.4	-	(6.1)	152.3	-	(6.4)	145.9	6.7
LCRA 2013	166.4	-	(5.0)	161.4	-	(5.2)	156.2	5.5
LCRA 2015A	23.3	-	-	23.3	-	(3.7)	19.6	3.6
LCRA 2015B	96.6	-	(0.6)	96.0	-	(0.8)	95.2	7.7
LCRA 2015C	234.8	-	-	234.8	-	(2.3)	232.5	2.5
LCRA 2015D	87.8	-	(12.7)	75.1	-	-	75.1	5.0
LCRA 2020	-	139.4	-	139.4	-	(11.4)	128.0	3.0
Unamortized Net Premium	259.9	117.3	(43.6)	333.6	142.0	(48.8)	426.8	18.9
Subtotal	3,637.7	691.5	(577.4)	3,751.8	684.7	(475.0)	3,961.5	150.6
Private Notes (2)	156.0	202.0	(201.0)	157.0	585.0	(411.0)	331.0	331.0
Commercial Paper (2)	131.9	340.8	(326.8)	145.9	306.5	(305.1)	147.3	147.3
Total	$ 3,925.6	$ 1,234.3	$ (1,105.2)	$ 4,054.7	$ 1,576.2	$ (1,191.1)	$ 4,439.8	$ 628.9 (1)

(1) Total amount due in FY 2021 was $432.0 million.

(2) Private Notes and Commercial Paper may not agree to prior year as these items are no longer combined. In previous years, transfers between Commercial Paper and Private Notes would have been treated as a roll and eliminated. However, due to separate tracking we are now reflecting those transactions to ensure that the amounts agree to the balance sheet balances.

Interest rates and maturity dates for bonds, notes and commercial paper as of June 30, 2021, are as follows:

Interest Rates and Maturity Dates on Debt

	May 15,	
Series	From	To
LCRA TSC 2013 (3.25%-5.00%)	2022	2043
LCRA TSC 2013A (5.00%-5.00%)	2024	2036
LCRA TSC 2015 (3.00%-5.00%)	2022	2045
LCRA TSC 2016 (3.00%-5.00%)	2022	2046
LCRA TSC 2018 (5.00%-5.00%)	2022	2048
LCRA TSC 2019 (3.88%-5.00%)	2022	2049
LCRA TSC 2019A (4.00%-5.00%)	2022	2049
LCRA TSC 2020 (5.00%-5.00%)	2022	2050
LCRA TSC 2020A (5.00%-5.00%)	2022	2050
LCRA TSC 2021 (5.00%-5.00%)	2022	2051
LCRA 2012A (5.00%-5.00%)	2022	2039
LCRA 2012B (3.13%-5.00%)	2022	2037
LCRA 2013 (4.13%-5.50%)	2022	2039
LCRA 2015A (3.00%-5.00%)	2022	2037
LCRA 2015B (3.25%-5.00%)	2022	2031
LCRA 2015C (2.50%-5.00%)	2022	2045
LCRA 2015D (3.75%-5.00%)	2022	2032
LCRA 2020 (5.00%-5.00%)	2022	2040
Commercial paper (1)		
Private notes (2)		

(1) Commercial paper rates are variable as of June 30, 2021. Rates ranged from 0.09% to 0.16%, with maturities of 270 days or less from their respective issue dates.

(2) Private note rates are variable as of June 30, 2021. Rates range from 0.68% to 0.95%, with maturities of 364 days or less from their respective issue dates.

LCRA's debt as of June 30, 2021, was rated by Moody's, Standard & Poor's and Fitch as follows:

Debt Credit Ratings

Debt Program	Moody's Ratings (June 30, 2021)	Standard & Poor's Ratings (June 30, 2021)	Fitch Ratings (June 30, 2021)
LCRA Refunding and Improvement Revenue Bonds	A2 (Stable)	A (Negative)	AA- (Negative)
LCRA Tax-Exempt Commercial Paper Series B	P-1	A-1+	F-1+
LCRA Tax-Exempt Commercial Paper Series A	Inactive	Inactive	Inactive
LCRA Transmission Services Corporation Contract Refunding Revenue Bonds	A1 (Stable)	A (Negative)	A+ (Stable)
LCRA Transmission Services Corporation Tax-Exempt Commercial Paper Series	P-1	A-1	F-1+
LCRA Transmission Services Corporation Tax-Exempt Commercial Paper Series B	Inactive	Inactive	Inactive

Bond and note debt payments, excluding commercial paper, are as follows:

Bond Debt Payments, Excluding Commercial Paper
(Dollars in Millions)

Ending June 30,	Principal	Interest	Total
2022	$ 131.7	$ 173.7	$ 305.4
2023	135.4	163.1	298.5
2024	130.5	156.3	286.8
2025	165.6	149.8	315.4
2026	168.8	141.5	310.3
2027-2031	883.9	581.0	1,464.9
2032-2036	801.7	372.7	1,174.4
2037-2041	588.4	199.4	787.8
2042-2046	390.2	80.5	470.7
2047-2051	138.5	15.3	153.8
	3,534.7	2,033.3	5,568.0
Unamortized Net Premium	426.8	-	426.8
Total	$ 3,961.5	$ 2,033.3	$ 5,994.8

New and Refunding Bonds: The following schedules summarize new and refunding bonds for FY 2021 and FY 2020.

FY 2021 New and Refunding Bonds
(Dollars in Millions)

Program	Issued Amount	Commercial Paper / Private Note Repayment	Debt Repayment	Debt Defeasance	Accounting Gain / (Loss)	Reduction to Aggregate Debt Service Payment	Economic Gain
Private Notes	$ 585.0 [1]	$ (154.0)	$ -	$ -	$ -	$ -	$ -
Commercial Paper	306.5 [2]	(187.1)	-	-	-	-	-
LCRA TSC 2020A Refunding Bonds [3]	145.5	(175.0)	-	-	-	-	-
LCRA TSC 2021 Refunding Bonds [4]	397.2	(200.0)	-	(333.8)	(15.8)	34.4	65.5
Total	$ 1,434.2	$ (716.1)	$ -	$ (333.8)	$ (15.8)	$ 34.4	$ 65.5

[1] Private note issuances used to fund fuel costs associated with February's winter storm in FY 2021 was $285.0 million for LCRA and to fund capital projects of $300.0 million for LCRA TSC.
[2] Commercial paper issuances used to fund capital projects in FY 2021 were $23.6 million for LCRA and $282.9 million for LCRA TSC, respectively.
[3] LCRA TSC refunding revenue series 2020A issued with a net premium. The bond proceeds were used to pay down $68.0 million in outstanding commercial paper and $107.0 million in notes.
[4] LCRA TSC refunding revenue series 2021 issued with a net premium. The bond proceeds were used to pay down $333.8 million in previously outstanding bonds, $50.0 million in outstanding commercial paper and $150.0 million in notes.

FY 2020 New and Refunding Bonds
(Dollars in Millions)

Program	Issued Amount	Commercial Paper / Private Note Repayment	Debt Repayment	Debt Defeasance	Accounting Gain / (Loss)	Reduction to Aggregate Debt Service Payment	Economic Gain
Private Notes	$ 202.0 [1]	$ (1.0)	$ -	$ -	$ -	$ -	$ -
Commercial Paper	340.8 [2]	(176.8)	-	-	$ -	-	-
LCRA TSC 2019A Refunding Bonds [3]	173.3	(200.0)	-	-	-	-	-
LCRA TSC 2020 Refunding Bonds [4]	261.5	(150.0)	-	(159.6)	2.1	30.4	28.2
LCRA 2020 Refunding Bonds [5]	139.4	-	-	(268.5)	5.1	22.1	34.9
Total	$ 1,117.0	$ (527.8)	$ -	$ (428.1)	$ 7.2	$ 52.5	$ 63.1

[1] Private note issuances used to fund capital projects in FY 2020 for LCRA TSC was $202.0 million.
[2] Commercial paper issuances used to fund capital projects in FY 2020 were $26.9 million for LCRA and $313.9 million for LCRA TSC, respectively.
[3] LCRA TSC refunding revenue series 2019A issued with a net premium. The bond proceeds were used to pay down $100.0 million in notes and $100.0 million in commercial paper.
[4] LCRA TSC refunding revenue bond series 2020 issued with a net premium. The bond proceeds were used to pay down $159.6 million in previously outstanding bonds, $100.0 million in notes and $50.0 million in commercial paper.
[5] LCRA refunding revenue bond series 2020 issued with a net premium. The bond proceeds were used to pay down $268.5 million in previously outstanding bonds.

The principal associated with the bonds that have been previously refunded by LCRA but remain outstanding as of June 30, 2021, and 2020, totaled $19.2 million and $22.9 million, respectively. There was no principal outstanding during either fiscal year associated with bonds that have been previously refunded by LCRA TSC. Proceeds from these refunding bond issues were escrowed to purchase U.S. government obligations. These obligations will mature at such time, and yield interest at amounts such that sufficient monies are available for payment of principal, premium, if any, and interest on the refunded bonds when due. None of these refunded bonds are included in LCRA's outstanding long-term debt as of June 30, 2021, and 2020.

Optional Redemption: The following bonds are redeemable at the option of LCRA according to the following schedule:

Optional Redemption Amounts and Maturity Dates

Series	Redeemable on or after:	In increments of:	At a redemption price of:	Maturing on and after:
LCRA TSC 2013	May 15, 2022	$ 5,000	$ 100 + accrued interest	May 15, 2023
LCRA TSC 2013A	May 15, 2023	5,000	100 + accrued interest	May 15, 2024
LCRA TSC 2015	May 15, 2025	5,000	100 + accrued interest	May 15, 2026
LCRA TSC 2016	May 15, 2026	5,000	100 + accrued interest	May 15, 2027
LCRA TSC 2018	May 15, 2024	5,000	100 + accrued interest	May 15, 2025 - May 15, 2031
LCRA TSC 2018	May 15, 2028	5,000	100 + accrued interest	May 15, 2032
LCRA TSC 2019	May 15, 2027	5,000	100 + accrued interest	May 15, 2037 - May 15, 2049
LCRA TSC 2019	May 15, 2029	5,000	100 + accrued interest	May 15, 2030 - May 15, 2036
LCRA TSC 2019A	May 15, 2028	5,000	100 + accrued interest	May 15, 2049
LCRA TSC 2019A	May 15, 2029	5,000	100 + accrued interest	May 15, 2030 - May 15, 2041, May 15, 2044
LCRA TSC 2020	May 15, 2029	5,000	100 + accrued interest	May 15, 2030
LCRA TSC 2020A	May 15, 2030	5,000	100 + accrued interest	May 15, 2031
LCRA TSC 2021	May 15, 2030	5,000	100 + accrued interest	May 15, 2031
LCRA 2012A	May 15, 2022	5,000	100 + accrued interest	May 15, 2023
LCRA 2012B	May 15, 2022	5,000	100 + accrued interest	May 15, 2023
LCRA 2013	May 15, 2023	5,000	100 + accrued interest	May 15, 2024
LCRA 2015A	May 15, 2025	5,000	100 + accrued interest	May 15, 2026
LCRA 2015B	May 15, 2025	5,000	100 + accrued interest	May 15, 2026
LCRA 2015C	May 15, 2025	5,000	100 + accrued interest	May 15, 2026
LCRA 2020	May 15, 2030	5,000	100 + accrued interest	May 15, 2031

LCRA bonds outstanding as of June 30, 2021, and 2020, are parity debt under the Master Resolution and are collateralized by a lien on and pledge of revenues. Pledged revenues include all amounts received pursuant to contractual commitments and all lawfully available LCRA funds. The LCRA Transmission Contract Revenue Bonds Series 2013, 2013A, 2015, 2016, 2018, 2019, 2019A, 2020, 2020A and 2021 are solely secured by the obligation of LCRA TSC to make installment payments to LCRA from the net revenues of LCRA TSC (subordinate to first lien on gross revenues securing the purchase price payments under the initial contractual commitment). Net revenues are defined as gross revenues less any purchase price payments due to LCRA and less the operating and maintenance expenses during the period.

Commercial Paper and Private Notes: LCRA is authorized to issue short-term debt under 10 separate Board-approved programs. The following schedule summarizes the commercial paper and private note programs as of June 30, 2021.

Commercial Paper and Private Note Programs
(Dollars in Millions)

Program	Status	Taxability	Board-approved Program	Program Expiration Date	Facility Limit	Facility Expiration Date	Amount Outstanding
LCRA TSC Project Tax-Exempt Series Commercial Paper	Active	Tax-Exempt	$ 200.0	May 15, 2042	$ 150.0	April 25, 2024	$ 41.9
LCRA TSC Tax-Exempt Series B Commercial Paper	Inactive	Tax-Exempt	150.0	May 15, 2042	N/A	N/A	-
LCRA TSC Private Revolving Note Program Series C [1]	Active	Both	200.0	May 1, 2031	150.0	Nov. 15, 2021	150.0
LCRA TSC Private Revolving Note Program Series E	Active	Tax-Exempt	100.0	May 1, 2030	100.0	June 09, 2023	-
LCRA TSC Private Revolving Note Program Series F[1]	Active	Both	50.0	May 1, 2030	50.0	March 22, 2022	-
LCRA Tax-Exempt Series A Commercial Paper	Inactive	Tax-Exempt	350.0	May 15, 2020	N/A	N/A	-
LCRA Taxable Series A Commercial Paper	Inactive	Taxable	350.0	May 15, 2020	N/A	N/A	-
LCRA Taxable/Tax-Exempt Series B Commercial Paper [1]	Active	Both	250.0	May 15, 2032	150.0	Sep. 09, 2024	105.4
LCRA Taxable/Tax-Exempt Private Revolving Note Series C	Active	Both	160.0	May 15, 2030	160.0	Jan. 25, 2022	81.0
LCRA Taxable/Tax-Exempt Private Revolving Note Series D	Active	Both	100.0	May 1, 2027	100.0	March 16, 2023	-
LCRA Taxable/Tax-Exempt Private Revolving Note Series E	Active	Both	225.0	May 1, 2030	225.0	March 22, 2022	100.0
Total			$ 2,135.0		$ 1,085.0		$ 478.3

(1) Permitted to issue either taxable, or tax-exempt debt under a commercial paper / private revolving note.

The proceeds from these LCRA and LCRA TSC programs can be used to provide system improvements, acquire fuel reserves and facilities, refund outstanding debt and pay interest on outstanding debt. All debt under the commercial paper programs is issued in minimum denominations of $100,000. Note programs have various denominations. Failure by LCRA or LCRA TSC to meet certain restrictive covenants under any of these agreements could result in the withdrawal of the banks' commitments for the unused line of credit. The credit facilities were utilized to back outstanding commercial paper issuances in 2021 and 2020. LCRA did not draw on its credit lines in either year as short-term financing was executed through commercial paper issuances backed by the facilities.

The total outstanding commercial paper for LCRA and LCRA TSC as of June 30, 2021, was $105.4 million and $41.9 million, respectively. The total outstanding commercial paper for LCRA and LCRA TSC as of June 30, 2020, was $81.8 million and $64.1 million, respectively. There were $181.0 million and $150.0 million in outstanding notes as of June 30, 2021, for LCRA and LCRA TSC, respectively. There were $50.0 million and $107.0 million in outstanding notes as of June 30, 2020, for LCRA and LCRA TSC, respectively. Both LCRA and LCRA TSC issue commercial paper on a regular basis. Therefore, any issuances of commercial paper or notes after June 30, 2021, are not considered subsequent events and are not disclosed in the Notes to the Financial Statements.

Letters of Credit: LCRA maintains two facilities with banks for the issuance of letters of credit up to $100.0 million total. On June 30, 2021, a $50.0 million letter of credit was outstanding under each facility. Both facilities will expire on June 4, 2022. On June 30, 2020, a $40.0 million letter of credit was outstanding under the first facility and a $49.9 million letter of credit was outstanding under the second facility. Both facilities expired on June 4, 2021.

Mandatory Redemption: A number of LCRA's term bonds are subject to mandatory sinking fund redemption at the redemption price, which equals the principal amount plus accrued interest, to the redemption date. The particular bonds or portions thereof to be redeemed are to be selected and designated by LCRA (provided a portion of a bond may be redeemed only in integral multiples of $5,000). The mandatory sinking fund redemption dates range from May 15, 2022, to May 15, 2051.

Estimation of Fair Value: The fair value measurements of long-term debt were estimated based on published market prices, and was $4.6 billion and $4.2 billion as of June 30, 2021, and 2020, respectively.

Debt Covenant Requirements: LCRA has no quantitative ratios, calculations or requirements to maintain any level of debt service coverage by long-term debt covenants or in any credit facility agreements for LCRA debt obligations. As of June 30, 2021, and 2020, LCRA is in compliance with its long-term debt covenants and credit facility agreements.

LCRA TSC is required by its long-term debt covenants to maintain annual revenues sufficient to:

I. Produce a 1.25x coverage ratio on certain payments under the Initial Contractual Commitment due to LCRA.
II. Pay all operating and maintenance expenses.
III. Produce a 1.25x coverage ratio on debt service on existing LCRA TSC debt and any other parity debt.
IV. Pay all other debt of LCRA TSC.
V. Produce amounts to fund any required capital charge coverage ratios required by the financial policies of LCRA TSC and to accumulate the required funds in any debt service reserve fund or any other funds of LCRA TSC.

There are no additional quantitative ratios or calculations required by credit facility agreement for LCRA TSC. As of June 30, 2021, and 2020, LCRA TSC is in compliance with all of its long-term debt covenants and credit facility agreements.

4. Retirement and 401(k) Plan Benefits

Plan Description: The LCRA Retirement Benefits Board of Trustees (the Board) is the administrator of the LCRA Retirement Plan and Trust (Plan), a single-employer defined benefit pension plan sponsored by LCRA. The Board has seven members: two LCRA Board members, two employees from upper management positions and three employees from positions other than upper management. The Board has sole authority to amend the plan. The plan has the pension and 401(k) financial statements audited and also issues a stand-alone report pursuant to GASB Statement No. 67, "Financial Reporting for Pension Plans (an amendment of GASB Statement No. 27)" and GASB Statement No. 68, "Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)," which is available from the Board of Trustees. The reports include all information about the plan's fiduciary net position. LCRA's net pension liability was measured as of Dec. 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of Jan. 1, 2021. The report may be obtained by writing to the LCRA Retirement Benefits Board of Trustees, P.O. Box 220, Austin, TX 78767.

As of the plan date, the LCRA Retirement Plan and Trust is in compliance with GASB Statement No. 72. The following is a summary of the pension plan investments by fair market value:

LCRA Retirement Plan Investments, Fair Market Value
(Dollars in Millions)

			June 30, 2021		
Asset Category	Cash	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	$ 33.0	$ -	$ -	$ -	$ 33.0
Total	$ 33.0	$ -	$ -	$ -	$ 33.0

			June 30, 2020		
Asset Category	Cash	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	$ 11.6	$ -	$ -	$ -	$ 11.6
Fixed Income	-	-	83.7	-	83.7
Equity	-	10.8	322.7	-	333.5
Total	$ 11.6	$ 10.8	$ 406.4	$ -	$ 428.8

Investments measured at net asset value as of June 30, 2021 are as follows:

Investments Measured at Net Asset Value
(Dollars in Millions)

Investments Measured at NAV	Equities	Fixed Income	Net Asset Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period	Weighted Average Maturity	Credit Rating
Alternative investments / limited partnerships								
SEI Special Situations Collective Fund 4	$	$	$ 10.9	$ -	June/Dec.	95 days	N/A	N/A
SEI Core Property Fund CIT			10.2	-	Quarterly	95 days	N/A	N/A
Arrowgrass International Fund Ltd			3.0	-	Redeemed	N/A	N/A	N/A
Total alternative investments / limited partnerships			24.1	-				
Mutual funds								
SIIT S&P 500 Index Fund1	131.3	-	131.3	-	Daily	N/A	N/A	N/A
SIIT World Equity Ex-US Fund2	113.8	-	113.8	-	Daily	N/A	N/A	N/A
SIIT Core Fixed Income Fund3	-	92.5	92.5	-	Daily	N/A	8.0 years	AA- / Aa3
SIIT Small/Mid-Cap Equity Fund1	27.9	-	27.9	-	Daily	N/A	N/A	N/A
SIIT Emerging Markets Equity Fund2	19.0	-	19.0	-	Daily	N/A	N/A	N/A
SIIT Emerging Markets Debt Fund5	-	18.6	18.6	-	Daily	N/A	10.7 years	BBB- / Baa3
SIIT High Yield Bond Fund3	-	18.5	18.5	-	Daily	N/A	3.9 years	B+ / B1
Total mutual funds	292.0	129.6	421.6	-				
			$ 445.7	$ -				

[1] Domestic equity holdings consist of equity securities of companies that are listed on registered exchanges or actively traded in the over-the-counter market of the United States. The equity portion may also be invested in securities that are not readily marketable (illiquid and restricted securities), receipts, securities issued by investment companies, w arrants, repurchase agreements, convertible securities and US dollar denominated securities of foreign issuers that are traded on registered exchanges or listed on NASDAQ.

[2] Non-U.S. equity holdings w ill consist primarily of equity securities (common stocks, securities that are convertible into common stocks, preferred stocks, w arrants and rights to subscribe to common stocks) of non-U.S. issuers purchased in foreign markets, on U.S. or foreign registered exchanges, or the over-the-counter markets. The issuers of the securities are located in countries other than the United States, including emerging market countries.

[3] Domestic Fixed Income may consist of both investment grade and high yield holdings. The investment grade portion of the domestic fixed income portfolio consists of fixed income securities that are rated investment grade or better, i.e., rated in one of the four highest rating categories by an NRSRO at the time of purchase, or, if not rated are determined to be of comparable quality This portion of the portfolio may hold traditional fixed income securities, such as bonds and debentures, issued by domestic and foreign private and governmental issuers, including mortgage-backed and asset-backed securities. The high yield portion of the domestic fixed income portfolio w ill consist of fixed income securities that are rated below investment grade, i.e., rated below the top four rating categories by a NRSRO at the time of purchase, or, if not rated, determined to be of comparable quality. There is no bottom limit on the ratings of high yield securities that may be purchased and held in the portfolio.

[4] A hard lockup does not permit an investor to request for a capital redemption until after the lockup date passes for Special Situations Collective Fund. The lock up expires Oct 1, 2022.

[5] Non U.S. Fixed Income may consist of both a non-US investment grade portion and an emerging debt portion. The non-U.S. investment grade portion of the fixed income portfolio w ill consist of securities of non-U.S. issuers located in countries other than the United States. The non-U.S. investment grade portion w ill concentrate its investments in developed countries. Non-U.S. investment grade fixed income securities w ill be traditional fixed income securities, such as bonds and debentures, and w ill be issued by foreign private and governmental issuers and may include mortgage-backed and asset-backed securities. The portfolio may also contain structured securities that derive interest and principal payments from specified assets or indices. All such investments w ill be in investment grade securities denominated in various currencies, including the European Currency Unit. Investment grade securities are rated in one of the highest four rating categories by an NRSRO, or, if not rated, determined to be of comparable quality.

Investments measured at net asset value as of June 30, 2020, are as follows:

Investments Measured at Net Asset Value
(Dollars in Millions)

Investments Measured at NAV	Equities	Fixed Income	Net Asset Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Limited partnerships						
Rimrock High Income Plus Fund, Ltd [4]	$	$	$ 22.2	$ -	Quarterly	120 days
Arrowgrass International Fund Ltd [4]			12.7	-	Quarterly	45 days [5]
Senator Global Opportunity Offshore Fund II [3]			10.4	-	Quarterly	30 days
Total limited partnerships			45.3	-		
Mutual funds						
SSgA S&P 500 Flagship NL Fund	104.7	-	104.7	-	Daily	2 days
Pyrford International Trust [2]	50.5	-	50.5	-	Monthly	N/A
Invesco International Growth [2]	51.9	-	51.9	-	Daily	N/A
Parametric Defensive Equity LLC [3]	21.9	-	21.9	-	Weekly	3 days
GQG Partners Emerging Markets Equity [2]	21.0	-	21.0	-	Monthly	2 days
Ranger Small Cap Fund [1]	14.3	-	14.3	-	Monthly	5 days
Senator Global Opportunity Offshore Fund II [3]	12.2	-	12.2	-	Quarterly	60 days
Total mutual funds	276.5	-	276.5	-		
Real estate investment trust			0.9	-		
Total investments measured at NAV			$ 322.7	$ -		

[1] Domestic Equity Managers invest in U.S.-based companies utilizing bottom-up stock selection and quantitative screening. With the exception of the SSgA S&P 500 Flaship NL Fund which seeks to track its index, the other managers seek to outperform their respective indices over a long term investment horizon.

[2] International Equity Managers invest in internationally-based companies utilizing bottom-up stock selection and seek to outperform their respective indices over a long term investment horizon.

[3] Long/Short Equity Managers invest in both U.S. and internationally-based companies and may also short stocks or bonds. Highline, Hoplite, and Parametric focus solely on equities, while Senator may invest in either equities or debt. Bottom-up security selection drives the investment process, and each manager seeks to outperform their respective indices over a long term investment horizon.

[4] Absolute Return Managers invest in a broader set of debt securities than Fixed Income Managers and pursue incremental positive returns in all market environments. These managers actively manage their portfolios and expect to outperform their respective benchmarks over a long term investment horizon.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. The Plan's master statement has no official policy for the management of interest rate risk.

During 2020, the pension portfolio was invested in mutual funds that are measured at NAV. The following table addresses interest rate risk exposure by investment type using the effective duration method and pertains to Dec. 31, 2019, only.

Investment Maturities
(Dollars in thousands)

	Dec. 31, 2019				
Investment Type	Fair Value	Less Than One Year	One to Six Years	Six to 10 Years	Greater Than 10 Years
United States Treasury and agency:					
Notes and bonds	$ 22,608	$ -	$ 13,683	$ 2,630	$ 6,295
Mortgage pass-through securities	22,826	-	-	58	22,768
Commercial mortgage-backed securities	1,548	-	-	-	1,548
Asset-backed securities	3,174	-	2,844	175	155
Corporate bonds	29,625	1,174	13,976	8,178	6,297
Yankee bonds	3,900	-	2,806	792	302
Total fixed income securities	$ 83,681	$ 1,174	$ 33,309	$ 11,833	$ 37,365

Credit Risk: Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligation. The Plan's master statement restricts the bond portfolio to a minimum average quality credit rating of AA by Standard & Poor's (S&P) (or AA2 by Moody's). A maximum of 20% (based on fair value) can be purchased or held in securities rated between BBB- (S&P) or BAA3 (Moody's) and BBB+ (S&P) or BAA1 (Moody's). At no time may the investment manager hold more than 3% of the fair value of the fixed income portfolio in securities that have fallen below BBB- (S&P) or BAA3 (Moody's). Commercial paper investments must not be rated lower than A-1 and P-1 by S&P and Moody's, respectively, with other short-term obligations rated at comparable credit quality. T. The following table addresses credit risk exposure for fixed income securities and pertains to Dec. 31, 2019 only. During 2020, the pension portfolio was invested in mutual funds that are measured at NAV. As of Dec. 31, 2019, the trust's then lone fixed income manager, Barrow Hanley, held a portfolio-level credit rating of AA-/Aa3. The fixed income portfolio credit ratings are summarized in the exhibit below.

Fixed Income Portfolio Credit Ratings
(Dollars in thousands)

	Dec. 31, 2019	
Credit Rating*	Fair Value	Allocation
Aaa	$ 26,529	31.7%
Aa1 through Aa3	3,817	4.6%
A1 through A3	15,012	17.9%
Baa1 through Baa3	13,718	16.4%
Unrated	24,605	29.4%
Total fixed income securities	$ 83,681	100.0%

*Majority of securities rated by Moody's. Some may have been rated by other agencies.

Concentration of Credit Risk: Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Board employs and supervises an investment performance evaluation consultant to assist in the selection and evaluation of one or more investment managers, the establishment of investment objectives and guidelines, and the allocation of Plan assets among various assets.

The master statement defines risk in four categories of investment types: (1) domestic equities, (2) fixed income, (3) international equities and (4) alternative equities. The master statement states no investment manager may concentrate more than 5% of investments in any one issuer, except the United States government and agencies. The maximum exposure to American depository receipts is limited to 5% of each domestic equity manager portfolio. In addition, no manager may concentrate more than 30% of the assets under management, at market value, in any one sector.

For Dec. 31, 2020, there were no investments that have a concentration of greater than 5%. The following exhibit reflects the investments that have a greater than 5% concentration for Dec. 31, 2019.

Investment Concentration of 5% or More
(Dollars in thousands)

	Dec. 31, 2019		
5% Issuer	Fair Value	Percentage of Fixed Income Investments	Policy Limit
Federal National Mortgage Association	$ 14,434	17.2%	N/A

The following table presents the fair value of equity investments representing 5% or more of the Plan's net position separately identified at Dec. 31, 2020, and Dec. 31, 2019:

Investments at 5% or More of Net Position
(Dollars in thousands)

Investment		Dec. 31, 2020	Dec. 31, 2019
SEI Institutional Investment S&P 500 Index Fund	New investment strategy CY	$ 131,285	$ -
SEI Institutional Investment World Equity Ex-US Fund	New investment strategy CY	113,787	-
SIIT Core Fixed Income Fund	New investment strategy CY	92,515	-
SEI Institutional Investment Small/Mid-Cap Equity Fund	New investment strategy CY	27,942	-
SSgA S&P 500 Flagship NL Fund	New investment strategy CY	-	104,696
Pyrford International Trust	New investment strategy CY	-	50,515
Invesco International Growth	New investment strategy CY	-	51,904
Rimrock High Income Plus Fund, Ltd	New investment strategy CY	-	22,180
Parametric Defensive Equity LLC	New investment strategy CY	-	21,927
GQG Partners Emerging Markets Equity	New investment strategy CY	-	21,019
Ranger Small Cap Fund	New investment strategy CY	-	14,266
Arrowgrass International Fund Ltd	Redeemed, pending settlement	3,045	12,706

Foreign Currency Risk: Foreign currency risk is the risk changing exchange rates will adversely affect the fair value of an investment. The Plan's master statement does not include an official policy for the management of foreign currency risk. It does, however, allow for hedging back to the U.S. dollars using forward foreign exchange contracts. Investment managers may hedge up to 100% of the foreign currency exposure of the portfolio. Commercial and investment banks used for hedging transactions must be rated A/A2 or better by S&P or Moody's, respectively. As of Dec. 31, 2020, and Dec. 31, 2019, the Plan had investments in mutual funds with exposure to foreign currency risk of $124.0 million and $106.0 million, respectively.

The funds that compose the foreign currency risk totals for Dec. 31, 2020, are the SIIT World Equity ex US, SIIT Emerging Market Equity and the SIIT Emerging Market Debt funds held in the custodial account; however, the U.S. investments were removed from the exhibit, and the totals below will not match the sum of the fund balances presented elsewhere in the financial statements. The funds that compose the foreign currency risk totals for Dec. 31, 2019, were the Invesco International Growth,

GQG Partners Emerging Markets Equity, Pyrford International Trust, various equities, and fixed income securities held in the custodial account; however, the U.S. investments were removed from the exhibit and the totals below will not match the sum of the fund balances presented elsewhere in the financial statements.

Currency by Investment and Fair Value
(U.S. dollars in thousands)

Investments	Dec. 31, 2020	Dec. 31, 2019
Euro	$ 23,765	$ 28,601
Japan, Yen	15,942	10,973
Hong Kong, Dollar	11,403	8,786
Korea (South), Won	10,125	2,045
Great Britain, Pound Sterling	8,341	11,481
Taiwan, Dollar	6,015	3,463
Switzerland, Franc	5,210	10,375
Australia, Dollar	5,109	6,397
Denmark, Krone	4,096	825
China, Yuan	4,065	2,588
Canada, Dollar	3,805	4,090
India, Rupee	3,290	3,201
Brazil, Brazilian Real	3,083	1,493
Sweden, Krona	2,316	2,760
Norway, Krone	1,692	823
Mexican, Peso	1,627	-
Thailand, Baht	1,513	470
Indonesia, Rupiah	1,376	1,408
South Africa, Rand	1,356	-
Malaysia, Ringgit	1,042	1,390
Poland, Zloty	1,003	-
Russia, Ruble	877	952
Other	6,960	3,878
Total Investment Fair Value	$ 124,011	$ 105,999

Money-Weighted Rate of Return: For the year ended Dec. 31, 2020, and the year ended Dec. 31, 2019, the annual money-weighted rates of return on pension plan investments were 14.8% and 17.6%, respectively. The money-weighted rates of return express investment performance, net of investment expenses, adjusted for the changing amount actually invested.

Custodial Credit Risk Investment Risk: Custodial credit risk investment risk is the risk that in the event of the failure of the counterparty, the entity will not be able to recover the value of its investments or collateral securities in the possession of the outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the entity's name and are held by a counterparty. The Plan has custodial accounts registered in the name of the Plan with discretion over those accounts. These investments are uninsured. There were no fixed income securities as of Dec. 31, 2020; however, for Dec. 31, 2019, fixed income securities totaled $83.7 million. There were no equity securities as of Dec. 31, 2020. The total amount of equity securities as of Dec. 31, 2019, was $10.8 million. The Plan investment policy includes targets that limit the amount of equity securities and as a result manages the risk. During 2020, the portfolio was invested in mutual funds which are measured at NAV and therefore do not carry similar risks as in previous years.

Benefits Provided: LCRA employees hired before May 1, 2012, are covered by the Plan. The Plan provides retirement, death and disability benefits. Effective Jan. 1, 2002, the Plan was amended to provide cash balance benefits for all employees employed or re-employed on or after Jan. 1, 2002, who become Plan participants. Active employees as of Dec. 31, 2001, were given the opportunity through the LCRA Retirement Choice Program to elect to become participants under cash balance provisions (Cash Balance Participants) or to remain under the pension provisions (Pension Participants).

The Pension Participants' retirement benefit for each year of service is 1.75% of the highest five-year average monthly compensation plus 0.4% of the portion of the highest five-year average monthly compensation that exceeds the monthly integration level. The monthly integration level is a sliding scale based on the calendar year in which termination of employment occurs, with the level being $3,300 for those terminating employment in 2021 and later. The retirement benefits for Pension Participants become 100% vested after three years of vesting service. Pension Participants may retire with unreduced accrued benefits at age 65 with five years of employment or when the total of age and service equals 80 (Rule of 80). The monthly benefit at retirement for Pension Participants is payable in a 10-year certain and life thereafter form of annuity. There are no automatic or guaranteed post-retirement cost-of-living adjustments, but ad hoc retiree benefit increases may be granted by amendment. Pension Participants are not required to contribute to the Plan, although the Plan retains employee contributions and associated liabilities from years prior to April 1, 1984, when the Plan required employee contributions. LCRA pays disability early retirement benefits to participants in the event the participant becomes disabled prior to reaching their normal retirement date under the Plan. LCRA pays death benefits to the beneficiaries of plan participants based upon the plan participant's elections.

All employees initially employed or re-employed by LCRA on or after Jan. 1, 2002, and before May 1, 2012, who complete three consecutive months of credited service are eligible to participate in the Plan as a Cash Balance Participant as of the monthly anniversary date coincident with or first following the completion of three consecutive months of credited service. The cash balance account consists of a beginning balance, monthly contribution credits and monthly interest credits. The beginning balance should be zero unless the Cash Balance Participant was employed prior to Jan. 1, 2002, in which case the beginning balance should be the Plan's lump-sum value, if any, as of Dec. 31, 2001, or, if greater, the transition value determined as of Dec. 31, 2001. The transition value was based on credited service and compensation averaged over 60 months of employment, determined as of Dec. 31, 2001. Contribution credits are equal to 4.0% of compensation paid during a month. Interest credits are added at the end of each month to the cash balance account based on an annual effective interest rate of 7.0%.

Employees Covered by the Plan:

In the fiscal year actuarial valuation, the following numbers of employees were covered by the Plan:

LCRA Retirement Plan, Covered Employees	June 30, 2021	June 30, 2020
Retirees and beneficiaries currently receiving benefits	987	953
Inactive employees entitled to but not yet receiving benefits	72	87
Active plan members	901	962
Total Participants	1,960	2,002

Contributions: At its March 21, 2012, meeting, the LCRA Board amended the plan to close it to new entrants effective May 1, 2012. Given the closing of the plan to new entrants, the plan's actuaries recommended a new funding policy beginning with the plan year April 1, 2012 - March 31, 2013. The LCRA Board has sole authority to determine the employer's contribution, taking into consideration the actuaries' recommended contribution.

In order for a public employee retirement plan to have an adequate contribution arrangement, contributions must be sufficient to pay the plan's normal cost and to amortize the plan's Net Pension Liability over a reasonable period of time. Based on the professional judgment of the plan's actuaries and the actuarial assumptions and methods used in the April 1, 2012, valuation, the actuaries recommended the amortization period for the plan be 25 years beginning April 1, 2012. Given the closed group of employee participants, the amortization of the net pension liability was switched from level percentage of participant payroll contributions to level dollar contributions.

Based on this funding policy, the actuaries' annual recommended contributions for the plan periods ending Dec. 31, 2020 (FY 2021), and Dec. 31, 2019 (FY 2020), are $23.9 million and $23.1 million payable as of Jan. 1, 2022, and Jan. 1, 2021, respectively. For FY 2021 and FY 2020, the total annual recommended contributions paid are $24.6 million and $23.7 million, respectively. These amounts will fund the plan's normal cost for the fiscal years and will amortize the net pension liability at a level dollar amount over the remaining 20 and 18 years, respectively. There are no required contributions by the participants; however, some employee contributions are made to purchase optional credited service. (See the last paragraph of Pension Note for actual contributions.)

The funding policy also depends upon the total return of the plan's assets, which varies from year to year. Investment policy decisions are established and maintained by the LCRA Retirement Benefits Board of Trustees. The Board of Trustees employs and selects investment managers with the advice of its investment consultant, which is completely independent of the investment managers. For FY 2021 and FY 2020 the money-weighted rate of return on pension plan investments was 14.8% and 17.6%, respectively. This measurement of the investment performance is net of investment-related expenses, reflecting the effect of the contributions received and the benefits paid during the year.

Net Pension Liability: LCRA's net pension liability was measured as of Dec. 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of Jan. 1, 2021.

Net Pension Liability
(Dollars in Millions)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Amounts as of June 30, 2020[1]	$ 637.5	$ 429.9	$ 207.6
Changes for the year:			
Service cost	5.5	-	5.5
Interest	43.4	-	43.4
Differences between expected and actual experience	4.9	-	4.9
Contributions by the employer	-	31.0	(31.0)
Contributions by the participants	-	0.1	(0.1)
Net investment income	-	62.5	(62.5)
Benefit payments	(44.8)	(44.8)	-
Administrative expenses	-	(0.3)	0.3
Assumption changes	-	-	-
Purchase of optional credited service	0.1	-	0.1
Net changes	9.1	48.5	(39.4)
Amounts as of June 30, 2021[2]	$ 646.6	$ 478.4	$ 168.2

[1] Measurements for the fiscal year ended June 30, 2020, were taken as of Dec. 31, 2019.

[2] Measurements for the fiscal year ended June 30, 2021, were taken as of Dec. 31, 2020.

LCRA's net pension liability was measured as of Dec. 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of Jan. 1, 2020.

Net Pension Liability
(Dollars in Millions)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Amounts as of June 30, 2019[1]	$ 614.9	$ 382.6	$ 232.3
Changes for the year:			
Service cost	5.6	-	5.6
Interest	43.5	-	43.5
Differences between expected and actual experience	1.2	-	1.2
Contributions by the employer	-	24.5	(24.5)
Contributions by the participants	-	0.2	(0.2)
Net investment income	-	65.8	(65.8)
Benefit payments	(42.9)	(42.9)	-
Administrative expenses	-	(0.3)	0.3
Assumption changes	15.0	-	15.0
Purchase of optional credited service	0.2	-	0.2
Net changes	22.6	47.3	(24.7)
Amounts as of June 30, 2020[2]	$ 637.5	$ 429.9	$ 207.6

[1] Measurements for the fiscal year ended June 30, 2019, were taken as of Dec. 31, 2018.

[2] Measurements for the fiscal year ended June 30, 2020, were taken as of Dec. 31, 2019.

Optional Credited Service: Under certain conditions, plan members may purchase optional credited service once they are 100% vested. After crediting such optional service, employees would be eligible for immediate payment of an early retirement or normal retirement benefit. Plan members may purchase optional credited service to accelerate fulfilling the Rule of 80, early retirement or normal retirement eligibility or to increase the amount of an early retirement or normal retirement benefit to which the employee would otherwise be entitled with recognition of optional credited service. A rollover from the employee's LCRA 401(k) plan account, LCRA deferred compensation plan account or from any other monetary sources (e.g., checking account) can be used to purchase the optional credited service.

Actuarial Assumptions: The total pension liability in the Jan. 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method:	Entry age.
Amortization method:	Level amount, closed period.
Remaining amortization period:	17, 18, 19, 20 and 21 years for the years ending Dec. 31, 2020, 2019, 2018, 2017 and 2016, respectively; 22, 23 and 24 years for the years ending March 31 in 2016, 2015 and 2014, respectively.
Asset valuation method:	Five-year smoothed market.
Inflation:	2.75% for the years ending Dec. 31 in 2020, 2019, 2018; 3.0% for years

	ending Dec. 31 in 2017 and 2016; 3.25% for years ending March 31 in 2016, 2015, and 2014.
Salary increases:	General wage increase plus merit and promotion increases that vary by age and service; general wage increase of 3.25% for year ending Dec. 31 in 2020, 2019, and 2018; 3.5% for years ending Dec. 31 in 2017 and 2016, and 4.00% for years ending March 31 in 2016, 2015 and 2014.
Investment rate of return:	7.0% for the years ending Dec. 31 in 2020 and 2019; 7.25% for the years ending Dec. 31, 2018, 2017 and 2016; 7.50%, net of pension plan investment expense, for years ending March 31 in 2016, 2015 and 2014.
Retirement age:	Rates that vary by age and service
Mortality:	PubG-2010(A) with general projection using Scale MP-2018 for the years ending Dec. 31, 2020, 2019 and 2018; RP-2000 Combined Healthy Mortality Table for males and for females (sex distinct) projected to 2024 by scale AA for the years ending Dec. 31, 2017 and 2018 and by scale AA for the years ending March 31 in 2016, 2015, and 2014.

The assumed retirement rates, termination rates, and rates of merit and promotion increases were based on an experience study over the five plan years ending in 2015.

The long-term expected rate of return on pension plan investments is reviewed annually and was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future net real rates of return by the target asset allocation percentage (5.0% in 2021 and 4.7% in 2020), and by adding expected inflation (2.5% in 2021 and 2020). In addition, the final 7.0% investment rate of return for the years ended Dec. 31, 2020, and 2019, was selected by rounding down.

Investment Policies: The LCRA Board approved the LCRA Retirement Plan and Trust, as most recently amended and restated effective April 1, 1994. Section 9.01 created the LCRA Retirement Board of Trustees. The Board of Trustees was delegated the responsibility to administer the Plan in accordance with its terms, and all powers necessary to accomplish that purpose including, but not limited to, the right, power and authority to: (1) employ and supervise an investment consultant to assist the Board of Trustees in selection and ongoing evaluation of one or more investment managers, the establishment of investment objectives and guidelines, and the allocation of Plan assets among the various investments, and (2) select, employ and compensate, pension trust consultants, actuaries, accountants, attorneys and investment managers, as the Board of Trustees deems necessary and advisable for the proper and efficient administration of the Plan.

The Board of Trustees administers the Plan. The Plan is a defined benefit pension plan maintained to provide retirement benefits and/or death benefits to participants and their beneficiaries. The Board of Trustees is charged by law with the overall responsibility for the administration of the Plan's assets. The Board of Trustees is authorized and permitted to delegate its responsibilities to investment managers who possess the necessary specialized research facilities and skilled professionals, to act as prudent experts in investing the Plan's assets. In keeping with responsibilities under applicable laws, the master statement defines the Plan's investment objectives and discusses the Plan's tolerance for risk and volatility. The master statement also communicates to the investment managers their duties and responsibilities, and the investment objectives of the Plan.

The primary goal of the Plan is to provide participants and their beneficiaries with retirement benefits according to the Plan's provisions. The Plan's assets must be invested with the care, skill, and diligence that a prudent expert acting in this capacity would undertake. The investment objective of the Plan is to invest the funds within the framework of the master statement and in such a manner as to achieve a reasonable growth while maintaining a consistent payout capability. The minimum expected total return is the actuarial assumption approved by the Board of Trustees on an annualized basis. The actuarial rate of return is net of expenses. This is a long-term goal designed to maximize the benefits available without exposure to undue risk.

The target allocation and expected arithmetic net real rates of return for each major asset class changed between 2021 and 2020 and will be presented in the following comparative table:

Target Allocation and Expected Rates of Return

	June 30, 2021		June 30, 2020	
Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return	Target Allocation	Long-Term Expected Net Real Rate of Return
Domestic equity				
Large cap	28.0 %	6.1 %	24.3 %	6.4 %
Small/Mid cap	6.0	6.5	6.2	6.0
International equity				
Developed	24.0	6.5	23.8	6.3
Emerging markets	4.0	7.5	4.9	7.2
Fixed income				
Core	20.0	1.5	19.9	1.7
High yield	4.0	3.1	-	-
Emerging markets	4.0	2.5	-	-
Alternatives				
Directional hedge	5.0	5.1	-	-
Private real estate	5.0	5.1	-	-
Long/short equity	-	-	10.4	4.2
Absolute return	-	-	8.0	1.7
Cash	-	-	2.5	0.4
Total	100.0 %		100.0 %	
Weighted average		5.0 %		4.7 %

Discount Rate: The discount rate used to measure the total pension liability was 7.0% in 2021 and 2020. No projection of cash flows was used to determine the discount rate because the Jan. 1, 2021, and April 1, 2020, actuarial valuations showed expected contributions would pay the normal cost and amortize the net pension liability in 19 and 20 years, respectively. For FY 2021, because of the 20-year amortization period with level dollar amortization of the net pension liability, the pension plan's fiduciary net position was expected to be available to make all projected future benefit payments of current active and inactive members. The long-term expected rate of return on pension plan investments of 7.0% was applied to all periods of projected benefit payments as a discount rate to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents LCRA's net pension liability for FY 2021 and FY 2020. The net pension liability was calculated using the discount rate of 7.0% in 2021 and 2020, as well as the employer's net pension liability if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current rate:

Discount Rate Sensitivity
(Dollars in Millions)

	June 30, 2021		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Employer's Net Pension Liability	$ 233.7	$ 168.2	$ 112.2

	June 30, 2020		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Employer's Net Pension Liability	$ 273.2	$ 207.6	$ 151.6

Plan Fiduciary Net Position: The Plan fiduciary net position reported above is the same as reported by the Plan. Detailed information about the Plan fiduciary net position is available in the Plan's separately issued audited financial statements, which are reported using the economic resources measurement focus and accrual basis of accounting in conformity with GAAP. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Investments are reported at fair value.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: Amounts recognized in the fiscal year are for the plan year between the current and prior measurement dates.

Components of Pension Expense
(Dollars in Millions)

	Year Ended June 30, 2021	2020
Service Cost	$ 5.5	$ 5.6
Interest	43.4	43.5
Projected earnings on pension plan investments	(29.6)	(27.1)
Amortization of differences between expected and actual experience on plan investments	(4.7)	7.6
Amortization of changes in assumptions	11.1	11.1
Amortization of differences between expected and actual experience	2.6	1.6
Pension plan administrative expenses	0.3	0.3
Total pension expense	$ 28.6	$ 42.6

Deferred Outflows of Resources and Deferred Inflows of Resources to Be Recognized in Pension Expense in Future Years:

Deferred Outflow of Resources and Deferred Inflow of Resources
(Dollars in Millions)

	June 30, 2021		June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 29.9	$ -	$ 1.6
Changes of assumptions	28.3	-	44.1	-
Differences between expected and actual experience	8.8	0.8	7.2	1.6
Subtotal	37.1	30.7	51.3	3.2
Contributions subsequent to measurement date	12.0	-	13.0	-
Total	$ 49.1	$ 30.7	$ 64.3	$ 3.2

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

Net of Deferred Outflows Less Deferred Inflows
(Dollars in Millions)

Year Ended June 30,	Amount
2022	$ 7.6
2023	8.6
2024	(6.4)
2025	(3.7)
2026	0.3
Thereafter	-
Total	$ 6.4

A total of $12.0 million and $13.0 million were contributed subsequent to the measurement dates of the net pension liabilities for FY 2021 and FY 2020, respectively. The amounts are deferred outflows of resources that were recognized as a reduction in the net pension liability in the fiscal years ending June 30, 2021, and 2020. LCRA is subject to GASB Statement No. 68, “Pensions,” and GASB Statement No. 62, which includes guidance on accounting for regulated operations. The GASB Statement No. 68 pension expense is based on the actuarial report measurement date and reflected in the pension expense table. Pension expense for ratemaking purposes of $27.5 million and $31.0 million for the years ended June 30, 2021, and 2020, respectively, was recognized in operating expense based on contributions to the trust. The difference between the two methods is deferred for future recovery or refund.

401(k) Plan: LCRA's Retirement Benefits Board of Trustees administers this single-employer defined contribution plan. The plan is accounted for on the accrual basis and all assets are recorded at fair value. The plan offers the choice of making pretax contributions, Roth (after taxes) contributions or a combination of both. The plan has received a favorable determination letter from the Internal Revenue Service and is exempt from federal income taxes, under the appropriate section of the Internal Revenue Code. Amendments to the plan are made only with LCRA Board approval.

Employees are eligible to participate in the plan immediately upon employment. Eligible employees who elect to participate in the plan may contribute a minimum of 1.0% of their annual compensation, up to a maximum not to exceed $19,500 in calendar years 2021 and 2020. Employees that are age 50 or older may contribute an additional $6,500 in calendar years 2021 and 2020.

Effective Jan. 1, 2002, employees under Program A of the pension plan receive an LCRA matching contribution equal to 25.0% of the first 4.0% of compensation the employee elected to contribute to the plan. Under Program B of the pension plan, LCRA provides matching contributions equal to 100.0% of the first 4.0% of compensation and 50.0% of the next 2.0% of compensation the employee elected to contribute to the plan. Contributions made by the employer and employee are vested immediately.

Employees hired on or after May 1, 2012, are eligible to participate in retirement Program C only. New hires are automatically enrolled in the plan unless they elect otherwise within 30 days of hire. LCRA provides matching contributions equal to 100.0% of the first 8.0% of compensation. Employees may make contributions on a pretax basis, Roth (after tax) basis, or a combination of the two from 1.0% of their income up to the maximum set by the IRS. LCRA matching contributions and related earnings will be vested after three years of service. Employee contributions and related earnings are immediately vested. Both employer and employee contributions are immediately vested for employees who are rehired.

Contributions by LCRA and its employees are as follows:

Contributions by Employer and Employees
(Dollars in Millions)

	Year Ended June 30, 2021	Year Ended June 30, 2020
Employer contributions	$ 10.6	$ 9.3
Employee contributions	17.0	15.5

5. Other Postemployment Benefits

Plan Description: The LCRA Employees' Post-retirement Health Benefits Program (the OPEB Plan) is administered by the LCRA and is a single-employer defined benefit postretirement health benefits plan. The LCRA Board of Directors has sole authority to amend the OPEB Plan. Currently, the OPEB Plan is operated on a pay-as-you-go basis and has no trust for accumulating assets.

Measurement Period: The actuarial report for the OPEB Plan for LCRA's fiscal year ending June 30, 2021, is based on a measurement date of June 30, 2020, in accordance with GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The disclosures, the OPEB expense, and the total OPEB liability are based on the OPEB Plan's actuarial valuation as of June 30, 2020, including the actuarial assumptions and census data. The actuarial valuation as of June 30, 2019, was revised to reflect any plan changes, and the results were rolled forward to the measurement date of June 30, 2020.

Benefits Provided: The OPEB Plan provides self-funded group health benefits for eligible retirees and their spouses. Primary major medical coverage is provided prior to Medicare eligibility. Retirees and spouses who are ages 65 and over and eligible for Medicare are eligible for the optional Medicare Supplement and prescription drug plan. The package includes three components: a Medicare supplement part, a prescription drug part, and a retiree reimbursement account. Covered retirees are eligible for coverage until death or until required cost-sharing contributions for the pre-65 coverage are discontinued. Spouses may be covered by the retiree until death or until required cost-sharing contributions for the pre-65 coverage are discontinued.

An employee must meet one of the age and service requirements at the date of termination to be a covered retiree: age 65 with at least five years of service, age 55-64 with at least 15 years of service, or satisfaction of Rule of 80 (age plus service equal or exceeds 80). OPEB benefits cost sharing is based on an employee's pension participation.

All employees hired on or before Jan. 1, 2002, are enrolled in the pension plan as either pension provision participants (Option A) or cash-balance participants (Option B). See Note 4 of the Notes to Financial Statements for additional information. All employees hired after May 1, 2012, are not eligible to participate in either the pension or OPEB plans. The post-retirement medical benefits are the same whether a person is under Option A or Option B. However, the cost sharing is tied to the pension plan option and is different between Option A and Option B.

There is no premium sharing arrangement for retirees who elect optional Medicare Supplement as 100.0% of the costs associated with optional Medicare Supplement are paid by LCRA. The optional Medicare Supplement was closed to new participants effective Jan. 1, 2019, a change which has been communicated to the OPEB Plan participants. This change drove a decrease in the OPEB liability estimate.

Employees Covered by the Plan:

LCRA Other Post-employment Benefits Plan, Covered Employees

	June 30, 2020 [1]	June 30, 2019 [2]
Inactive employees or beneficiaries currently receiving benefits	1,487	1,487
Inactive employees entitled to but not yet receiving benefits	-	-
Active employees	1,000	1,000
Total	2,487	2,487

[1] From the June 30, 2020, actuarial valuation, which covers the period from July 1, 2019, to June 30, 2020.

[2] From the June 30, 2019, actuarial valuation, which covers the period from July 1, 2018, to June 30, 2019.

Actuarial Assumptions: The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.75% for actuarial valuation as of June 30, 2020, and 2019.
Salary increases:	3.25%, plus merit and promotion increases that vary by age and service for actuarial valuation as of June 30, 2020, and 2019.
Discount rate:	2.21% for actuarial valuation as of June 30, 2020; 3.5% for actuarial valuation as of June 30, 2019; 3.87% for actuarial valuation as of June 30, 2018;
Health benefit costs trend rates:	8.0% for 2022, decreasing 0.5% per year to an ultimate rate of 5.0% for 2027 and beyond.
Mortality:	PubG-2010(A) gender distinct with general projection using Scale MP-2018 for the years ending June 30, 2021 and 2020.

The assumed retirement rates, termination rates, and rates of merit and promotion increases were based on an experience study over the five plan years ending in 2015. The discount rate was based on the Bond Buyer Index of general obligation bonds with 20 years to maturity.

Cost Sharing: The cost sharing between LCRA and the plan participant is determined by the plan type and length of service. The cost split as of June 30, 2021, is below. “Retiree + 1” includes retirees with spouse coverage and retirees with family coverage.

Percent of Costs Paid by LCRA For Option A Retirees	June 30, 2021	June 30, 2020
Retiree Only	66.5%	66.5%
"Retiree +1" Dependent	38.5%	38.5%

Percent of Costs Paid by LCRA For Option B Retirees	June 30, 2021		June 30, 2020	
Years of Service	Retiree Only	“Retiree + 1” Dependent	Retiree Only	“Retiree + 1” Dependent
15	28.3%	14.0%	28.3%	14.0%

Components of the OPEB Liability: LCRA's total OPEB liability was measured as of June 30, 2020, and June 30, 2019, for the fiscal year ending June 30, 2021, and June 30, 2020, respectively. Changes of benefit provisions in FY 2021 were an increase in LCRA's portion of the premium before age 65 for Option B retirees with 15-29 years of service.

OPEB Liability
(Dollars in Millions)

	June 30, 2021	June 30, 2020
Beginning total OPEB liability	$ 98.5	$ 121.2
Changes for the year:		
Service cost	1.1	1.4
Interest	3.4	4.6
Differences between expected and actual experience	-	(19.9)
Benefit payments	(5.0)	(5.5)
Assumption changes	8.9	(3.3)
Changes of benefit provisions	-	-
Net change	8.4	(22.7)
Ending total OPEB liability	$ 106.9	$ 98.5

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB: Changes of benefit provisions in FY 2021 were an increase in LCRA's portion of the premium before age 65 for Option B retirees with 15-29 years of service.

Components of OPEB Expense
(Dollars in Millions)

	Year Ended June 30, 2021	Year Ended June 30, 2020
Service cost	$ 1.1	$ 1.4
Interest	3.4	4.6
Amortization of changes of assumptions	2.9	0.6
Amortization of differences between expected and actual experience	(6.5)	(6.5)
OPEB plan administrative expenses	0.3	0.2
Changes of benefit provisions	-	-
Total OPEB expense	$ 1.2	$ 0.3

Deferred Inflow of Resources and Deferred Outflow of Resources to Be Recognized in OPEB Expense in Future Years
(Dollars in Millions)

	June 30, 2021		June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 11.6	$ 4.1	$ 9.5	$ 7.9
Differences between expected and actual experience	-	10.2	-	16.8
Subtotal	11.6	14.3	9.5	24.7
Benefits and administrative expenses paid subsequent to measurement date	5.1	-	4.7	-
Total	$ 16.7	$ 14.3	$ 14.2	$ 24.7

Sensitivity of the OPEB Liability to Changes in the Health Benefit Cost Rate or Discount Rate: The following presents the effect of a 1% increase or decrease of the heath benefit cost or discount rate on LCRA's OPEB liability for FY 2021 and FY 2020, respectively.

Sensitivities for the Fiscal Years Ending June 30, 2021, and June 30, 2020

Health Benefit Cost Sensitivity (Dollars in Millions)	1% Decrease (7% decreasing to 4%)	June 30, 2021 Assumed Rates (8% decreasing to 5%)	1% Increase (9% decreasing to 6%)
Employer's Net OPEB Liability	$ 97.9	$ 106.9	$ 117.1
	1% Decrease (7% decreasing to 4%)	June 30, 2020 Assumed Rates (8% decreasing to 5%)	1% Increase (9% decreasing to 6%)
Employer's Net OPEB Liability	$ 91.1	$ 98.5	$ 106.8

Discount Rate Sensitivity (Dollars in Millions)	1% Decrease to 1.21%	June 30, 2021 Current Rate 2.21%	1% Increase to 3.21%
Employer's Net OPEB Liability	$ 115.0	$ 106.9	$ 99.6
	1% Decrease to 2.50%	June 30, 2020 Current Rate 3.50%	1% Increase to 4.50%
Employer's Net OPEB Liability	$ 106.0	$ 98.5	$ 91.7

Deferred Inflows and Outflows of Resources: Amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Net of Deferred Outflows Minus Deferred Inflows
(Dollars in Millions)

	June 30, 2021	
2022	$	(1.6)
2023		(3.2)
2024		2.1
2025		-
2026		-
Thereafter		-
Total	$	(2.7)

6. Commitments and Contingencies

Construction: LCRA construction commitments through calendar year 2026 total $91.2 million for LCRA, with $55.9 million committed through calendar year 2022.

Leases: In addition to the transmission and transformation assets owned by LCRA TSC, LCRA TSC leases certain transmission assets owned by seven direct connect transmission customers. The leases were established in order for LCRA TSC to provide the same service to all of the wholesale electric customers and for the cost of such service to be shared by all customers on a consistent basis. Payments for the lease facilities vary from year to year and are based on the original cost of the facilities, adjusted for depreciation, and are updated annually to reflect additions, retirements and depreciation. The terms of the leases are perpetual but may be terminated by LCRA or the lessors upon five years written notice. All seven of the lease participants have executed agreements with LCRA TSC to no longer add or retire assets from the lease, to freeze the payment and to terminate the lease in its entirety with approval from the Public Utility Commission of Texas during LCRA TSC’s next rate case proceeding. Lease expenses on these transmission and transformation assets were $10.2 million in FY 2021 and FY 2020.

LCRA also leases a portion of its office facilities and towers and related space to provide shared communications with a number of public entities. LCRA’s lease payments totaled approximately $16.0 million and $15.9 million in FY 2021 and FY 2020, respectively. Transmission-related leases comprise approximately 86.0% of total LCRA leases for FY 2021.

During FY 2018, LCRA conveyed to a third party a significant portion of its telecommunication tower structure portfolio. Some of the towers were sold and the remainder were leased. This transaction resulted in a recognized gain of $5.5 million and $5.5 million for FY 2021 and FY 2020, respectively. The deferred gain balance is $34.0 million and $39.5 million as of June 30, 2021, and 2020, respectively. This balance is being amortized over the operating lease term. LCRA leased back space on some of the towers for LCRA communications equipment for an initial term of 10 years and paid $5.0 million and $4.9 million in rent for FY 2021 and FY 2020, respectively. These agreements include an annual escalation clause and four renewal option periods of five years each that may be exercised at such time as per the agreement. In connection with this transaction, the third party has the right to market and lease space on additional structures that LCRA has rights on; LCRA will receive a percentage of lease revenues generated by such marketing/leasing efforts.

The following is a schedule by year of future minimum rental payments required under these operating leases for the remaining noncancelable lease terms as of June 30, 2021:

Future Minimum Lease Payments
(Dollars in Millions)

Year Ended June 30,		Amount
2022	$	15.3
2023		15.4
2024		15.5
2025		5.6
2026		5.7

Natural Gas: LCRA has several long-term contracts to provide a portion of the natural gas requirements to its gas-fired generation units through 2021. LCRA is committed to buy a fixed amount of gas annually. LCRA paid $112.7 million and $91.1 million for gas purchases under these contracts and related firm transportation rights on intrastate pipelines to deliver gas from supply points during FY 2021 and FY 2020, respectively.

Purchased Power: Firm electric energy is based on our International Swaps and Derivative Association contracts with all of our bilateral counterparties. LCRA has a 30-year power purchase agreement to purchase 11.14% of the capacity and associated energy from Sandy Creek Energy Station. LCRA is committed to paying a capacity payment and a portion of operations and maintenance and fuel costs of the plant based on contract terms.

Insurance: In FY 2021 and FY 2020, LCRA had an insurance program composed of a commercial insurance program and self-insurance to mitigate financial loss. The commercial insurance policies purchased were subject to self-insured retentions as outlined below. In the normal course of business, LCRA is exposed to various financial risks related to torts; theft of, damage to and destruction of assets; errors and omissions; operational risks; injuries to employees; natural disasters; and employee medical costs.

LCRA's Workers Compensation policy had a self-insured retention of $0.8 million and statutory limits. Property insurance self-insured retentions vary due to type of asset and peril and range from $0.1 million to $3.0 million. The property insurance policy did not include coverage for the dams and transmission lines. LCRA had an excess liability policy with a $20.0 million per occurrence limit subject to a $1.0 million self-insured retention. The excess liability policy addressed claims arising from bodily injury or property damage to third parties as well as auto liability. Settled claims did not exceed commercial insurance limits in either of the past three fiscal years.

LCRA pays active employees' and pre-65 retirees' medical and pharmacy claims up to $0.3 million per covered member per plan year. Claims incurred and paid in a plan year above the limit are reimbursed to LCRA through stop loss insurance. Both groups contribute premiums for their coverage.

Single Audit: LCRA has received federal and state grants for specific purposes subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. LCRA believes such disallowances, if any, would be immaterial.

Receivables: On March 1, 2021, the Brazos Electric Cooperative, Inc. filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code due to losses from Winter Storm Uri. LCRA has receivables in the amount of $12.2 million for which it has filed claims with the bankruptcy court. LCRA has not recorded a loss contingency related to this matter.

7. Capital Asset Activity

Capital asset activity for the year ended June 30, 2021, was as follows:

FY 2021 Capital Asset Activity (Dollars in Millions)	Beginning Balance	Additions	Transfers	Retirements	Depreciation	Ending Balance
Utility plant in service:						
Depreciable assets	$ 6,697.7	$ -	$ 531.1	$ (64.4)	$ -	$ 7,164.4
Nondepreciable assets	119.5	-	2.0	(53.2)	-	68.3
Total utility plant in service	6,817.2	-	533.1	(117.6)	-	7,232.7
Construction work in progress:						
Nondepreciable assets	457.0	488.1	(588.3)	(2.0)	-	354.8
Oil and gas property:						
Depletable assets	28.2	-	-	-	-	28.2
Other physical property:						
Depreciable assets	58.9	-	0.1	(3.0)	-	56.0
Nondepreciable assets	19.7	-	-	(0.7)	-	19.0
Total other physical property	78.6	-	0.1	(3.7)	-	75.0
Less accumulated depreciation	(2,828.2)	-	-	26.6	(207.3)	(3,008.9)
Intangible assets - Easements	274.2	-	50.6	(1.2)	-	323.6
Intangible assets - Water rights	102.2	-	-	-	-	102.2
Intangible assets - Other	12.2	-	4.5	75.8	-	92.5
Capital assets, net	$ 4,941.4	$ 488.1	$ -	$ (22.1)	$ (207.3)	$ 5,200.1

Capital asset activity for the year ended June 30, 2020, was as follows:

FY 2020 Capital Asset Activity (Dollars in Millions)	Beginning Balance	Additions	Transfers	Retirements	Depreciation	Ending Balance
Utility plant in service:						
Depreciable assets	$ 6,337.1	$ -	$ 445.0	$ (84.4)	$ -	$ 6,697.7
Nondepreciable assets	50.2	-	33.3	36.0	-	119.5
Total utility plant in service	6,387.3	-	478.3	(48.4)	-	6,817.2
Construction work in progress:						
Nondepreciable assets	473.9	466.3	(482.1)	(1.1)	-	457.0
Oil and gas property:						
Depletable assets	28.2	-	-	-	-	28.2
Other physical property:						
Depreciable assets	55.9	-	3.3	(0.3)	-	58.9
Nondepreciable assets	20.2	-	-	(0.5)	-	19.7
Total other physical property	76.1	-	3.3	(0.8)	-	78.6
Less accumulated depreciation	(2,625.6)	-	-	12.0	(214.6)	(2,828.2)
Intangible assets - Easements	255.1	-	0.1	19.0	-	274.2
Intangible assets - Water rights	101.8	-	0.4	-		102.2
Intangible assets - Other	12.2	-	-	-	-	12.2
Capital assets, net	$ 4,709.0	$ 466.3	$ -	$ (19.3)	$ (214.6)	$ 4,941.4

8. Derivative Instruments

Hedging Instruments LCRA enters into physical and financial natural gas, power and power-related transactions to hedge its price exposure to fluctuations in the market price of natural gas and ERCOT power. The physical portion of LCRA's power transactions and power-related hedges are excluded from the scope of the financial trades disclosed below. LCRA typically sells power when forecast economic generation is expected to exceed its forecast load, and buys power when forecast load exceeds its forecast economic generation. This activity helps protect against material variations between the actualized fuel and power cost recovery factor (F&PCRF) and the forecast F&PCRF that is set in rates at the beginning of the year.

Contracts are accounted for in accordance with GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments," which addresses recognition, measurement and disclosure related to derivative instruments. Statement No. 53 requires derivatives to be reported on the balance sheets at fair value and changes in fair value are deferred and reported on the balance sheets or recognized on the statements of revenues, expenses and changes in net position depending on effectiveness.

Contracts are evaluated pursuant to Statement No. 53 to determine whether they meet the definition of derivative instruments, and if so, whether they effectively hedge the expected change in cash flows associated with energy prices.

LCRA's hedging activity during FY 2021 was composed of physical and financial natural gas and power transactions. Natural gas hedging transactions were composed primarily of financial natural gas futures, options, and standard swap transactions. The power (including power-related) hedging transactions were composed of financial and physical fixed-price power futures and physical fixed heat rate and short-dated heat rate option and lookback transactions. The natural gas and power futures contracts were executed on Intercontinental Exchange. Settled transactions, with closing dates between July 2020 and June 2021, settled with a gain of $52.8 million. The total notional amount as of June 30, 2021, for the closed gas hedging transactions was 12.7 million MMBtu (million British thermal units); open transactions consist of 26.1 million MMBtu. The total notional amount as of June 30, 2021, for the closed power hedging transactions was 776 gigawatt-hours; open transactions consisted of 746 GWh. The change in fair value for all hedging instruments held was a $7.8 million loss and a $12.4 million gain for FY 2021 and FY 2020, respectively. In FY 2021 there was a $11.6 million mark-to-market loss for open transactions, which was reflected as a deferred outflow of resources, with mark-to-market gains of $11.6 million, which is reflected as a deferred inflow of resources. FY 2020 had $2.5 million mark-to-market losses for open transactions, with mark-to-market gains of $13.0 million.

As of June 30, 2021, and 2020, the total fair value of outstanding derivative instruments was a net liability of $2.1 million and $9.9 million, respectively, reported on the balance sheets. Changes in fair value for effective derivatives (deferred outflow and inflow) are reported on the balance sheets. Changes in fair value for ineffective derivatives (investment derivative) are recognized as fuel operating expenses in the statements of revenues, expenses and changes in net position and then deferred to the balance sheets through the F&PCRF.

Credit Risk: Credit risk is the risk of loss due to a counterparty defaulting on its obligations. LCRA's derivative contracts and physical bilateral transactions expose LCRA to custodial credit risk. In the event of default or nonperformance by brokers, New York Mercantile Exchange (NYMEX) or Intercontinental Exchange, LCRA's operations could be materially affected. However, LCRA does not expect the exchanges to fail in meeting their obligations given their high credit ratings and the credit requirements upheld by NYMEX, of which these brokerage firms are members. In addition, the credit status, and LCRA's credit exposure position with bilateral counterparties are monitored on an ongoing basis and managed using processes that include established trigger points and action steps to mitigate risks.

Termination Risk: Termination risk is the risk that a derivative or physical bilateral trade will terminate prior to its scheduled maturity due to a contractual event. Contractual events include illegality, tax and credit events upon merger and other events. One aspect of termination risk is LCRA would lose the hedging benefit of a derivative or bilateral trade that becomes subject to a termination event. Another aspect of termination risk is that, if at the time of termination, the mark-to-market value of the derivative was a liability to LCRA, it would be required to pay the market value of the derivative to the counterparty. The International Swaps and Derivatives Association agreements, Edison Electric Institute master agreements and individual contracts have language to address termination risk. Termination risk is associated with all of LCRA's derivatives up to the fair value amounts. In addition, termination risk for LCRA's nonstandard origination and hedging transactions is assessed and addressed in its due diligence processes. LCRA believes termination risk is very low.

Basis Risk: Basis risk in the financial markets arises when an underlying position and the product used as a hedge are based on different quality or trade at different locations. LCRA is exposed to basis risk on both gas and power because LCRA assets and customer obligations do not always match locations.

For LCRA natural gas requirements, NYMEX is the exchange futures contract used, which trades at Henry Hub Louisiana while operationally LCRA purchases are typically based on the Western Area Hub Association (WAHA) or the Houston Ship Channel (HSC) index. This exposes LCRA to the basis risk between NYMEX and WAHA or HSC indices. LCRA uses basis hedging transactions between these locations as necessary to manage its natural gas basis exposure.

Physical and financial power contracts LCRA uses as hedges are typically settled at an ERCOT hub, while LCRA load is settled at the LCRA load zone and LCRA power plants are settled at their respective resource node price. As a result, physical trades are exposed to basis risk as well and LCRA utilizes pre-assigned congestion revenue rights, congestion revenue rights, and point to point trades to manage its power basis exposure.

Reporting Requirements: Under GASB Statement No. 72, LCRA is required to disclose the valuation technique and level of inputs for all investments. One of the acceptable valuation techniques, and that which LCRA uses is the market approach. GASB Statement No. 72 also requires that assets and liabilities be categorized into three levels. The majority of LCRA's derivative investments are valued using Level 1 inputs and settled using quoted prices (Platts and NYMEX's Henry Natural Gas Futures Settlements) for identical assets or liabilities in active markets at the measurement date. Some of LCRA's commodity derivatives are settled using Level 2 inputs which are derived from observable market data through correlation.

9. Segment and Component Unit Reporting

Governments using enterprise fund accounting and reporting standards to report activities are required to present segment information. A segment is an identifiable activity reported as or within an enterprise fund or another stand-alone entity having one or more bonds outstanding with a revenue stream pledged in support of that debt.

Governments that have legally separate organizations for which the primary government is responsible are required to present component units. For segment and component unit reporting, the activities' revenues, expenses, gains and losses, assets, deferred outflow of resources, liabilities and deferred inflow of resources are required to be accounted for separately. LCRA TSC qualifies as a component unit and segment. GenTex Power Corporation and LCRA WSC Energy qualify as component units.

Segment and component unit information for LCRA TSC:

LCRA TRANSMISSION SERVICES CORPORATION
BALANCE SHEETS
(Dollars in Millions)

	June 30, 2021	June 30, 2020
Assets		
Current Assets:		
Cash and cash equivalents	$ 219.7	$ 182.3
Unrestricted investments	45.2	62.2
Receivables, net	90.8	83.6
Inventories, net	34.1	28.5
Other	0.5	1.2
Total current assets	390.3	357.8
Noncurrent Assets:		
Restricted cash and cash equivalents	11.5	0.7
Unrestricted investments	11.3	0.5
Accounts receivable from LCRA - restricted	126.1	122.0
Capital assets:		
Depreciable:		
Utility plant in service	3,976.6	3,520.9
Less: accumulated depreciation	(1,021.6)	(939.5)
Depreciable capital assets, net	2,955.0	2,581.4
Nondepreciable:		
Utility plant in service	36.9	87.8
Intangible assets - easements	318.0	269.9
Construction work in progress	110.8	186.6
Nondepreciable capital assets	465.7	544.3
Other charges:		
Prepaid capital expense	61.3	53.6
Total other charges	61.3	53.6
Total noncurrent assets	3,630.9	3,302.5
Total Assets	4,021.2	3,660.3
Deferred Outflow of Resources:		
Unamortized loss on debt refundings	24.4	28.8
Total Deferred Outflow of Resources	24.4	28.8
Total Assets and Deferred Outflow of Resources	$ 4,045.6	$ 3,689.1

LCRA TRANSMISSION SERVICES CORPORATION
BALANCE SHEETS
(Dollars in Millions)

	June 30, 2021	June 30, 2020
Liabilities		
Current Liabilities:		
Accounts payable to LCRA	$ 22.1	$ 21.9
Accounts payable	29.0	24.0
Interest payable	19.5	13.9
Other current liabilities	52.2	58.5
Bonds and notes payable	300.4	263.0
Total current liabilities	423.2	381.3
Noncurrent Liabilities:		
Construction payable	0.9	-
Bonds and notes payable	2,725.6	2,484.1
Other credits	2.2	3.4
Total noncurrent liabilities	2,728.7	2,487.5
Total Liabilities	3,151.9	2,868.8
Deferred Inflow of Resources:		
Regulatory credits from future recovery	57.2	31.9
Other	3.8	4.1
Total Deferred Inflow of Resources	61.0	36.0
Net Position		
Net investment in capital assets	551.9	544.1
Restricted for capital projects	-	0.7
Unrestricted	280.8	239.5
Total Net Position	832.7	784.3
Total Liabilities, Deferred Inflow of Resources and Net Position	$ 4,045.6	$ 3,689.1

LCRA TRANSMISSION SERVICES CORPORATION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

(Dollars in Millions)

	Year Ended June 30, 2021	2020
Operating Revenues		
Transmission	$ 478.5	$ 443.4
Transformation	15.8	14.0
Other	3.3	2.5
Total Operating Revenues	497.6	459.9
Operating Expenses		
Operations	165.0	151.8
Maintenance	14.7	11.8
Depreciation and amortization	100.7	107.3
Total Operating Expenses	280.4	270.9
Operating Income	217.2	189.0
Nonoperating Revenues (Expenses)		
Interest income	1.2	7.2
Gain on disposition of property	-	0.2
Loss on disposition of property	(25.2)	(20.6)
Interest on debt	(94.5)	(101.1)
Other expenses	(23.9)	(20.4)
Total Nonoperating Revenues (Expenses)	(142.4)	(134.7)
Income Before Prior Costs Recovered From Revenues, Capital Contributions and Transfers Out	74.8	54.3
Costs (prior costs) to be Recovered From Revenues	(25.3)	0.2
Capital Contributions	-	0.3
Transfers Out	(1.1)	(6.7)
Change in Net Position	48.4	48.1
Total Net Position, Beginning of Year	784.3	736.2
Total Net Position, End of Year	$ 832.7	$ 784.3

LCRA TRANSMISSION SERVICES CORPORATION
STATEMENTS OF CASH FLOWS
(Dollars in Millions)

	Year Ended June 30, 2021	Year Ended June 30, 2020
Cash Flows From Operating Activities		
Receipts from customers	$ 489.7	$ 458.6
Payments to suppliers	(196.0)	(184.8)
Other payments	(2.7)	-
Net cash provided by operating activities	291.0	273.8
Cash Flows From Noncapital Financing Activities		
Other expenses	(23.8)	(20.4)
Transfers out	(1.1)	(6.7)
Net cash used in noncapital financing activities	(24.9)	(27.1)
Cash Flows From Capital and Related Financing Activities		
Purchase of property, plant and equipment	(415.2)	(403.2)
Proceeds/(Expense) from sale of capital assets	-	1.1
Debt issue costs	(4.8)	(2.7)
Contributed capital received for capital costs	0.1	0.2
Proceeds from long-term debt	684.8	524.1
Proceeds from commercial paper	582.9	370.9
Debt principal payments	(58.6)	(87.3)
Interest paid	(113.0)	(111.7)
Payments to refund and defease debt	(902.1)	(510.0)
Net cash used in capital and financing activities	(225.9)	(218.6)
Cash Flows From Investing Activities		
Sale and maturity of investment securities	74.6	220.1
Purchase of investment securities	(68.5)	(200.4)
Note payments and interest received	1.9	7.3
Net cash provided by (used in) investing activities	8.0	27.0
Net increase in cash and cash equivalents	48.2	55.1
Cash and cash equivalents, Beginning of Year	183.0	127.9
Cash and cash equivalents, End of Year	$ 231.2	$ 183.0

LCRA TRANSMISSION SERVICES CORPORATION
STATEMENTS OF CASH FLOWS
(Dollars in Millions)

	Years Ended June 30, 2021	Years Ended June 30, 2020
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$ 217.2	$ 189.0
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation, depletion and amortization	100.7	107.3
Changes in assets, liabilities, and deferred outflows of resources:		
Accounts receivable	(6.5)	(12.3)
Inventories	(5.6)	(5.5)
Current liabilities	35.1	17.3
Other long-term assets, charges and deferred outflow of resources	(7.8)	(3.1)
Other credits and other long-term liabilities, and deferred inflow of resources	(42.1)	(18.9)
Net cash provided by operating activities	$ 291.0	$ 273.8
Noncash Investing and Capital and Related Financing Activities		
Investment market adjustments	$ 0.1	$ -
Capital assets financed through short-term liabilities	1.3	(1.1)

Component unit information for GenTex Power Corporation:

GENTEX POWER CORPORATION
BALANCE SHEETS
(Dollars in Millions)

	June 30, 2021	June 30, 2020
Assets		
Current Assets:		
Cash and cash equivalents	$ 11.2	$ 9.9
Receivables, net	0.3	-
Accounts receivable from LCRA	-	0.5
Inventories, net	1.6	1.7
Total current assets	13.1	12.1
Noncurrent Assets:		
Restricted cash and cash equivalents	3.7	3.7
Restricted investments	0.4	0.4
Unrestricted investments	1.1	1.1
Capital assets:		
Depreciable capital assets, net	14.3	14.6
Total noncurrent assets	19.5	19.8
Total Assets	$ 32.6	$ 31.9
Liabilities		
Current Liabilities:		
Accounts payable to LCRA	$ 1.9	$ -
Accounts payable	0.1	0.8
Other current liabilities	0.5	0.4
Total current liabilities	2.5	1.2
Long-Term Liabilities:		
Other credits	6.4	7.3
Total Liabilities	8.9	8.5
Deferred Inflow of Resources:		
Regulatory credits	4.5	4.0
Total Deferred Inflow of Resources	4.5	4.0
Net Position		
Net investment in capital assets	7.9	14.6
Unrestricted	11.3	4.8
Total Net Position	19.2	19.4
Total Liabilities, Deferred Inflow of Resources, and Net Position	$ 32.6	$ 31.9

GENTEX POWER CORPORATION
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
(Dollars in Millions)

	Year Ended June 30, 2021	Year Ended June 30, 2020
Operating Revenues		
Electric Revenues	$ 48.8	$ 40.0
Total operating revenues	48.8	40.0
Operating Expenses		
Fuel	34.4	20.7
Operations	2.3	2.9
Maintenance	6.3	5.1
General and administrative	4.2	3.5
Depreciation expense	0.7	0.6
Total Operating Expenses	47.9	32.8
Operating Income	0.9	7.2
Nonoperating Expenses		
Interest income from Investments	-	0.2
Public Service Fund and other expenses	(1.1)	(1.7)
Total Nonoperating Expenses	(1.1)	(1.5)
Change in Net Position	(0.2)	5.7
Total Net Position, Beginning of Year	19.4	13.7
Total Net Position, End of Year	$ 19.2	$ 19.4

GENTEX POWER CORPORATION
STATEMENTS OF CASH FLOWS
(Dollars in Millions)

	Year Ended June 30, 2021	2020
Cash Flows From Operating Activities		
Receipts from customers	$ 48.8	$ 40.0
Payments to suppliers	(45.1)	(32.9)
Other payments	(0.8)	(0.9)
Net cash provided by operating activities	2.9	6.2
Cash Flows From Noncapital Financing Activities		
Other expenses	(1.1)	(1.6)
Net cash used in noncapital financing activities	(1.1)	(1.6)
Cash Flows From Capital and Related Financing Activities		
Purchases of property, plant and equipment	(0.5)	(6.1)
Proceeds from sale of assets	-	(0.2)
Net cash used in capital and financing activities	(0.5)	(6.3)
Cash Flows From Investing Activities		
Sale and maturity of investments	1.5	-
Purchase of investments	(1.5)	(1.5)
Interest received	-	0.2
Net cash used in investing activities	-	(1.3)
Net increase / (decrease) in cash and cash equivalents	1.3	(3.0)
Cash and Cash Equivalents, Beginning of Year	13.6	16.6
Cash and Cash Equivalents, End of Year	$ 14.9	$ 13.6
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$ 0.9	$ 7.2
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	0.7	0.6
Changes in assets, liabilities and deferred inflow of resources:		
Accounts receivable	(0.5)	0.3
Inventories	0.1	0.1
Current liabilities	1.9	(1.0)
Other credits and other long-term liabilities	(0.2)	(1.0)
Net cash provided by operating activities	$ 2.9	$ 6.2

Other Component Unit:

LCRA WSC Energy financial activity is not material to these financial statements; however, for FY 2021, total assets are $6.9 million, liabilities are $9.9 million, and net position is $(3.0) million.

Schedule of Changes in the Plan's Net Pension Liability and Related Ratios for the Last 10 Plan Years

Schedule of Changes in the Plan's Net Pension Liability and Related Ratios for the Last 10 Plan Years [1]
(Dollars in Millions)

	Fiscal Year Ending June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
1. Total Pension Liability								
a. Service cost	$ 5.5	$ 5.6	$ 5.8	$ 6.1	$ 5.0	$ 6.5	$ 7.2	$ 7.2
b. Interest	43.4	43.5	41.1	40.9	30.1	38.1	37.8	37.2
c. Purchase of optional credited service	0.1	0.2	0.3	0.2	0.6	1.2	0.4	1.2
d. Differences between expected and actual experience	4.9	1.2	1.7	1.0	7.7	4.6	(6.4)	-
e. Changes of assumptions	-	15.0	22.8	-	12.4	21.0		-
f. Benefit payment	(44.8)	(42.9)	(39.7)	(44.8)	(27.5)	(38.1)	(32.9)	(43.8)
g. Plan amendments [2]	-	-	-	-	-	0.1	0.2	-
h. Net Change in Total Pension Liability	9.1	22.6	32.0	3.4	28.3	33.4	6.3	1.8
i. Total Pension Liability, Beginning of Year	637.5	614.9	582.9	579.5	551.2	517.8	511.5	509.7 [3]
j. Total Pension Liability, End of Year	$ 646.6	$ 637.5	$ 614.9	$ 582.9	$ 579.5	$ 551.2	$ 517.8	$ 511.5
2. Plan Fiduciary Net Position								
a. Contributions by the employer	$ 31.0	$ 24.5	$ 23.9	$ 22.9	$ 15.1	$ 21.1	$ 27.5	$ 31.2
b. Contributions by the participants	0.1	0.2	0.3	0.2	0.6	1.2	0.4	1.2
c. Net investment income	62.5	65.8	(26.6)	43.7	14.9	0.8	22.9	39.9
d. Benefit payments	(44.8)	(42.9)	(39.7)	(44.8)	(27.5)	(38.1)	(32.9)	(43.8)
e. Administrative expenses	(0.3)	(0.3)	(0.1)	(0.3)	-	-	(0.3)	(0.2)
f. Net Change in Plan Fiduciary Net Position	48.5	47.3	(42.2)	21.7	3.1	(15.0)	17.6	28.3
g. Plan Fiduciary Net Position, Beginning of Year	429.9	382.6	424.8	403.1	400.0	415.0	397.4	369.1
h. Plan Fiduciary Net Position, End of Year	$ 478.4	$ 429.9	$ 382.6	$ 424.8	$ 403.1	$ 400.0	$ 415.0	$ 397.4
3. Employer's Net Pension Liability, End of Year [Item 1(j) - 2(i)]	$ 168.2	$ 207.6	$ 232.3	$ 158.1	$ 176.4	$ 151.2	$ 102.8	$ 114.1
4. Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.0%	67.4%	62.2%	72.9%	69.6%	72.6%	80.1%	77.7%
5. Covered Payroll	$ 102.8	$ 104.5	$ 108.6	$ 112.7	$ 91.4	$ 122.1	$ 127.0	$ 123.2
6. Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	163.7%	198.7%	213.9%	140.3%	193.0%	123.8%	80.9%	92.6%

[1] This schedule is presented to illustrate the requirement to show information for 10 years. Until a full 10-year trend is compiled, only available information is shown. Amounts recognized in the plan year represent changes between the current and prior measurement dates.
[2] Two plan amendments increased retirement benefits for certain participants.
[3] Determined from the ending total pension liability using the roll-back procedure allowed for the initial year of implementing GASB Statement No. 67.

Schedule of Employer Contributions for the Last 10 Fiscal Years

Schedule of Employer Contributions for the Last 10 Fiscal Years [1]
(Dollars in Millions)

	Fiscal Year Ending June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
1. Actuarially determined contribution (ADC)	$ 23.7	$ 20.4	$ 20.5	$ 18.6	$ 13.9	$ 17.0	$ 19.3	$ 20.9
2. Contributions in relation to the actuarially determined contribution	31.0	24.5	23.9	22.9	15.1	21.1	27.5	31.2
3. Contribution deficiency (excess)	$ (7.3)	$ (4.1)	$ (3.4)	$ (4.3)	$ (1.2)	$ (4.1)	$ (8.2)	$ (10.3)
4. Covered payroll	$ 102.8	$ 104.5	$ 108.6	$ 112.7	$ 91.4	$ 122.1	$ 127.0	$ 123.2
5. Contribution as a percentage of covered payroll	30.2%	23.4%	22.0%	20.3%	16.5%	17.3%	21.7%	25.3%

[1] This schedule is presented to illustrate the requirement to show information for 10 years. Until a full 10-year trend is compiled, only available information is shown.

Notes to Schedule:
Actuarially determined contribution amount for each plan year was calculated in the actuarial valuation at the beginning of the year. Methods and assumptions used to determine the actuarially determined contribution:

Actuarial cost method	Entry age.
Amortization method	Level amount, closed period.
Remaining amortization period	17, 18, 19, 20 and 21 years for the years ending Dec. 31, 2020, 2019, 2018, 2017 and 2016, respectively; 22, 23 and 24 years for the years ending March 31 in 2016, 2015 and 2014, respectively.
Asset valuation method	5-year smoothed market.
Inflation	2.75% for the years ending Dec. 31 in 2020, 2019 and 2018; 3.0% for the years ending Dec. 31 in 2017 and 2016; 3.25% for the years ending March 31 in 2016, 2015 and 2014.
Salary increases	General wage increase plus merit and promotion increases that vary by age and service; general wage increase of 3.25% for the years ending Dec. 31 in 2020, 2019 and 2018; 3.5% for the years ending Dec. 31 in 2017 and 2016; 4.0% for the years ending March 31 in 2016, 2015, and 2014.
Investment rate of return	7.0% for the years ending Dec. 31 in 2020 and 2019; 7.25% for the years ending Dec. 31, 2018, 2017 and 2016; 7.5%, net of pension plan investment expense, for years ending March 31 in 2016, 2015 and 2014.
Retirement age	Rates that vary by age and service.
Mortality	PubG-2010(A) with general projection using Scale MP-2018 for the year ending Dec. 31, 2020; RP-2000 Combined Healthy Mortality Table for males and for females (gender distinct) projected to 2024 by scale AA for the years ending Dec. 31 in 2019, 2018, 2017 and 2016 and projected to 2018 by scale AA for years ending March 31 in 2016, 2015 and 2014.

LOWER COLORADO RIVER AUTHORITY
REQUIRED SUPPLEMENTAL INFORMATION (UNAUDITED)
As of and for the Years Ended June 30, 2021, and 2020

Schedule of Changes to Other Postemployment Benefits Liability and Related Ratios for the Last 10 Fiscal Years

Schedule of Changes to OPEB Liability and Related Ratios for the Last 10 Fiscal Years [1]
(Dollars in Millions)

	Fiscal Year Ending June 30,				
	2021	2020	2019	2018	2017
1. Net OPEB Liability					
a. Service cost	$ 1.1	$ 1.4	$ 1.5	$ 4.4	$ 3.3
b. Interest	3.4	4.6	4.5	7.4	8.5
c. Differences between expected and actual experience	-	(19.9)	-	(6.3)	-
d. Changes of assumptions [2,3]	8.9	(3.3)	(6.3)	(6.9)	27.5
e. Benefit payments	(5.0)	(5.5)	(5.4)	(7.5)	(7.5)
f. Changes of benefit provisions [4,5, 6]	-	-	0.7	(119.2)	-
g. Net change	8.4	(22.7)	(5.0)	(128.1)	31.8
h. Beginning	98.5	121.2	126.2	254.3	222.5 [7]
i. Ending	$ 106.9	$ 98.5	$ 121.2	$ 126.2	$ 254.3
2. Covered Payroll	$ 87.1	$ 90.9	$ 94.5	$ 98.5	$ 94.7
3. Employer's Net OPEB Liability as a Percentage of Covered Payroll	122.7%	108.3%	128.3%	128.2%	268.6%

Notes to Schedule:

[1] Until a full 10-year trend is compiled, only available information is shown. The measurement date was one year prior to the fiscal year-end. Amounts recognized in the fiscal year represent changes between the current and prior measurement dates.

[2] Changes of assumptions reflect the effects of changes in the discount rate from the prior measurement date to the current measurement date. The following are the discount rates as of each measurement date:

June 30, 2020:	2.21%
June 30, 2019:	3.50%
June 30, 2018:	3.87%
June 30, 2017:	3.58%
June 30, 2016:	2.85%

[3] In addition to the change in the assumed discount rate, there were new assumptions for claims costs, trend rates, and mortality.

[4] In addition to the change in the assumed discount rate, the percentage of Option B participants retiring before age 65 assumed to elect the retiree medical plan was reduced from 100% to 50%.

[5] A change of benefit provisions in the fiscal year-end 2019 was an increase in LCRA's portion of the premium before age 65 for Option B retirees with 15-29 years of service.

[6] Changes of benefit provisions in the FYE 2018 were a reduction in the Medicare Supplement amounts for retirees and spouses and the closing of the Medicare Supplement option to new participants that was communicated to the employees and participants in the FYE 2018.

[7] Determined from the ending total OPEB liability using the rollback procedure allowed for the initial year of implementing GASB 75.