LOWER COLORADO RIVER AUTHORITY

FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
June 30, 2022, and 2021

With Independent Auditors' Report

Lower Colorado River Authority
Financial Statements
As of and for the
Years Ended
June 30, 2022, and 2021

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Independent Auditors' Report

To the Board of Directors of
Lower Colorado River Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the Lower Colorado River Authority (LCRA), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the LCRA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and fiduciary activities of the LCRA as of June 30, 2022 and 2021, and the changes in financial position and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matters

As discussed in Note 1, the LCRA adopted the provisions of GASB Statement No. 87, *Leases*, effective July 1, 2021. Accordingly, the accounting change has been retrospectively applied to the prior period presented. Our opinions are not modified with respect to this matter.

As discussed in Note 1, the balance sheet as of June 30, 2021, has been restated to correct a misstatement in the other postemployment benefit liability. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that rise substantial doubt about the LCRA's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2022 on our consideration of the LCRA'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 LCRA'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 LCRA's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Austin, Texas
September 20, 2022

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 are broken out 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.

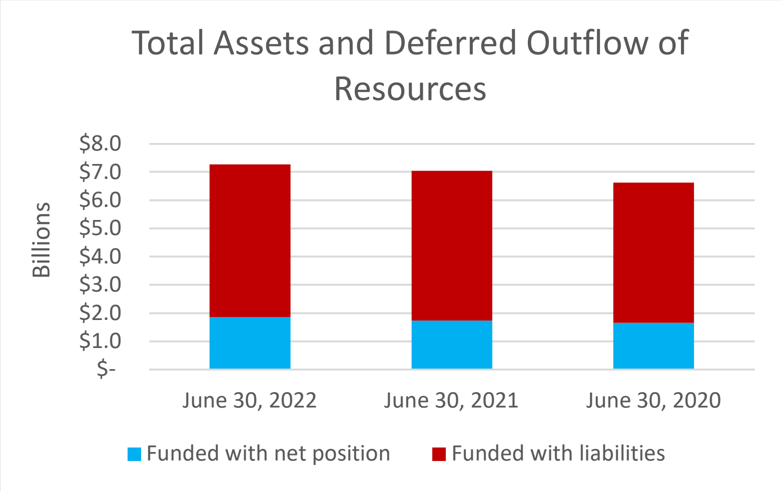
Financial Highlights

Condensed Balance Sheets
(Dollars in Millions)

	June 30, 2022	June 30, 2021 Restated	June 30, 2020 Restated	2022 vs. 2021	2021 vs. 2020
Current assets	$ 832.4	$ 927.1	$ 737.5	(10.2%)	25.7%
Capital assets, net	5,476.9	5,263.0	5,020.1	4.1%	4.8%
Other noncurrent assets	840.9	712.6	705.5	18.0%	1.0%
Total Assets	7,150.2	6,902.7	6,463.1	3.6%	6.8%
Total Deferred Outflow of Resources	117.7	134.3	150.8	(12.4%)	(10.9%)
Total Assets and Deferred Outflow of Resources	$ 7,267.9	$ 7,037.0	$ 6,613.9	3.3%	6.4%
Current liabilities	$ 925.9	$ 909.2	$ 699.6	1.8%	30.0%
Noncurrent liabilities	4,208.5	4,197.9	4,064.9	0.3%	3.3%
Total Liabilities	5,134.4	5,107.1	4,764.5	0.5%	7.2%
Total Deferred Inflow of Resources	269.8	191.5	195.3	40.9%	(1.9%)
Net investment in capital assets	1,115.5	942.0	1,028.3	18.4%	(8.4%)
Restricted net position	78.6	87.5	72.6	(10.2%)	20.5%
Unrestricted net position	669.6	708.9	553.2	(5.5%)	28.1%
Total Net Position	1,863.7	1,738.4	1,654.1	7.2%	5.1%
Total Liabilities, Deferred Inflow of Resources and Net Position	$ 7,267.9	$ 7,037.0	$ 6,613.9	3.3%	6.4%

Balance Sheets Overview

LCRA continues to be a capital asset-driven business with approximately 76.6% 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.



2022 Compared With 2021

Total assets and deferred outflow of resources increased by $230.9 million, or 3.3%, from the prior year. This primarily was caused by an increase of $213.9 million, or 4.1%, in net capital assets mainly due to transmission project construction. Current assets decreased by $94.7 million, or 10.2%. The decrease was due to a decrease of $62.0 million, or 14.7%, in unrestricted cash and cash equivalents primarily due to an increase in investing activities and a decrease of $52.3 million, or 17.1%, in net receivables primarily due to a decrease of $40.0 million in receivables related to FY 2021 Winter Storm Uri. These decreases were partially offset by an increase of $23.9 million, or 19.9%, in inventories caused by a $4.5 million increase in gas inventory and a $13.6 million increase in inventories for transmission projects.

Noncurrent liabilities increased by $10.6 million, or 0.3% due to a $93.9 million increase in long-term debt offset by a $48.4 million decrease in net pension liability, a $22.6 million decrease in other postemployment benefits, and a $13.3 million decrease in noncurrent lease liability. The increase in debt is a result of capital expansion. Total deferred inflows increased by $78.3, or 40.9%, from the prior year due to a $31.1 million increase in regulatory credits, combined with a $24.2 million increase in unamortized gain on debt refundings and a $23.3 million increase in unrealized gains related to the pension plan.

2021 Compared With 2020

Total assets and deferred outflow of resources increased by $423.1 million, or 6.4%, from the prior year. This primarily was caused by an increase of $242.9 million, or 4.8%, in net capital assets mainly due to transmission project construction. Current assets increased by $189.6 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 decrease of $16.5 million, or 10.9%, in deferred outflow of resources caused by a $15.2 million decrease in unrealized contributions and losses related to pensions.

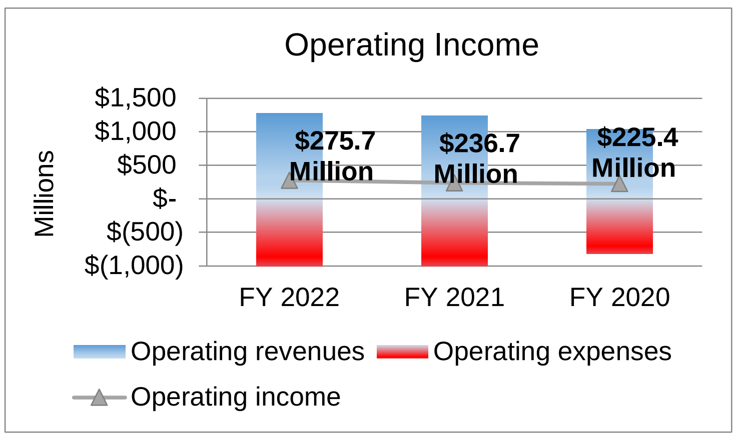
Current liabilities increased by $209.6 million, or 30.0%, due to a $196.9 million increase in short-term debt. Noncurrent liabilities increased by $133.0 million, or 3.3% due to a $188.2 million increase in long-term debt offset by a $39.4 million decrease in net pension liability. The increase in debt is a result of capital expansion.

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

	Year Ended June 30,			2022 vs. 2021 Favorable/ (Unfavorable)	2021 vs. 2020 Favorable/ (Unfavorable)
	2022	2021	2020		
		Restated	Restated		
Operating revenues	$ 1,275.5	$ 1,242.5	$ 1,042.7	2.7%	19.2%
Operating expenses	(999.8)	(1,005.8)	(817.3)	0.6%	(23.1%)
Operating income	275.7	236.7	225.4	16.5%	5.0%
Nonoperating revenues	31.5	11.5	(26.9)	173.9%	142.8%
Nonoperating expenses	(186.3)	(164.3)	(181.3)	(13.4%)	9.4%
Nonoperating loss	(154.8)	(152.8)	(208.2)	(1.3%)	26.6%
Capital contributions	4.4	0.4	0.8	1000.0%	(50.0%)
Change in net position	125.3	84.3	18.0	48.6%	368.3%
Total Net Position, Beginning of Year (restated)	1,738.4	1,654.1	1,636.1	5.1%	1.1%
Total Net Position, End of Year	$ 1,863.7	$ 1,738.4	$ 1,654.1	7.2%	5.1%

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.



2022 Compared With 2021

Operating income for FY 2022 increased by $39.0 million, or 16.5%, compared with the prior year. This increase primarily was driven by a $33.0 million, or 2.7%, increase in operating revenues, the result of a $47.9 million increase in electric revenues partially offset by a $8.9 million decrease in bilateral ancillary services.

2021 Compared With 2020

Operating income for FY 2021 increased by $11.3 million, or 5.0%, compared with 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 $188.5 million, or 23.1%. Both variances primarily were caused by an increase in electric and ancillary revenues and related fuel expenses due to the effects of Winter Storm Uri.

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.

2022 Compared With 2021

LCRA's nonoperating loss for FY 2022 increased by $2.0 million, or 1.3%, from the prior year. The most significant items contributing to the increase in FY 2022 were a $25.0 million decrease in interest income, a $9.5 million increase in regulatory expense, and a $6.0 million increase in debt interest expense. The decrease in interest income was primarily the result of a decrease in the fair value of investments held due to rising external interest rates. This was partially offset by a $38.9 million increase in net gain on disposition of property.

2021 Compared With 2020

LCRA's nonoperating loss for FY 2021 decreased by $55.4 million, or 26.6%, 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 with 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.

Capital Asset Activity

Capital Asset Activity
(Dollars in Millions)

	FY 2022	FY 2021 Restated
Expended for construction activities	$ 462.8	$ 488.1
Depreciation Expense	$ 225.2	$ 223.0
Asset retirements, net of proceeds	$ 23.7	$ 22.2

For additional details, see Note 8 of the Notes to the Financial Statements.

Capital Expansion and Improvement Program

LCRA's capital expansion and improvement program for FY 2023 through FY 2027 is forecast to be $2.7 billion with approximately 68.5% 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 Ending June 30,					
	2023	2024	2025	2026	2027	Total
Revenue/other funded	$ 173.9	$ 138.9	$ 172.0	$ 184.4	$ 183.7	$ 852.9
Debt funded	492.9	448.1	316.5	300.6	299.2	1,857.3
Total LCRA Capital	$ 666.8	$ 587.0	$ 488.5	$ 485.0	$ 482.9	$ 2,710.2
Percent debt funded	73.9%	76.3%	64.8%	62.0%	62.0%	68.5%

Debt Activity

LCRA Debt Activity
(Dollars in Millions)

	FY 2022	FY 2021
Private notes issued	$ 427.4	$ 585.0
Commercial paper issued	$ 319.2	$ 306.5
Scheduled debt payments	$ 114.7	$ 92.4
Interest payments	$ 185.4	$ 171.6
Bond issuance	LCRA refunding revenue bond series 2022 issued with a net premium. The bond proceeds were used to pay down $377.3 million in previously oustanding bonds and $22.0 million in outstanding commercial paper. *	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 refunding revenue bond series 2021A issued with a net premium. The bond proceeds were used to pay down $50.0 million in outstanding commercial paper and $150.0 million in notes. *	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 2022 issued with a net premium. The bond proceeds were used to pay down $262.2 million in previously outstanding bonds, $50.0 million in outstanding commercial paper and $100.0 million in notes. *	

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

Restatements

Actuarially determined other postemployment benefit (OPEB) liabilities in prior-year financial statements were overstated at June 30, 2021, and June 30, 2020, due to a calculation error. Those periods have been restated to correct the error.

LCRA adopted a new accounting standard for leases effective July 1, 2021. Prior periods were restated.

See Note 1 for additional details.

Contacting LCRA's Management

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

LOWER COLORADO RIVER AUTHORITY
BALANCE SHEETS
(Dollars in Millions)

	June 30, 2022	June 30, 2021 Restated
Assets		
Current Assets:		
Cash and cash equivalents	$ 359.4	$ 421.4
Investments	48.3	50.6
Receivables, net	254.3	306.6
Lease receivable	0.7	0.8
Inventories, net	143.9	120.0
Other	25.8	27.7
Total current assets	832.4	927.1
Noncurrent Assets:		
Restricted cash and cash equivalents	56.0	89.8
Restricted investments	217.5	201.5
Unrestricted investments	220.6	124.7
Capital assets:		
Depreciable:		
Utility plant in service	7,454.3	7,164.4
Intangible assets – leases and other	193.9	187.1
Oil and gas property	28.2	28.2
Other physical property	55.3	56.0
Less: accumulated depreciation and amortization	(3,234.9)	(3,040.6)
Depreciable capital assets, net	4,496.8	4,395.1
Nondepreciable:		
Utility plant in service	65.1	68.3
Intangible assets - easements	346.4	323.6
Intangible assets - water rights	102.2	102.2
Other physical property	19.0	19.0
Construction work in progress	447.4	354.8
Nondepreciable capital assets	980.1	867.9
Leases receivable	7.8	7.6
Notes receivable	14.6	16.4
Other charges		
Costs to be recovered from future revenues	254.0	262.4
Facilities regulatory asset	53.4	-
Other	17.0	10.2
Total other charges	324.4	272.6
Total noncurrent assets	6,317.8	5,975.6
Total Assets	7,150.2	6,902.7
Deferred Outlow of Resources:		
Unamortized loss on debt refundings	34.9	47.2
Changes in fair value of hedging derivative	17.0	2.4
Unamortized expense on asset retirement obligation	18.2	18.4
Unrealized losses related to postemployment benefits	11.4	17.2
Unrealized contributions and losses related to pensions	36.2	49.1
Total Deferred Outflow of Resources	117.7	134.3
Total Assets and Deferred Outflow of Resources	$ 7,267.9	$ 7,037.0

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

LOWER COLORADO RIVER AUTHORITY
BALANCE SHEETS
(Dollars in Millions)

	June 30, 2022	June 30, 2021 Restated
Liabilities		
Current Liabilities:		
Accounts payable	$ 153.6	$ 97.9
Interest payable	28.7	26.7
Other current liabilities	152.3	136.6
Compensated absences	26.3	19.1
Bonds and notes payable	565.0	628.9
Total current liabilities	925.9	909.2
Noncurrent Liabilities:		
Construction payables	0.8	1.8
Asset retirement obligation	22.2	21.3
Bonds and notes payable	3,904.8	3,810.9
Other credits and other noncurrent liabilties	63.6	62.5
Lease liability	35.1	48.4
Other postemployment benefit liability	62.2	84.8
Net pension liability	119.8	168.2
Total noncurrent liabilities	4,208.5	4,197.9
Total liabilities	5,134.4	5,107.1
Deferred Inflow of Resources:		
Regulatory credits from future recovery	119.8	88.7
Unrealized gains related to pension	54.0	30.7
Unrealized gains related to other postemployment benefits	20.1	14.3
Unrealized lease revenues	20.0	20.6
Deferred gain related to tower sale	23.0	28.5
Other	32.9	8.7
Total Deferred Inflow of Resources	269.8	191.5
Net Position		
Net investment in capital assets	1,115.5	942.0
Restricted for capital projects	0.6	0.2
Restricted other	78.0	87.3
Unrestricted	669.6	708.9
Total Net Position	1,863.7	1,738.4
Total Liabilities, Deferred Inflow of Resources, and Net Position	$ 7,267.9	$ 7,037.0

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, 2022	2021 Restated
Operating Revenues		
Electric	$ 1,201.5	$ 1,153.6
Water and irrigation	34.4	32.5
Other	39.6	56.4
Total Operating Revenues	1,275.5	1,242.5
Operating Expenses		
Fuel and Purchased Power	395.5	416.1
Operations	332.1	306.9
Maintenance	46.7	58.9
Depreciation, depletion and amortization	225.5	223.9
Total Operating Expenses	999.8	1,005.8
Operating Income	275.7	236.7
Nonoperating Revenues (Expenses)		
Interest income (expense)	(18.6)	6.4
Gain on disposition of property	61.7	6.8
Loss on disposition of property	(43.2)	(27.2)
Interest on debt	(143.1)	(137.1)
Other income	5.1	5.5
Total Nonoperating Revenues (Expenses)	(138.1)	(145.6)
Income Before Prior Costs Recovered from Revenues and Capital Contributions	137.6	91.1
Prior Costs Recovered From Revenues	(16.7)	(7.2)
Capital Contributions	4.4	0.4
Change in Net Position	125.3	84.3
Total Net Position, Beginning of Year - Restated	1,738.4	1,654.1
Total Net Position, End of Year	$ 1,863.7	$ 1,738.4

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, 2022	2021 Restated
Cash Flows From Operating Activities		
Receipts from customers	$ 1,173.2	$ 1,038.6
Payments for goods and services	(488.6)	(606.9)
Payments to employees	(172.6)	(179.5)
Other receipts (payments)	2.5	(9.1)
Net cash provided by operating activities	514.5	243.1
Cash Flows From Noncapital Financing Activities		
Grant proceeds received	1.7	0.4
Other revenues	0.5	3.6
Net cash provided by noncapital financing activities	2.2	4.0
Cash Flows From Capital and Related Financing Activities		
Purchase of property, plant and equipment	(402.9)	(485.8)
Lease receipts	1.2	1.3
Lease payments	(17.3)	(17.7)
Proceeds from sale of capital assets	3.0	0.8
Debt issue costs	(4.2)	(6.2)
Contributed capital received for capital costs	4.5	0.2
Proceeds from long-term debt	929.0	684.6
Proceeds from commercial paper and notes	746.6	891.5
Debt principal payments	(114.7)	(92.4)
Interest paid	(185.4)	(171.6)
Payments to refund and defease debt	(1,443.6)	(1,056.1)
Net cash used in capital and financing activities	(483.8)	(251.4)
Cash Flows From Investing Activities		
Sale and maturity of investment securities	274.6	399.1
Purchase of investment securities	(410.8)	(341.3)
Note payments and interest received	7.5	8.6
Net cash provided by (used in) investing activities	(128.7)	66.4
Net Increase / (Decrease) in Cash and Cash Equivalents	(95.8)	62.1
Cash and Cash Equivalents, Beginning of Year	511.2	449.1
Cash and Cash Equivalents, End of Year	$ 415.4	$ 511.2

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, 2022	Year Ended June 30, 2021 Restated
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$ 275.7	$ 236.7
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation, depletion and amortization	225.5	223.9
Changes in assets, liabilities, deferred inflows and outflows of resources:		
Accounts receivable	63.5	(152.8)
Inventories	(23.8)	(15.8)
Other current assets	1.9	(10.5)
Current liabilities	58.7	78.5
Other long-term assets, charges and deferred outflow of resources	(23.2)	(2.3)
Other credits and other long-term liabilities, and deferred inflow of resources	(63.8)	(114.6)
Net cash provided by operating activities	$ 514.5	$ 243.1
Noncash Financing and Investing Activities		
Investment market adjustments	$ 26.6	$ 1.0
Capital assets financed through short-term liabilities	1.4	(7.3)
Noncash loss on asset retirements	(33.8)	(16.4)

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

	Dec. 31, 2021	Dec. 31, 2020
Assets		
Cash and cash equivalents	$ 6.0	$ 33.0
Investments	514.6	445.7
Receivables		
Other receivables	1.0	2.4
Total receivables	1.0	2.4
Total assets	521.6	481.1
Liabilities		
Accrued investment expenses	0.3	0.3
Benefits payable	2.5	2.4
Total liabilities	2.8	2.7
Net position restricted for pensions	$ 518.8	$ 478.4

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)

	Years Ended Dec. 31, 2021	2020
Additions		
Net appreciation on investments	$ 50.8	$ 50.2
Interest	-	0.9
Dividends	10.0	12.8
Settlements, commissions and other income (loss)	-	(0.1)
Total investment income	60.8	63.8
Less investment expenses	1.8	1.3
Net investment income	59.0	62.5
Employer contributions	27.5	31.0
Employee contributions	-	0.1
Total contributions	27.5	31.1
Total additions	86.5	93.6
Deductions		
Benefits paid to participants	45.8	44.8
General, administrative and other expenses	0.3	0.3
Total deductions	46.1	45.1
Net increase in net position	40.4	48.5
Net position restricted for pensions, beginning of period	478.4	429.9
Net position restricted for pensions, end of period	$ 518.8	$ 478.4

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 in the United States of America (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 2022: In Fiscal Year (FY) 2022, LCRA implemented GASB Statement No. 87, "*Leases*," which 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 implemented this standard effective July 1, 2021, using the full retrospective method; prior years were restated. The new accounting standard resulted in LCRA increasing both its assets and liabilities by $69.6 million as of July 1, 2021.

Issued, But Not Yet Effective Pronouncements: 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.

In June 2022, the GASB issued a new accounting standard (GASB Statement No. 101) for Compensated Absences. The new accounting requires estimated sick leave to be recorded as a liability as service is provided; sick leave is currently expensed as incurred. LCRA will implement the new standard no later than July 1, 2024; earlier application is encouraged. LCRA has not yet quantified the impact of this new standard on its financial statements.

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 2022 and FY 2021, LCRA had one customer whose revenue individually represented 10% or more of total operating revenues at 18.7% and 18.5%, respectively.

Electric revenues, including transmission and wholesale power, represented approximately 94.2% and 92.8% of LCRA's operating revenues for FY 2022 and FY 2021, 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 $0.8 million for FY 2022 and $0.4 million for FY 2021, 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 $526.4 million for the year ended June 30, 2022, were the result of rate changes authorized during the fiscal year. New rates of $7.43 per kilowatt became effective on Oct. 7, 2021. Prior to the change, the rate was $7.06 as of March 2021 and $6.76 as of September 2020. The rate increases were related to investments in transmission system improvements.

LCRA TSC filed for an interim rate increase in September 2022 with a rate anticipated to be effective in autumn 2022 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 where sales and purchases are netted hourly. Total sales recorded as a reduction of operating expense were $179.3 million and $94.4 million for FY 2022 and FY 2021, 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-recoveries 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 $9.0 million and $10.2 million as of June 30, 2022, and June 30, 2021, 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 9 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 the $250,000 Federal Deposit Insurance Corporation (FDIC) limits at certain financial institutions. At June 30, 2022, LCRA held $8.9 million in funds which were both FDIC insured and/or collateralized by securities held by the pledging financial institution in which the deposits were held. Custodial credit risk is also managed by concentrating the cash balances in high quality financial institutions and 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 as of June 30, 2022, and 2021.

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. There was a $0.8 million balance in the reserve as of June 30, 2022, and 2021.

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.

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 projects under construction. These assets are recorded at cost, which includes materials, labor, and overhead. 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 2022 and FY 2021, 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-Leases and Other: This line item includes leases, energy capacity rights and internally generated software.

Intangible Assets-Easements and Water Rights: 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*."

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 $0.04 million and $0.03 million for FY 2022 and FY 2021, respectively.

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 2022 or FY 2021.

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 and right to use assets, was approximately 3.0% for FY 2022 and 3.1% for FY 2021.

The estimated useful life of property, plant and equipment and certain intangible assets 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
Telecommunication Facilities	5 - 45 years
Intangible Assets	
Internally generated software	5 years
Energy capacity rights	14 years
Leases	1-78 years

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, costs related to pension and other postemployment benefits, and a facilities regulatory asset. The facilities regulatory asset arose from LCRA TSC's purchase of facilities from LCRA, consistent with GAAP for regulated operations. The regulatory asset is being amortized over the remaining life of the facilities.

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 under-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, 2022	June 30, 2021 Restated
Regulatory assets:		
Fuel cost under-recovery	$ 9.0	$ 10.2
Deferred depreciation on debt-funded capital expenditures	36.2	30.7
Deferred pension and other postemployment benefits costs	208.6	231.7
Deferred costs on compensated absences	9.1	-
Deferred amortization of facilities	53.4	-
	316.3	272.6
Regulatory credits:		
Amounts collected from rates to be used for future costs	119.8	88.7
	$ 119.8	$ 88.7

Other Noncurrent Assets: Other noncurrent assets are composed primarily of prepaid expense on software, hardware, and licensing agreements ($3.4 million and $4.7 million as of June 30, 2022, and 2021, respectively), ERCOT congestion revenue rights ($1.6 million and $3.3 million as of June 30, 2022, and 2021, respectively), and long-term deferred loss on hedging derivatives ($10.2 million and $0.5 million as of June 30, 2022, and 2021, respectively).

Leases: LCRA complies with GASB Statement No. 87, "*Leases*." Accordingly, inflows and outflows of resources are based on the payment provisions of the contract recognizing lease receivable and deferred inflow or lease liabilities and deferred outflows. See Note 7.

Other Current Liabilities: Other current liabilities are composed primarily of transmission cost of service (TCOS) liabilities ($19.0 million and $30.1 million as of June 30, 2022, and 2021, respectively), property tax accruals ($13.6 million and $12.7 million as of June 30, 2022, and 2021, respectively), security deposits ($43.9 million and $29. million as of June 30, 2022, and 2021, respectively), and short-term lease liabilities ($16.2 million and $14.7 million as of June 30, 2022, and 2021, 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 18 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 long-term lease liabilities, supplemental executive retirement program liabilities, unearned revenues and other noncurrent liabilities.

Restatements: Actuarially determined other postemployment benefit (OPEB) liabilities in prior-year financial statements were overstated at June 30, 2021, and June 30, 2020, due to a calculation error. Those periods have been restated to correct the error. See Note 5.

LCRA adopted a new accounting standard for leases effective July 1, 2021. Prior periods were restated. See Note 7. The impacts of both restatements are summarized in the following tables:

Schedule of Restatements to Balance Sheet

	As Previously Reported - Year Ended June 30, 2021	Adjustments	As Restated - Year Ended June 30, 2021
Assets & Deferred Outflows Of Resources			
Current lease receivable	$ -	$ 0.8	$ 0.8
Other current assets	27.5	0.2	27.7
Intangible Assets--Leases and Other	92.5	94.6	187.1
Accumulated depreciation and amortization	(3,008.9)	(31.7)	(3,040.6)
Noncurrent lease receivable	-	7.6	7.6
Costs to be recovered from future revenues*	285.0	(22.6)	262.4
Other charges	11.9	(1.7)	10.2
Unrealized losses related to other postemployment benefits*	16.7	0.5	17.2
Liabilities & Net Position			
Interest payable	26.6	0.1	26.7
Other current liabilities	122.0	14.6	136.6
Other credits and other noncurrent liabilities	74.9	(12.4)	62.5
Lease liability	-	48.4	48.4
Other postemployment benefits liability*	106.9	(22.1)	84.8
Unrealized lease revenues	-	20.6	20.6
Net invesment in cap assets	942.1	(0.1)	942.0
Unrestricted net position	710.3	(1.4)	708.9

Schedule of Restatements to Statements Of Revenue, Expenses And Changes In Net Position

	As Previously Reported - Year Ended June 30, 2021	Adjustments	As Restated - Year Ended June 30, 2021
Operations expense	$ 323.7	$ (16.8)	$ 306.9
Depreciation and amortization expense	208.3	15.6	223.9
Interest income	6.1	0.3	6.4
Other income	7.5	(2.0)	5.5
Change in net position	84.8	(0.5)	84.3
Net postion, beginning	1,655.1	(1.0)	1,654.1
Net postion, ending	1,739.9	(1.5)	1,738.4

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, 2022, and 2021, debt-funded assets not related to capital assets included $153.5 million and $168.2 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, 2022, and 2021, these restricted categories of net assets consisted of cash and investments of $273.6 million and $291.4 million, reduced by liabilities and deferred inflows of resources of $195.0 million and $203.9 million, respectively.

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

Reclassification: Electricity market settlement credits or costs are netted against fuel and purchased power. Previously, these credits or costs were netted against operations expense. Prior periods have been reclassified for comparability.

2. Financial Instruments

As of June 30, 2022, and 2021, LCRA had the following investments and maturities:

Investments and Maturities
(Dollars in Millions)

Type of Investment	June 30, 2022 Fair Value	June 30, 2022 WAM (Years)[1]	June 30, 2021 Fair Value	June 30, 2021 WAM (Years)[1]
Investments				
U.S. Government Securities	$ 6.8	0.83	$ 6.9	1.85
U.S. Agency Notes	271.0	3.42	144.1	3.84
Commercial Paper	33.6	0.52	72.1	0.31
Taxable Municipals	175.0	1.95	153.7	2.24
Cash Equivalents				
Investment Pools	406.0 [2]	0.07	490.4 [2]	0.14
Total	$ 892.4	1.48	$ 867.2	1.16

Cash and Investments as of June 30, 2022, and 2021, consisted of the following:

	June 30, 2022	June 30, 2021
Cash	$ 9.4	$ 20.8
Investments and Cash Equivalents	892.4	867.2
Total Cash and Investments	$ 901.8	$ 888.0

[1] Weighted Average Maturity
[2] Net Asset Value

Investment Pool: LCRA investments included an investment pool with TexPool on June 30, 2022, and 2021. 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, 2022, and 2021. Hilltop Securities Inc. and J.P. Morgan Asset Management oversee LOGIC. The pool seeks to maintain a $1 value per share as required by the Texas Public Funds Investment Act.

TexPool investments were $209.6 million and $272.0 million as of June 30, 2022, and 2021, respectively. LOGIC investments were $196.4 million and $218.4 million as of June 30, 2022, and 2021, respectively.

Both investment pools have no account balance or transaction amount minimum or maximum requirements.

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, 2022, and 2021, 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 $151.0 million and $154.5 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, 2022, and as of June 30, 2021, that account for greater than 5.0% of its investment portfolio, as shown in the table below.

Concentration Risk
(Dollars in millions)

	June 30, 2022		June 30, 2021	
Issuer	Amount	Percentage of Portfolio	Amount	Percentage of Portfolio
Federal Farm Credit Bureau	$ 74.3	8.3%	$ 56.4	6.5%
Federal Home Loan Bank	156.6	17.5%	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.

Credit Risk
(Dollars in millions)

	June 30, 2022		June 30, 2021	
Credit Rating	Fair Value	Percentage of Portfolio	Fair Value	Percentage of Portfolio
U.S. Government Securities (AA+)	$ 196.6	22.0%	$ 144.0	16.7%
U.S. Government Securities (AA+u)	6.8	0.8%	6.9	0.9%
U.S. Government Securities (Aaa)[1]	74.3	8.3%	-	0.0%
AAAm	406.0	45.5%	490.4	56.5%
AAA	33.6	3.8%	38.4	4.4%
AA+	43.9	4.9%	23.0	2.7%
AA	38.2	4.3%	36.5	4.2%
AA-	25.3	2.8%	28.9	3.3%
A+	12.1	1.4%	7.1	0.8%
A	3.8	0.4%	1.7	0.2%
A-1+	18.8	2.1%	52.2	6.0%
A-1	14.9	1.7%	20.0	2.3%
Aaa[1]	7.1	0.8%	8.4	1.0%
Aa1[1]	0.9	0.1%	1.1	0.1%
Aa2[1]	8.0	0.9%	7.3	0.8%
Aa3[1]	2.1	0.2%	1.3	0.1%
Total investments and maturities portfolio	$ 892.4	100.0%	$ 867.2	100.0%

[1] Ratings are from Moody's; all other ratings are from Standard & Poor's.

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 1 input is defined as: "quoted prices for identical assets or liabilities in active markets that LCRA can access at the measurement date." Level 2 input is defined as "inputs – other than quoted prices - included within Level 1 that are observable for the asset or liability, either directly or indirectly." A Level 3 input is defined as "significant unobservable inputs." 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 Measurement
(Dollars in Millions)

Type of Investment	June 30, 2022 Fair Value	June 30, 2022 Level	June 30, 2021 Fair Value	June 30, 2021 Level
U.S. Government Securities	$ 6.8	1	$ 6.9	1
U.S. Agency Notes	271.0	1	144.1	1
Commercial Paper	33.6	2	72.1	2
Taxable Municipals	175.0	1	153.7	1
Investment Pools	406.0 [1]		490.4 [1]	
Total	$ 892.4		$ 867.2	

[1] Net Asset Value

3. Long-Term Debt and Commercial Paper

Changes in long-term debt, including current portions, are as follow:

Debt Activity
(Dollars in Millions)

Series	Balance June 30, 2020	Increase	(Decrease)	Balance June 30, 2021	Increase	(Decrease)	Balance June 30, 2022	Amount Due in FY 2023
LCRA TSC 2011A	$ 256.9	$ -	$ (256.9)	$ -	$ -	$ -	$ -	$ -
LCRA TSC 2011B	76.9	-	(76.9)	-	-	-	-	-
LCRA TSC 2013	269.7	-	(7.4)	262.3	-	(262.3)	-	-
LCRA TSC 2013A	195.7	-	-	195.7	-	-	195.7	-
LCRA TSC 2015	223.2	-	(4.9)	218.3	-	(5.2)	213.1	5.4
LCRA TSC 2016	173.2	-	(6.4)	166.8	-	(6.5)	160.3	6.7
LCRA TSC 2018	274.1	-	(8.5)	265.6	-	(8.2)	257.4	14.9
LCRA TSC 2019	391.7	-	(5.6)	386.1	-	(5.5)	380.6	19.2
LCRA TSC 2019A	173.3	-	(5.5)	167.8	-	(5.4)	162.4	5.4
LCRA TSC 2020	261.5	-	(12.1)	249.4	-	(18.3)	231.1	4.0
LCRA TSC 2020A	-	145.5	(3.8)	141.7	-	(4.5)	137.2	4.5
LCRA TSC 2021	-	397.2	-	397.2	-	(28.4)	368.8	23.2
LCRA TSC 2021A	-	-	-	-	167.3	(5.3)	162.0	5.1
LCRA TSC 2022	-	-	-	-	342.6	-	342.6	7.9
LCRA 2012A	239.7	-	(8.4)	231.3	-	(231.3)	-	-
LCRA 2012B	152.3	-	(6.4)	145.9	-	(145.9)	-	-
LCRA 2013	161.4	-	(5.2)	156.2	-	(5.4)	150.8	5.7
LCRA 2015A	23.3	-	(3.7)	19.6	-	(3.6)	16.0	-
LCRA 2015B	96.0	-	(0.8)	95.2	-	(7.7)	87.5	8.1
LCRA 2015C	234.8	-	(2.3)	232.5	-	(2.5)	230.0	3.0
LCRA 2015D	75.1	-	-	75.1	-	(5.1)	70.0	6.1
LCRA 2020	139.4	-	(11.4)	128.0	-	(3.0)	125.0	5.9
LCRA 2022	-	-	-	-	253.4	-	253.4	1.2
Unamortized Net Premium	333.6	142.0	(48.8)	426.8	165.7	(87.4)	505.1	17.9
Subtotal	3,751.8	684.7	(475.0)	3,961.5	929.0	(841.5)	4,049.0	144.2
Private Notes	157.0	585.0	(411.0)	331.0	427.4	(439.4)	319.0	319.0
Commercial Paper	145.9	306.5	(305.1)	147.3	319.2	(364.7)	101.8	101.8
Total	$ 4,054.7	$ 1,576.2	$(1,191.1)	$ 4,439.8	$ 1,675.6	$(1,645.6)	$ 4,469.8	$565.0 (1)

(1) Total amount due in FY 2022 was $628.9 million.

Interest rates and maturity dates for bonds, notes and commercial paper as of June 30, 2022, are as follows:

Interest Rates and Maturity Dates on Debt

Series	May 15, From	To
LCRA 2013 (4.13% - 5.50%)	2023	2039
LCRA 2015A (3.00% - 3.63%)	2027	2037
LCRA 2015B (3.25% - 5.00%)	2023	2031
LCRA 2015C (2.50% - 5.00%)	2023	2045
LCRA 2015D (3.75% - 5.00%)	2023	2032
LCRA 2020 (5.00%)	2023	2040
LCRA 2022 (4.00% - 5.00%)	2023	2041
LCRA TSC 2013A (5.00%)	2024	2036
LCRA TSC 2015 (3.00% - 5.00%)	2023	2045
LCRA TSC 2016 (3.00% - 5.00%)	2023	2046
LCRA TSC 2018 (5.00%)	2023	2048
LCRA TSC 2019 (3.88% - 5.00%)	2023	2049
LCRA TSC 2019A (4.00% - 5.00%)	2023	2049
LCRA TSC 2020 (5.00%)	2023	2050
LCRA TSC 2020A (5.00%)	2023	2050
LCRA TSC 2021 (5.00%)	2023	2051
LCRA TSC 2021A (5.00%)	2023	2051
LCRA TSC 2022 (2.50% - 5.00%)	2023	2047
Commercial paper (1)		
Private notes (2)		

(1) Commercial paper rates are variable. As of June 30, 2022, rates ranged from 1.00% to 1.40%, with maturities of 270 days or less from their respective issue dates.

(2) Private note rates are variable. As of June 30, 2022, rates ranged from 1.22% to 2.11%, with maturities of 364 days or less from their respective issue dates.

LCRA’s debt as of June 30, 2022, was rated by Moody’s, Standard & Poor’s and Fitch as follows:

Debt Credit Ratings

Debt Program	June 30, 2022 Moody's Ratings	Standard & Poor's Ratings	Fitch Ratings
LCRA Refunding and Improvement Revenue Bonds	A2 (Stable)	A (Negative)	AA- (Stable)
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 A	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:

Debt Payments, Excluding Commercial Paper
(Dollars in Millions)

Year Ending June 30,	Principal	Interest	Total
2023	$ 126.3	$ 177.6	$ 303.9
2024	124.4	165.9	290.3
2025	158.8	159.7	318.5
2026	161.2	151.7	312.9
2027	164.3	143.8	308.1
2028-2032	847.1	594.8	1,441.9
2033-2037	808.0	387.0	1,195.0
2038-2042	611.1	210.4	821.5
2043-2047	417.3	82.3	499.6
2048-2052	125.4	12.4	137.8
	3,543.9	2,085.6	5,629.5
Unamortized net premium	505.1	-	505.1
Total	$ 4,049.0	$ 2,085.6	$ 6,134.6

New and Refunding Bonds: The following schedules summarize new and refunding bonds for FY 2022 and FY 2021:

FY 2022 New and Refunding Bonds
(Dollars in Millions)

Program	Issued Amount	Commercial Paper / Private Note Repayment	Debt Defeasance	Accounting Gain /(Loss)	Reduction to Aggregate Debt Service Payment	Economic Gain
Private Notes	$ 427.4 [1]	$ (189.4)	$ -	$ -	$ -	$ -
Commercial Paper	319.2 [2]	(242.7)	-	-	-	-
LCRA TSC 2022 Refunding Bonds [3]	253.4	(22.0)	(377.3)	22.7	9.9	8.2
LCRA TSC 2021A Refunding Bonds [4]	167.3	(200.0)	-	-	-	-
LCRA TSC 2022 Refunding Bonds [5]	342.6	(150.0)	(262.2)	3.9	18.8	22.7
Total	$ 1,509.9	$ (804.1)	$ (639.5)	$ 26.6	$ 28.7	$ 30.9

[1] Private note issuances used to fund capital projects of $157.0 million for LCRA and $270.4 for LCRA TSC.

[2] Commercial paper issuances used to fund capital projects of $38.7 million for LCRA and $280.5 million for LCRA TSC.

[3] LCRA refunding revenue bond series 2022 issued with a net premium. The bond proceeds were used to pay down $377.3 million in previously outstanding bonds. and $20.0 million in oustanding commercial paper.

[4] LCRA TSC refunding revenue bond series 2021A issued with a net premium. The bond proceeds were used to pay down $50.0 million in previously outstanding commercial paper and $150.0 million in outstanding notes.

[5] LCRA TSC refunding revenue bond series 2022 issued with a net premium. The bond proceeds were used to pay down $262.2 million in previously outstanding bonds, $50.0 million in outstanding commercial paper and $100.0 million in outstanding notes.

FY 2021 New and Refunding Bonds
(Dollars in Millions)

Program	Issued Amount	Commercial Paper / Private Note 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 Uri 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.

[3] 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.

[4] LCRA TSC refunding revenue bond series 2021 issued with a net premium. The bond proceeds were used to pay down $50.0 million in outstanding commercial paper and$150.0 million in notes.

The principal associated with the bonds that have been previously refunded by LCRA but remain outstanding as of June 30, 2022, and 2021, totaled $12.9 million and $19.2 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, 2022, and 2021.

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 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 TSC 2021A	May 15, 2031	5,000	100 + accrued interest	May 15, 2032
LCRA TSC 2022	May 15, 2031	5,000	100 + accrued interest	May 15, 2032
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 2015D	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 2022	May 15, 2031	5,000	100 + accrued interest	May 15, 2032

Pledged Revenues: LCRA bonds outstanding as of June 30, 2022, and 2021, 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 2013A, 2015, 2016, 2018, 2019, 2019A, 2020, 2020A, 2021, 2021A, and 2022 are solely secured by the obligation of LCRA TSC to make installment payments to LCRA from the net revenues of LCRA TSC. Net revenues are defined as gross revenues 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, 2022.

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	$ 39.7
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	200.0	July 12, 2024	125.0
LCRA TSC Private Revolving Note Program Series E	Active	Tax-Exempt	100.0	May 1, 2030	100.0	Dec. 20, 2024	-
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	Sept. 09, 2024	62.1
LCRA Taxable/Tax-Exempt Private Revolving Note Series C	Active	Both	160.0	May 15, 2030	160.0	Jan. 24, 2025	119.0
LCRA Taxable/Tax-Exempt Private Revolving Note Series D	Active	Both	100.0	May 1, 2027	100.0	March 16, 2023	75.0
LCRA Taxable/Tax-Exempt Private Revolving Note Series E	Inactive	Both	225.0	May 1, 2030	N/A	March 22, 2022	-
Total			$ 2,085.0		$ 860.0		$ 420.8

(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 2022 and 2021. 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, 2022, was $62.1 million and $39.7 million, respectively. The total outstanding commercial paper for LCRA and LCRA TSC as of June 30, 2021, was $105.4 million and $41.9 million, respectively. There were $194.0 million and $125.0 million in outstanding notes as of June 30, 2022, for LCRA and LCRA TSC, respectively. There were $181.0 million and $150.0 million in outstanding notes as of June 30, 2021, 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, 2022, 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 $180.0 million total. On June 30, 2022, there was an $80.0 million letter of credit outstanding under the first facility and a $20.0 million letter of credit was outstanding under the second facility. Both facilities will expire on June 3, 2023. On June 30, 2021, a $50.0 million letter of credit was outstanding under each facility. Both facilities expired on June 4, 2022.

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, 2038, to May 15, 2051.

Estimation of Fair Value: The fair value measurements of long-term debt were estimated based on published market prices, and were $4.2 billion and $4.6 billion as of June 30, 2022, and 2021, 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, 2022, and 2021, 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. Pay all operating and maintenance expenses.
II. Produce a 1.25x coverage ratio on debt service on existing LCRA TSC debt and any other parity debt.
III. Pay all other debt of LCRA TSC.
IV. 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 the credit facility agreement for LCRA TSC. As of June 30, 2022, and 2021, 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, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of Jan. 1, 2022. The report may be obtained by writing to the LCRA Retirement Benefits Board of Trustees, P.O. Box 220, Austin, TX 78767.

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 2020 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:

	2022	2021
Retirees and beneficiaries currently receiving benefits	996	987
Inactive employees entitled to but not yet receiving benefits	71	72
Active plan members	851	901
Total Participants	1,918	1,960

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, 2021 (FY 2022), and Dec. 31, 2020 (FY 2021), are $24.6 million and $23.7 million payable as of Jan. 1, 2023, and Jan. 1, 2022, 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 19 and 20 years, respectively. There are no required contributions by the participants; however, some employee contributions are made to purchase optional credited service.

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 2022 and FY 2021, the money-weighted rate of return on pension plan investments was 12.6% and 14.8%, 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, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of Jan. 1, 2022.

Net Pension Liability
(Dollars in Millions)

	FY 2022		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Amounts as of June 30, 2021[1]	$ 646.6	$ 478.4	$ 168.2
Changes for the year:			
Service cost	5.3	-	5.3
Interest cost	44.0	-	44.0
Difference between expected and actual experience	(6.5)	-	(6.5)
Contributions by employer	-	27.5	(27.5)
Contributions by participants	-	-	-
Net investment income	-	59.0	(59.0)
Benefits paid to participants	(45.8)	(45.8)	-
Administrative and other expenses	-	(0.3)	0.3
Changes in assumptions	(5.0)	-	(5.0)
Net changes	(8.0)	40.4	(48.4)
Amounts as of June 30, 2022[2]	$ 638.6	$ 518.8	$ 119.8

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

[2] Measurements for the fiscal year ended June 30, 2022, were taken as of Dec. 31, 2021.

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)

	FY 2021		
	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 cost	43.4	-	43.4
Difference between expected and actual experience	4.9	-	4.9
Contributions by employer	-	31.0	(31.0)
Contributions by participants	-	0.1	(0.1)
Net investment income	-	62.5	(62.5)
Benefits paid to participants	(44.8)	(44.8)	-
Administrative and other expenses	-	(0.3)	0.3
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.

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, 2022, 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:	19, 17, 18, 19, 20 and 21 years for the years ending Dec. 31, 2021, 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:	2.5% for the year ending Dec. 31, 2021; 2.75% for years ending Dec. 31, 2020, 2019 and 2018; 3.0% for the years ending Dec. 31, 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 4.25% for the year ending Dec. 31, 2021, 3.25% for the years ending Dec. 31, 2020, 2019 and 2018; 3.5% for the years ending Dec. 31, 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 2021, 2020 and 2019; 7.25% for the years ending Dec. 31, 2018, 2017 and 2016; 7.50%, net of pension plan investment expense, for the years ending March 31 in 2016, 2015 and 2014.
Retirement age:	Rates that vary by age and years of service.
Mortality:	PubG-2010 above-median income mortality tables for employees and for retirees, projected generationally with projection scale MP-2018 for years ending Dec. 31, 2021, and Dec. 31, 2020; RP-2000 Combined Healthy Mortality Table for males and for females (sex distinct) projected to 2024 by scale AA for 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.

The assumed retirement rates, termination rates, and rates of merit and promotion increases were based on an experience study over the four plan years ending in 2020.

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 2022 and 2021), and by adding expected inflation (2.5% in 2022 and in 2021). In addition, the final 7.0% investment rate of return for the years ended Dec. 31, 2021, and 2020, 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 are presented in the following table:

Target Allocation and Expected Rates of Return

Asset Class	Target Allocation	June 30, 2022, and June 30, 2021 Long-Term Expected Net Real Rate of Return
Domestic equity		
Large cap	28.0 %	6.1 %
Small/Mid cap	6.0	6.5
International equity		
Developed	24.0	6.5
Emerging markets	4.0	7.5
Fixed income		
Core	20.0	1.5
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
Total	100.0 %	
Weighted average		5.0 %

Discount Rate: The discount rate used to measure the total pension liability was 7.0% in 2022 and in 2021. No projection of cash flows was used to determine the discount rate because the Jan. 1, 2022, and April 1, 2021, actuarial valuations showed expected contributions would pay the normal cost and amortize the net pension liability in 18 and 19 years, respectively. For FY 2022, because of the 18-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 2022 and FY 2021. The net pension liability was calculated using the discount rate of 7.0% in 2022 and in 2021, as well as the employer's net pension liability if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current rate:

Discount Rate Sensitivity
(Dollars in Millions)

	Employer's Net Pension Liability		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
June 30, 2022	$ 182.1	$ 119.8	$ 66.2
June 30, 2021	$ 233.7	$ 168.2	$ 112.2

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 net asset value (NAV).

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, 2022	2021
Service cost	$ 5.3	$ 5.5
Interest	44.0	43.4
Projected earnings on pension plan investments	(32.8)	(29.6)
Amortization of differences between projected and actual earnings on plan investments	(11.2)	(4.7)
Amortization of changes in assumptions	10.1	11.1
Amortization of differences between expected and actual experience	1.3	2.6
Pension plan administrative expenses	0.2	0.3
Total pension expense	$ 16.9	$ 28.6

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

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

(Dollars in Millions)

	June 30, 2022		June 30, 2021	
	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	$ -	$ 44.8	$ -	$ 29.9
Changes of assumptions	17.2	4.0	28.3	-
Differences between expected and actual experience	5.5	5.2	8.8	0.8
Subtotal	22.7	54.0	37.1	30.7
Contributions subsequent to measurement date	13.5	-	12.0	-
Total	$ 36.2	$ 54.0	$ 49.1	$ 30.7

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 Ending June 30,	Amount
2023	$ 1.0
2024	(13.9)
2025	(11.2)
2026	(7.2)
2027	-
Thereafter	-
Total	$ (31.3)

Totals of $13.5 million and $12.0 million were contributed subsequent to the measurement dates of the net pension liabilities for FY 2022 and FY 2021, respectively. The amounts are deferred outflows of resources that are recognized as a reduction in the net pension liability in the fiscal years ending June 30, 2023, and 2022. 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 for the years ending June 30, 2022, and for 2021, was recognized in operating expense based on contributions to the trust. The difference between the two methods is deferred for future recovery or refund.

Investments: Investments measured at net asset value as of Dec. 31, 2021, are as follows:

Investments Measured at Net Asset Value
(Dollars in Millions)

Investments Measured at NAV	Equities	Fixed Income	Net Asset Value	Redemption Frequency (if currently eligible)	Redemption Notice Period	Weighted Average Maturity	Credit Rating
Alternative investments / limited partnerships							
SEI Special Situations Collective Fund [4]	$ -	$ -	$ 25.6	June/Dec.	95 days	N/A	N/A
SEI Core Property Fund CIT	-	-	29.1	Quarterly	95 days	N/A	N/A
Total alternative investments / limited partnerships	-	-	54.7				
Mutual funds							
SIIT S&P 500 Index Fund[1]	143.9	-	143.9	Daily	N/A	N/A	N/A
SIIT World Equity Ex-US Fund[2]	123.7	-	123.7	Daily	N/A	N/A	N/A
SIIT Core Fixed Income Fund[3]	-	98.5	98.5	Daily	N/A	8.63	AA- / Aa2
SIIT Small/Mid-Cap Equity Fund[1]	31.2	-	31.2	Daily	N/A	N/A	N/A
SIIT Emerging Markets Equity Fund[2]	22.7	-	22.7	Daily	N/A	N/A	N/A
SIIT Emerging Markets Debt Fund[5]	-	19.9	19.9	Daily	N/A	9.95	BBB- / Baa3
SIIT High Yield Bond Fund[3]	-	20.0	20.0	Daily	N/A	4.14	B+ / B1
Total mutual funds	321.5	138.4	459.9				
Total investments measured at NAV			$ 514.6				

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 also may be invested in securities that are not readily marketable (illiquid and restricted securities), receipts, securities issued by investment companies, warrants, repurchase agreements, convertible securities and U.S. dollar denominated securities of foreign issuers that are traded on registered exchanges or listed on NASDAQ.

2 Non-U.S. equity holdings will consist primarily of equity securities (common stocks, securities that are convertible into common stocks, preferred stocks, warrants 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 a nationally recognized statistical ratings organization 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 will consist of fixed-income securities that are rated below investment grade, i.e., rated below the top four rating categories by an 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 a Special Situations Collective Fund. The lockup expires Oct. 1, 2022.

5 Non-U.S. Fixed Income may consist of both a non-U.S. investment grade portion and an emerging debt portion. The non-U.S. investment grade portion of the fixed-income portfolio will consist of securities of non-U.S. issuers located in countries other than the United States. The non-U.S. investment grade portion will concentrate its investments in developed countries. Non-U.S. investment grade fixed-income securities will be traditional fixed-income securities, such as bonds and debentures, and will be issued by foreign private and governmental issuers and may include mortgage-backed and asset-backed securities. The portfolio also may contain structured securities that derive interest and principal payments from specified assets or indices. All such investments will 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 Dec.31, 2020, are as follows:

Investments Measured at Net Asset Value
(Dollars in Millions)

Investments Measured at NAV	Equities	Fixed Income	Net Asset Value	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 Fund[1]	131.3	-	131.3	Daily	N/A	N/A	N/A
SIIT World Equity Ex-US Fund[2]	113.8	-	113.8	Daily	N/A	N/A	N/A
SIIT Core Fixed Income Fund[3]	-	92.5	92.5	Daily	N/A	8.0 years	AA- / Aa3
SIIT Small/Mid-Cap Equity Fund[1]	27.9	-	27.9	Daily	N/A	N/A	N/A
SIIT Emerging Markets Equity Fund[2]	19.0	-	19.0	Daily	N/A	N/A	N/A
SIIT Emerging Markets Debt Fund[5]	-	18.6	18.6	Daily	N/A	10.7 years	BBB- / Baa3
SIIT High Yield Bond Fund[3]	-	18.5	18.5	Daily	N/A	3.9 years	B+ / B1
Total mutual funds	292.0	129.6	421.6				
Total investments measured at NAV			$ 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 also may be invested in securities that are not readily marketable (illiquid and restricted securities), receipts, securities issued by investment companies, warrants, repurchase agreements, convertible securities and U.S. dollar denominated securities of foreign issuers that are traded on registered exchanges or listed on NASDAQ.

2 Non-U.S. equity holdings will consist primarily of equity securities (common stocks, securities that are convertible into common stocks, preferred stocks, warrants 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 a nationally recognized statistical ratings organization 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 will consist of fixed-income securities that are rated below investment grade, i.e., rated below the top four rating categories by an 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 a Special Situations Collective Fund. The lockup expires Oct. 1, 2022.

5 Non-U.S. Fixed Income may consist of both a non-U.S. investment grade portion and an emerging debt portion. The non-U.S. investment grade portion of the fixed-income portfolio will consist of securities of non-U.S. issuers located in countries other than the United States. The non-U.S. investment grade portion will concentrate its investments in developed countries. Non-U.S. investment grade fixed-income securities will be traditional fixed-income securities, such as bonds and debentures, and will be issued by foreign private and governmental issuers and may include mortgage-backed and asset-backed securities. The portfolio also may contain structured securities that derive interest and principal payments from specified assets or indices. All such investments will 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.

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. In 2021 and 2020, the pension portfolio was invested in mutual funds that are measured at NAV. For portfolio interest rate risk, see the weighted average maturity in the tables above.

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. During 2021 and 2020, the pension portfolio was invested in mutual funds that are measured at net asset value. For portfolio credit risk, see the credit ratings in the tables above.

Concentration Risk: During 2021 and 2020, the pension portfolio held no investments with an individual issuer that accounted for greater than 5.0% of its investment portfolio. This excludes mutual funds and investments issued by or explicitly guaranteed by the U.S. government

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, 2021, and Dec. 31, 2020, the Plan had investments in mutual funds with exposure to foreign currency risk of $139.2 million and $124.0 million, respectively.

The funds that compose the foreign currency risk totals for Dec. 31, 2021, and Dec. 31, 2020, are the SIIT World Equity Ex-US Fund, SIIT Emerging Markets Equity Fund, and SIIT Emerging Markets Debt Fund held in the custodial account. 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 millions)

Investments	Dec. 31, 2021	Dec. 31, 2020
Euro	$ 31.5	$ 23.8
Japan, Yen	14.3	16.0
Hong Kong, Dollar	11.3	11.4
Korea (South), Won	9.3	10.1
Great Britain, Pound Sterling	11.0	8.3
Taiwan, Dollar	7.5	6.0
Switzerland, Franc	6.8	5.2
Other	47.5	43.2
Total Investment Fair Value	$ 139.2	$ 124.0

Money-Weighted Rate of Return: For the year ended Dec. 31, 2021, and the year ended Dec. 31, 2020, the annual money-weighted rates of return on pension plan investments were 12.6% and 14.8%, 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 or equity securities as of Dec. 31, 2021 or as of Dec. 31, 2020. During 2021 and 2020, the portfolio was invested in mutual funds which are measured at NAV and therefore do not carry similar risks as in previous years.

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 tax) 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 $20,500 and $19,500 in calendar years 2022 and 2021, respectively. Employees that are age 50 or older may contribute an additional $6,500 in calendar years 2022 and 2021.

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:

401(k) Contributions by LCRA and Employees
(Dollars in Millions)

	For Year Ended June 30, 2022	2021
Employer contributions	$ 11.3	$ 10.6
Employee contributions	18.1	17.0

5. Other Postemployment Benefits

Plan Description: The LCRA Employees' Post-retirement Health Benefits Program (the OPEB Plan) is administered by 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, 2022, is based on a measurement date of June 30, 2021, 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, 2021, including the actuarial assumptions and census data. The actuarial valuation as of June 30, 2020, was revised to reflect any plan changes, and the results were rolled forward to the measurement date of June 30, 2021.

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% 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 that was 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, 2021 [1]	June 30, 2020 [2]
Inactive employees or beneficiaries currently receiving benefits	1,343	1,487
Inactive employees entitled to but not yet receiving benefits	-	-
Active employees	852	1,000
Total	2,195	2,487

[1] From the June 30, 2021, actuarial valuation, which covers the period from July 1, 2020, to June 30, 2021.

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

Actuarial Assumptions: The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.5% and 2.75% for actuarial valuation as of June 30, 2021, and 2020, respectively
Salary increases:	4.25% and 3.25%, plus merit and promotion increases that vary by age and years of service for actuarial valuation as of June 30, 2021, and 2020, respectively.
Discount rate:	2.16% for actuarial valuation as of June 30, 2021; 2.21% for actuarial valuation as of June 30, 2020
Health benefit costs trend rates:	8.0% for 2023, 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-2020 for the year ending June 30, 2021,and using Scale MP-2018 for the year ending June 30, 2020.

The assumed retirement rates, termination rates, and rates of merit and promotion increases were based on an experience study over the four plan years ending Dec. 31, 2020. The discount rate of 2.16% was based on the Bond Buyer Index of general obligation bonds with 20 years to maturity as of June 30, 2021.

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, 2022, 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, 2022	June 30, 2021
Retiree Only	64.9%	66.5%
"Retiree +1" Dependent	35.6%	38.5%

Percent of Costs Paid by LCRA
For Option B Retirees

	June 30, 2022		June 30, 2021	
Years of Service [1]	Retiree Only	"Retiree + 1" Dependent	Retiree Only	"Retiree + 1" Dependent
15 (Age 55+)	24.9%	9.9%	28.3%	14.0%

Components of the OPEB Liability: LCRA's total OPEB liability was measured as of June 30, 2021, and June 30, 2020, for the fiscal year ending June 30, 2022, and June 30, 2021, respectively. For FY 2022, changes in the claims costs assumption and demographic assumptions resulted in a decrease in LCRA's portion of the premium for Option B retirees.

OPEB Liability
(Dollars in Millions)

	June 30, 2022	June 30, 2021 Restated
Beginning total OPEB liability	$ 84.8	$ 76.9
Changes for the year:		
Service cost	1.0	0.7
Interest	1.8	2.6
Differences between expected and actual experience	(5.5)	-
Benefit payments	(5.6)	(5.0)
Assumption changes	(14.3)	9.6
Net Change	(22.6)	7.9
Ending total OPEB liability	$ 62.2	$ 84.8

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB:

Components of OPEB Expense
(Dollars in Millions)

	Year Ended June 30, 2022	Year Ended June 30, 2021 Restated
Service cost	$ 1.0	$ 0.8
Interest	1.8	2.6
Amortization of changes of assumptions	0.1	3.1
Amortization of differences between expected and actual experience	(7.1)	(6.5)
OPEB plan administrative expenses	0.4	0.3
Total OPEB expense	$ (3.8)	$ 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, 2022		June 30, 2021 Restated	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 5.2	$ 11.5	$ 12.1	$ 4.1
Differences between expected and actual experience	-	8.6	-	10.2
Subtotal	5.2	20.1	12.1	14.3
Benefits and administrative expenses paid subsequent to measurement date	6.2	-	5.1	-
Total	$ 11.4	$ 20.1	$ 17.2	$ 14.3

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 2022 and FY 2021.

Sensitivities for the Fiscal Years Ending June 30, 2022, and June 30, 2021

Health Benefit Cost Sensitivity
(Dollars in Millions)

	Employer's Total OPEB Liability		
	1% Decrease (7% decreasing to 4%)	Assumed Rates (8% decreasing to 5%)	1% Increase (9% decreasing to 6%)
June 30, 2022	$ 57.2	$ 62.2	$ 68.0
June 30, 2021 Restated	$ 77.2	$ 84.8	$ 93.6

Discount Rate Sensitivity
(Dollars in Millions)

	Employer's Total OPEB Liability		
	1% Decrease to 1.16%	Current Rate 2.16%	1% Increase to 3.16%
June 30, 2022	$ 66.1	$ 62.2	$ 59.0
	1% Decrease to 1.21%	Current Rate 2.21%	1% Increase to 3.21%
June 30, 2021 Restated	$ 92.1	$ 84.8	$ 78.5

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, 2022
2023	(8.6)
2024	(3.4)
2025	(2.9)
2026	-
Thereafter	-
Total	$ (14.9)

6. Commitments and Contingencies

Construction: At June 30, 2022, LCRA had construction commitments totaling $50.2 million through FY 2027.

Natural Gas: LCRA has several long-term contracts to provide a portion of the natural gas requirements to its gas-fired generation units through 2023. LCRA is committed to buy a fixed amount of gas annually. LCRA paid $186.7 million and $112.7 million for gas purchases under these contracts and related firm transportation rights on intrastate pipelines to deliver gas from supply points during FY 2022 and FY 2021, respectively.

Purchased Power: LCRA has contracts with power producers and other market participants to purchase power. LCRA has a 30-year agreement to purchase 11.14% of the capacity and energy of Sandy Creek Energy Station.

Insurance: In FY 2022 and FY 2021, 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 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 $13.0 million, including interest, for which it has filed claims with the bankruptcy court. LCRA has not recorded a loss allowance related to this matter.

7. Leases

LCRA recognizes leases greater than one year at the present value of the minimum lease payments. Lessee leases are recorded as a lease liability and an intangible right-to-use lease asset, and lessor leases are recorded as a lease receivable and a deferred inflow of resources. Variable lease payments are excluded in the measurement of lease liabilities, except escalation clauses based on an index or rate. As discussed in Note 1, in FY 2022 LCRA adopted a new accounting standard for leases; prior periods were restated.

Leases as Lessee: LCRA leases property and equipment primarily related to land, facilities and other equipment. The terms of the lease contracts are one to 32 years. Total lease expense (including amortization and interest) was $14.3 million and $17.6 million for FY 2022 and FY 2021, respectively. Variable payments not previously included in the measurement of the lease liability were less than $1 million for all periods presented.

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 for LCRA TSC to provide the same service to all the wholesale electric customers and for the cost of such service to be shared by all customers on a consistent basis. The terms of the equipment 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 intangible assets were:

Lease Intangible Assets
(Dollars in Millions)

	June 30, 2022	June 30, 2021
Land	$ 2.5	$ 2.4
Facilites	-	0.1
Equipment	96.7	92.2
Accumulated amortization	(47.8)	(31.8)
Total Lease Right-To-Use Assets	$ 51.4	$ 62.9

At June 30, 2022, future expected lease payments were as follows:

Future Expected Lease Payment
(Dollars in Millions)

Year Ending June 30,	Principal	Interest	Total
2023	$ 16.2	$ 0.6	$ 16.8
2024	15.9	0.3	16.2
2025	5.8	0.2	6.0
2026	5.8	0.1	5.9
2027	5.8	0.1	5.9
2028-2032	1.5	0.1	1.6
2033-2037	0.1	-	0.1
2038-2042	0.1	-	0.1
2043-2047	0.1	-	0.1
2048-2052	0.1	-	0.1
Total	$ 51.4	$ 1.4	$ 52.8

Leases as Lessor: LCRA leases to others property and equipment primarily related to land, facilities and other equipment. The terms of the leases are one to 78 years. Lease revenue was $1.3 million in FY 2022 and $1.9 million in FY 2021. Lease interest income was $0.1 million in FY 2022 and $0.3 million in FY 2021. Variable payments not previously included in the measurement of lease receivables were less than $1 million for all periods presented.

Sale-Leaseback and Lease-Leaseback Transactions: 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 remaining towers were leased. This transaction resulted in a recognized gain of $5.5 million each year for FY 2022 and FY 2021. The deferred gain balance is $28.5 million and $34.0 million as of June 30, 2022, and 2021, respectively. This balance is being amortized over the lease term. LCRA leased back space on some of the towers for LCRA communications equipment for an initial term of 10 years and paid $5.1 million and $5.0 million in rent for FY 2022 and FY 2021, 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. LCRA also has a lease-leaseback transaction involving towers; the leasebacks of $0.3 million in FY 2022 and in FY2021 and were netted against the lease expenditures.

8. Capital Assets

Capital asset activity for the year ended June 30, 2022, was as follows:

FY 2022 Capital Asset Activity (Dollars in Millions)	Beginning Balance Restated	Additions	Transfers	Retirements	Depreciation	Ending Balance Restated
Utility plant in service:						
Depreciable assets	$ 7,164.4	$ -	$ 338.0	$ (48.1)	$ -	$ 7,454.3
Non-depreciable assets	68.3	-	0.2	(3.4)	-	65.1
Total utility plant in service	7,232.7	-	338.2	(51.5)	-	7,519.4
Construction work in progress:						
Non-depreciable assets	354.8	458.3	(363.7)	(2.0)	-	447.4
Oil and gas property:						
Depletable assets	28.2	-	-	-	-	28.2
Intangible assets - leases and other	187.1	4.5	2.3	-	-	193.9
Other physical property:						
Depreciable assets	56.0	-	0.4	(1.1)	-	55.3
Non-depreciable assets	19.0	-	-	-	-	19.0
Total other physical property	75.0	-	0.4	(1.1)	-	74.3
Less accumulated depreciation	(3,040.6)	-	-	30.9	(225.2)	(3,234.9)
Intangible assets - Easements	323.6	-	22.8	-	-	346.4
Intangible assets - Water Rights	102.2	-	-	-	-	102.2
Capital assets, net	$ 5,263.0	$ 462.8	$ -	$ (23.7)	$ (225.2)	$ 5,476.9

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

FY 2021 Capital Asset Activity (Dollars in Millions)	Beginning Balance Restated	Additions	Transfers	Retirements	Depreciation	Ending Balance Restated
Utility plant in service:						
Depreciable assets	$ 6,697.7	$ -	$ 531.1	$ (64.4)	$ -	$ 7,164.4
Non-depreciable 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:						
Non-depreciable assets	457.0	488.1	(588.3)	(2.0)	-	354.8
Oil and gas property:						
Depletable assets	28.2	-	-	-	-	28.2
	-	-	-	-	-	-
Intangible assets - Leases and Other	106.9	-	4.5	75.7	-	187.1
	-	-	-	-	-	-
Other physical property:						
Depreciable assets	58.9	-	0.1	(3.0)	-	56.0
Non-depreciable assets	19.7	-	-	(0.7)	-	19.0
Total other physical property	78.6	-	0.1	(3.7)	-	75.0
Less accumulated depreciation	(2,844.2)	-	-	26.6	(223.0)	(3,040.6)
Intangible assets - Easements	274.2	-	50.6	(1.2)	-	323.6
Intangible assets - Water rights	102.2	-	-	-	-	102.2
Capital assets, net	$ 5,020.1	$ 488.1	$ -	$ (22.2)	$ (223.0)	$ 5,263.0

See Note 7 for additional lease information.

9. 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 2022 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 2021 and June 2022, settled with a loss of $20.3 million. The total notional amount as of June 30, 2022, for the closed gas hedging transactions was 69.8 million MMBtu (million British thermal units); open transactions consist of 29.1 million MMBtu. The total notional amount as of June 30, 2022, for the closed power hedging transactions was 6,154 gigawatt-hours (GWh); open transactions consisted of 1,540 GWh. The change in fair value for all hedging instruments held was a $26.1 million loss and a $7.8 million loss for FY 2022 and FY 2021, respectively. In FY 2022 there was a $29.4 million mark-to-market loss for open transactions, which was reflected as a deferred outflow of resources, with mark-to-market gains of $2.2 million, which is reflected as a deferred inflow of resources. FY 2021 had $11.6 million mark-to-market losses for open transactions, with mark-to-market gains of $11.6 million.

Changes in fair value for effective derivatives 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.

As of June 30, 2022, and 2021, the total fair value of outstanding derivative instruments was a net asset of $24.1 million and a net liability of $2.1 million, respectively. Amounts due from, or owed to, counterparties are recorded in current receivables, net or other current liabilities on the balance sheet.

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. The market approach, which LCRA uses, is one of the acceptable valuation techniques. GASB Statement No. 72 also requires that assets and liabilities be categorized into three levels. LCRA's derivative investments are valued using Level 1 inputs and settled using quoted prices for identical assets or liabilities in active markets at the measurement date.

10. 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, 2022	June 30, 2021 Restated
Assets		
Current Assets:		
Cash and cash equivalents	$ 177.1	$ 219.7
Unrestricted investments	38.3	45.2
Receivables, net	93.8	90.8
Inventories, net	49.2	34.1
Other	2.0	0.6
Total current assets	360.4	390.4
Noncurrent Assets:		
Restricted cash and cash equivalents	0.6	11.5
Unrestricted investments	12.3	11.3
Accounts receivable from LCRA - restricted	128.7	126.1
Capital assets:		
Depreciable:		
Utility plant in service	4,290.9	3,971.0
Intangible assets – leases and other	84.0	79.7
Less: accumulated depreciation and amortization	(1,193.1)	(1,046.8)
Depreciable capital assets, net	3,181.8	3,003.9
Nondepreciable:		
Utility plant in service	35.4	36.9
Intangible assets - easements	340.8	318.0
Construction work in progress	153.1	110.8
Nondepreciable capital assets	529.3	465.7
Notes receivable	0.1	-
Other charges:		
Facilities regulatory asset	53.4	-
Other	66.2	61.3
Total other charges	119.6	61.3
Total noncurrent assets	3,972.4	3,679.8
Total Assets	4,332.8	4,070.2
Deferred Outflow of Resources:		
Unamortized loss on debt refundings	23.0	24.4
Total Deferred Outflow of Resources	23.0	24.4
Total Assets and Deferred Outflow of Resources	$ 4,355.8	$ 4,094.6

LCRA TRANSMISSION SERVICES CORPORATION
BALANCE SHEETS
(Dollars in Millions)

	June 30, 2022	June 30, 2021 Restated
Liabilities		
Current Liabilities:		
Accounts payable to LCRA	$ 26.3	$ 22.1
Accounts payable	37.6	29.0
Interest payable	19.3	19.6
Other current liabilities	87.1	64.5
Bonds and notes payable	276.5	300.4
Total current liabilities	446.8	435.6
Noncurrent Liabilities:		
Accounts payable from restricted assets	0.3	0.9
Bonds, notes, and loans payable	2,902.7	2,725.6
Other credits	2.9	2.3
Lease liability	26.6	38.2
Total long-term liabilities	2,932.5	2,767.0
Total Liabilities	3,379.3	3,202.6
Deferred Inflow of Resources:		
Regulatory credits from future recovery	83.3	57.2
Other	7.4	3.8
Total Deferred Inflow of Resources	90.7	61.0
Net Position		
Net investment in capital assets	668.8	550.4
Restricted for capital projects	0.3	-
Unrestricted	216.7	280.6
Total Net Position	885.8	831.0
Total Liabilities, Deferred Inflow of Resources and Net Position	$ 4,355.8	$ 4,094.6

LCRA TRANSMISSION SERVICES CORPORATION
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
(Dollars in Millions)

	Year Ended June 30, 2022	Year Ended June 30, 2021 Restated
Operating Revenues		
Transmission	$ 526.4	$ 478.5
Transformation	17.1	15.8
Other	2.2	3.3
Total Operating Revenues	545.7	497.6
Operating Expenses		
Operations	157.1	151.3
Maintenance	15.0	14.7
Depreciation and amortization	123.5	113.3
Total Operating Expenses	295.6	279.3
Operating Income	250.1	218.3
Nonoperating Revenues (Expenses)		
Interest income (expense)	(6.6)	1.2
Gain on disposition of property	0.4	-
Loss on disposition of property	(41.6)	(25.2)
Interest on debt	(98.5)	(94.5)
Other income (expenses)	(24.1)	(25.7)
Total Nonoperating Expenses	(170.4)	(144.2)
Income Before Prior Costs Recovered From Revenues, Capital Contributions and Transfers Out	79.7	74.1
Prior Costs Recovered From Revenues	(27.2)	(25.3)
Capital Contributions	2.3	-
Transfers Out	-	(1.1)
Change in Net Position	54.8	47.7
Net Position - Beginning of Period - Restated	831.0	783.3
Net Position - End of Period	$ 885.8	$ 831.0

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

	Year Ended June 30, 2022	Year Ended June 30, 2021 Restated
Cash Flows From Operating Activities		
Receipts from customers	$ 505.3	$ 489.7
Payments to suppliers	(175.0)	(182.3)
Other payments	2.9	(2.7)
Net cash provided by operating activities	333.2	304.7
Cash Flows From Noncapital Financing Activities		
Other expenses	(26.1)	(25.5)
Transfers out	-	(1.1)
Net cash used in noncapital financing activities	(26.1)	(26.6)
Cash Flows From Capital and Related Financing Activities		
Purchase of property, plant and equipment	(406.2)	(413.0)
Lease payments	(14.2)	(14.2)
Proceeds from sale of capital assets	1.3	-
Debt issue costs	(2.7)	(4.8)
Contributed capital received for capital costs	2.3	0.1
Proceeds from long-term debt	618.2	684.8
Proceeds from commercial paper and notes	550.9	582.9
Debt principal payments	(137.3)	(58.6)
Interest paid	(129.4)	(113.0)
Payments to refund and defease debt	(840.3)	(902.1)
Net cash used in capital and financing activities	(357.4)	(237.9)
Cash Flows From Investing Activities		
Sale and maturity of investment securities	184.8	74.6
Purchase of investment securities	(189.5)	(68.5)
Note payments and interest received	1.5	1.9
Net cash provided by (used in) investing activities	(3.2)	8.0
Net Increase / (Decrease) in Cash and Cash Equivalents	(53.5)	48.2
Cash and cash equivalents, Beginning of Year	231.2	183.0
Cash and cash equivalents, End of Year	$ 177.7	$ 231.2

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

	Years Ended June 30, 2022	2021 Restated
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$ 250.1	$ 218.3
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	123.5	113.3
Accounts receivable	(4.5)	(6.5)
Inventories	(15.0)	(5.6)
Current liabilities	34.1	35.1
Other long-term assets, charges and deferred outflow of resources	(4.9)	(7.8)
Other credits and other long-term liabilities, and deferred inflow of resources	(50.1)	(42.1)
Net cash provided by operating activities	$ 333.2	$ 304.7
Noncash Investing and Capital and Related Financing Activities		
Investment market adjustments	$ 8.2	$ 0.1
Capital assets financed through short term liabilities	(1.2)	1.3
Noncash loss on asset retirements	(33.7)	(16.3)

Component unit information for GenTex Power Corporation:

GENTEX POWER CORPORATION

BALANCE SHEETS

(Dollars in Millions)

	June 30, 2022	June 30, 2021
Assets		
Current Assets:		
Cash and cash equivalents	$ 10.4	$ 11.2
Accounts receivable from LCRA	0.9	0.3
Inventories, net	1.7	1.6
Other	0.1	-
Total current assets	13.1	13.1
Noncurrent Assets:		
Restricted cash and cash equivalents	3.4	3.7
Restricted investments	0.7	0.4
Unrestricted investments	2.1	1.1
Capital assets:		
Depreciable:		
Utility plant in service	18.7	18.6
Less: accumulated depreciation	(5.1)	(4.3)
Depreciable capital assets, net	13.6	14.3
Nondepreciable:		
Construction work in progress	0.9	-
Nondepreciable capital assets	0.9	-
Total long-term assets	20.7	19.5
Total Assets	$ 33.8	$ 32.6
Liabilities		
Current Liabilities:		
Accounts payable to LCRA	-	1.9
Accounts payable	0.4	0.1
Other current liabilities	0.4	0.5
Total current liabilities	0.8	2.5
Long-Term Liabilities:		
Other credits	5.6	6.4
Total long-term liabilities	5.6	6.4
Total Liabilities	6.4	8.9
Deferred Inflow of Resources:		
Regulatory credits from future recovery	5.0	4.5
Total Deferred Inflow of Resources	5.0	4.5
Net Position		
Net investment in capital assets	8.9	7.9
Unrestricted	13.5	11.3
Total Net Position	22.4	19.2
Total Liabilities, Deferred Inflow of Resources, and Net Position	$ 33.8	$ 32.6

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

	2022	2021
Operating Revenues		
Electric Revenues	$ 67.3	$ 48.8
Total operating revenues	67.3	48.8
Operating Expenses		
Fuel Expense	52.7	34.4
Non-Fuel Expense		
Operations	2.4	2.3
Maintenance	2.6	6.3
General & Administrative	4.2	4.2
Depreciation Expense	0.8	0.7
Total operating expenses	62.7	47.9
Operating Loss	4.6	0.9
Nonoperating Revenue (Expenses)		
Interest income from Investments	(0.1)	-
Other income/ (expenses)	(1.4)	(1.1)
Total Nonoperating Revenues (Expenses)	(1.5)	(1.1)
Change in Net Position	3.1	(0.2)
Net Position - Beginning of Period	19.3	19.4
Net Position - End of Period	$ 22.4	$ 19.2

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

	Year Ended June 30, 2022	Year Ended June 30, 2021
Cash Flows From Operating Activities		
Receipts from customers	$ 66.8	$ 48.8
Payments to suppliers	(63.2)	(45.1)
Other payments	(0.9)	(0.8)
Net cash provided by operating activities	2.7	2.9
Cash Flows From Noncapital Financing Activities		
Other expenses	(1.4)	(1.1)
Net cash used in noncapital financing activities	(1.4)	(1.1)
Cash Flows From Capital and Related Financing Activities		
Purchases of property, plant and equipment	(0.9)	(0.5)
Net cash used in capital and financing activities	(0.9)	(0.5)
Cash Flows From Investing Activities		
Sale and maturity of investments	-	1.5
Purchase of investments	(1.5)	(1.5)
Net cash used in investing activities	(1.5)	-
Net increase / (decrease) in cash and cash equivalents	(1.1)	1.3
Cash and Cash Equivalents, Beginning of Year	14.9	13.6
Cash and Cash Equivalents, End of Year	$ 13.8	$ 14.9
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$ 4.6	$ 0.9
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	0.8	0.7
Changes in assets, liabilities and deferred inflow of resources:		
Accounts receivable	(0.6)	(0.5)
Inventories	(0.1)	0.1
Current liabilities	(1.7)	1.9
Other credits and other long-term liabilities	(0.3)	(0.2)
Net cash provided by operating activities	$ 2.7	$ 2.9
Noncash Investing and Capital and Related Financing Activities		
Investment market adjustments	$ 0.1	$ -

Other Component Unit:

LCRA WSC Energy financial activity is not material to these financial statements; however, at June 30, 2022, total assets were $6.6 million, liabilities were $10.9 million, and net position was $(4.3) million. At June 30, 2021, total assets were $6.9 million, liabilities were $9.9 million, and net position was $(3.0) million.

LOWER COLORADO RIVER AUTHORITY
REQUIRED SUPPLEMENTAL INFORMATION (UNAUDITED)
As of and for the Years Ended June 30, 2022, and 2021

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 Ended June 30, 2022	Fiscal Year Ended June 30, 2021	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014
1. Total Pension Liability									
a. Service cost	$ 5.3	$ 5.5	$ 5.6	$ 5.8	$ 6.1	$ 5.0	$ 6.5	$ 7.2	$ 7.2
b. Interest cost	44.0	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	(6.5)	4.9	1.2	1.7	1.0	7.7	4.6	(6.4)	-
e. Changes of assumptions	(5.0)	-	15.0	22.8	-	12.4	21.0	-	-
f. Benefits paid to participants	(45.8)	(44.8)	(42.9)	(39.7)	(44.8)	(27.5)	(38.1)	(32.9)	(43.8)
g. Plan amendments	-	-	-	-	-	-	0.1	0.2	-
h. Net Change in Total Pension Liability	(8.0)	9.1	22.6	32.0	3.4	28.3	33.4	6.3	1.8
i. Total Pension Liability - Beginning	646.6	637.5	614.9	582.9	579.5	551.2	517.8	511.5	509.7
j. Total Pension Liability - Ending	$ 638.6	$ 646.6	$ 637.5	$ 614.9	$ 582.9	$ 579.5	$ 551.2	$ 517.8	$ 511.5
2. Plan Fiduciary Net Position									
a. Contributions by employer	$ 27.5	$ 31.0	$ 24.5	$ 23.9	$ 22.9	$ 15.1	21.1	27.5	31.2
b. Contributions by participants	-	0.1	0.2	0.3	0.2	0.6	1.2	0.4	1.2
c. Net investment income	59.0	62.5	65.8	(26.6)	43.7	14.9	0.8	22.9	39.9
d. Benefits paid to participants	(45.8)	(44.8)	(42.9)	(39.7)	(44.8)	(27.5)	(38.1)	(32.9)	(43.8)
e. Administrative and other expenses	(0.3)	(0.3)	(0.3)	(0.1)	(0.3)	-	-	(0.3)	(0.2)
f. Net Change in Plan Fiduciary Net Position	40.4	48.5	47.3	(42.2)	21.7	3.1	(15.0)	17.6	28.3
g. Plan Fiduciary Net Position - Beginning	478.4	429.9	382.6	424.8	403.1	400.0	415.0	397.4	369.1
h. Plan Fiduciary Net Position - Ending	$ 518.8	$ 478.4	$ 429.9	$ 382.6	$ 424.8	$ 403.1	$ 400.0	$ 415.0	$ 397.4
3. Employer's Net Pension Liability - Ending [Item 1(j) - 2(h)]	$ 119.8	$ 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	81.2%	74.0%	67.4%	62.2%	72.9%	69.6%	72.6%	80.2%	77.7%
5. Covered Payroll	$ 96.7	$ 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 Payroll	123.9%	163.7%	198.7%	213.9%	140.3%	193.0%	123.8%	80.9%	92.6%

1 Until a full 10-year trend is compiled, only available information is shown. The measurement date was December 31 for FYE in 2017 and later and was March 31 for prior fiscal years.

LOWER COLORADO RIVER AUTHORITY
REQUIRED SUPPLEMENTAL INFORMATION (UNAUDITED)
As of and for the Years Ended June 30, 2022, and 2021

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 Ended								
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
1. Actuarially determined contribution (ADC)	$ 24.6	$ 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	27.5	31.0	24.5	23.9	22.9	15.1	21.1	27.5	31.2
3. Contribution deficiency (excess)	$ (2.9)	$ (7.3)	$ (4.1)	$ (3.4)	$ (4.3)	$ (1.2)	$ (4.1)	$ (8.2)	$ (10.3)
4. Covered payroll	$ 96.7	$ 102.8	$ 104.5	$ 108.6	$ 112.7	$ 91.4	$ 122.1	$ 127.0	$ 123.2
5. Contribution as a percentage of covered payroll	28.4%	30.2%	23.4%	22.0%	20.3%	16.5%	17.3%	21.7%	25.3%

[1] Until a full 10-year trend is compiled, only available information is shown.

Notes to Schedule above: Actuarially determined contribution (ADC) for each plan year was calculated in the actuarial valuation at the beginning of the year through the plan year ending 12/31/2016. The ADC for the plan year ending 12/31/2017 was based on the actuarial valuation as of 4/1/2016. The ADC for the plan year ending 12/31/2018 was based on the actuarial valuation as of 1/1/2017. The ADV for the plan year ending 12/31/2019 was based on actuarial valuation as of 1/1/2018. Methods and assumptions used to determine the ADCs:

Actuarial cost method	Entry age.
Amortization method	Level amount, closed period.
Remaining amortization period	19, 17, 18, 19, 20 and 21 years for the years ending Dec. 31, 2021, 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	2.5% for the year ending Dec. 31, 2021; 2.75% for the years ending 2020, 2019 and 2018; 3.0% for the years ending Dec. 31, 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, 2021, 2020, 2019 and 2018; 3.5% for the years ending Dec. 31, 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, 2021, 2020 and 2019; 7.25% for the years ending Dec. 31, 2018, 2017 and 2016; 7.5%, net of pension plan investment expense, for the years ending March 31 in 2016, 2015 and 2014.
Retirement age	Rates that vary by age and service.
Mortality	PubG-2010 above-median income mortality tables for employees and for retirees, projected generationally with projection scale MP-2018 for years ending Dec. 31, 2021, and Dec. 31, 2020; RP-2000 Combined Healthy Mortality Table for males and for females (sex distinct) projected to 2024 by scale AA for 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, 2022, and 2021

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 Ended June 30,					
	2022	2021 Restated	2020 Restated	2019	2018	2017
1. Total OPEB Liability						
a. Service cost	$ 1.0	$ 0.7	$ 1.4	$ 1.5	$ 4.4	$ 3.3
b. Interest	1.8	2.6	4.6	4.5	7.4	8.5
c. Difference between expected and actual experience [8]	(5.5)	-	(41.5)	-	(6.3)	-
d. Changes of assumptions [2, 3]	(14.3)	9.6	(3.3)	(6.3)	(6.9)	27.5
e. Benefit payments	(5.6)	(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	(22.6)	7.9	(44.3)	(5.0)	(128.1)	31.8
h. Beginning	84.8	76.9	121.2	126.2	254.3	222.5 [7]
i. Ending	$ 62.2	$ 84.8	$ 76.9	$ 121.2	$ 126.2	$ 254.3
2. Covered Payroll	74.7	87.1	90.9	94.5	98.5	94.7
3. Employer's Total OPEB Liability as a Percentage of Covered Payroll	83.3%	97.4%	84.6%	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, 2021:	2.16%
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 fiscal year-end 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 fiscal year-end 2018.

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

[8] Actuarially determined OPEB liabilities in prior-year financial statements were overstated at June 30, 2021, and June 30, 2020, due to a calculation error, therefore those periods have been restated.