

CRMWA

Canadian River Municipal Water Authority

Sanford, Texas

Annual Comprehensive Financial Report

Fiscal Year Ended
September 30, 2023





Canadian River Municipal Water Authority
P.O. Box 9, 9875 Water Authority Road
Sanford, Texas 79078
Phone (806) 865-3325
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www.crmwa.com

EXECUTIVE COMMITTEE

Richard Ellis, President
Tyke Dipprey, Vice-President
Drew Satterwhite, General Mgr.
and Secretary-Treasurer

**MEMBER CITIES
DIRECTORS**

AMARILLO

William Hallerberg
Roy Urrutia

BORGER

Glendon Jett
Charles Gillingham

PAMPA

Jerry Carlson
Mac Smith

PLAINVIEW

Tyke Dipprey
V.O. Ortega

LUBBOCK

James Collins
Jay House

SLATON

Chad Wilson

TAHOKA

Jay Dee House

O'DONNELL

Charles Vaughn

LAMESA

Cris Norris

BROWNFIELD

Rickey Dunn

LEVELLAND

Richard Ellis
Ryan Hall

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Annual Comprehensive Financial Report

October 1, 2022 - September 30, 2023

**Prepared by:
Financial Services Division**

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Introductory Section





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www.crmwa.com

January 2, 2024

Members of the Board
Canadian River Municipal Water Authority

Canadian River Municipal Water Authority's (the Authority) bylaws require an audit of the financial records to be completed within ninety (90) days after the end of each fiscal year. This Annual Comprehensive Financial Report (ACFR) of the Authority for the fiscal year ended September 30, 2023, is submitted to fulfill that requirement. This report is also published to provide our customers, the Authority Board, the member cities, and the investment community detailed information about the financial condition and operating results of the Authority as measured by the financial activity of the Authority.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide a reasonable, rather than an absolute, assurance that the financial statements are free of any material misstatements. We believe that the Authority's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Doshier, Pickens & Francis, LLC, Certified Public Accountants, has issued an unmodified opinion on the Authority's financial statements for the year ended September 30, 2023. The independent auditors' report is located at the front of the financial section of this report.

The Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

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Profile of the organization

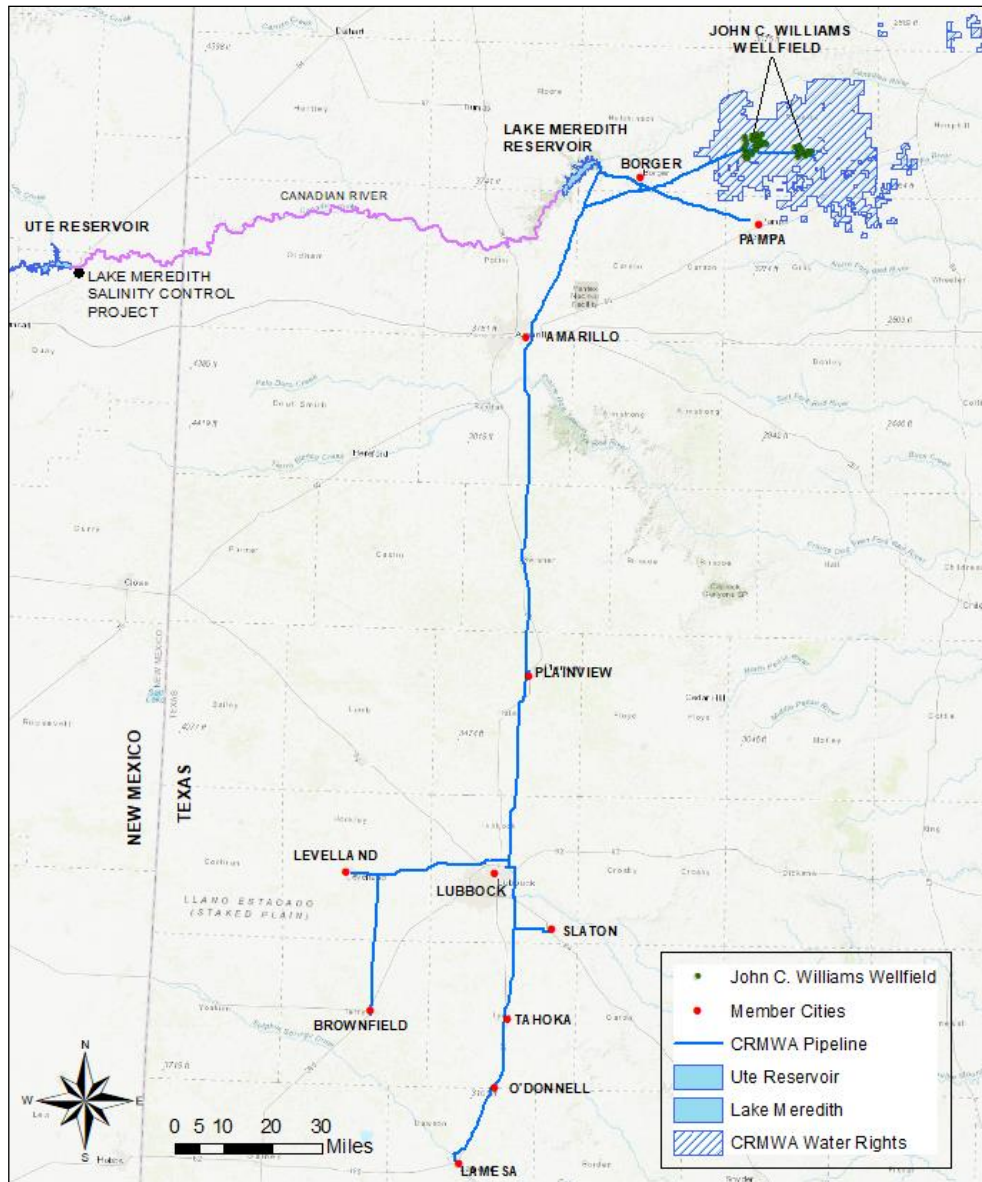
The Authority is a political subdivision of the State of Texas, a conservation and reclamation district organized and functioning pursuant to Article 16, Section 59, of the Texas Constitution, under Chapter 243, Acts of the 53rd Legislature Regular Session, 1953, as amended, formerly codified as article 8280-154 of Vernon’s Annotated Texas Civil Statutes (the “Enabling Act”).

The Authority is financially accountable for CRMWA Corporation, a not-for-profit corporation created in the State of Texas, authorized to operate in New Mexico to facilitate the construction and operation of the Salinity Control Project. CRMWA Corporation is presented as a blended component unit within this ACFR.

The Authority was created on May 27, 1953, for the purpose of providing a source of water supply for municipal, domestic and industrial use and for the transportation of such water to its 11 member cities located in the Texas Panhandle and South Plains.

Lake Meredith and the John C. Williams Wellfield are the Authority’s two primary water resources.

Member cities include: Amarillo, Borger, Brownfield, Lamesa, Levelland, Lubbock, O’Donnell, Pampa, Plainview, Slaton and Tahoka with a combined population of 560,918 in 2023.



The Authority operates under a Board of Directors elected by a majority vote of the governing body of each member city. The Board of Directors shall consist of two directors from each member city having a population of 10,000 or more and one director from each member city having a population of less than 10,000, according to the preceding Federal Census. Board members serve two-year terms and must be a qualified voter and a property-owning taxpayer in the city from which they are elected and must not be a member of the governing body or an employee of such city. The Board hires the General Manager and may accord such person full power and authority in the management and operation of the Authority, subject only to the orders of the Board.

The budget for the operating fund is adopted annually by the Board of Directors on a basis consistent with GAAP except for depreciation expense, which the Authority has elected to not include in the formal budget. Formal budgetary integration is not employed for debt service or construction because those are set by separate action and do not normally change on an annual basis. However, debt service requirements are included in the budgetary data provided to each city at the time of consideration of the proposed operating Budget each year. Unbudgeted operating expenditures in excess of \$10,000 must be approved by the Board of Directors. The General Manager's legal level of budgetary control is at the Authority's level; therefore, the Board of Directors does not need to approve nominal reallocations within the Authority's budget as a whole.

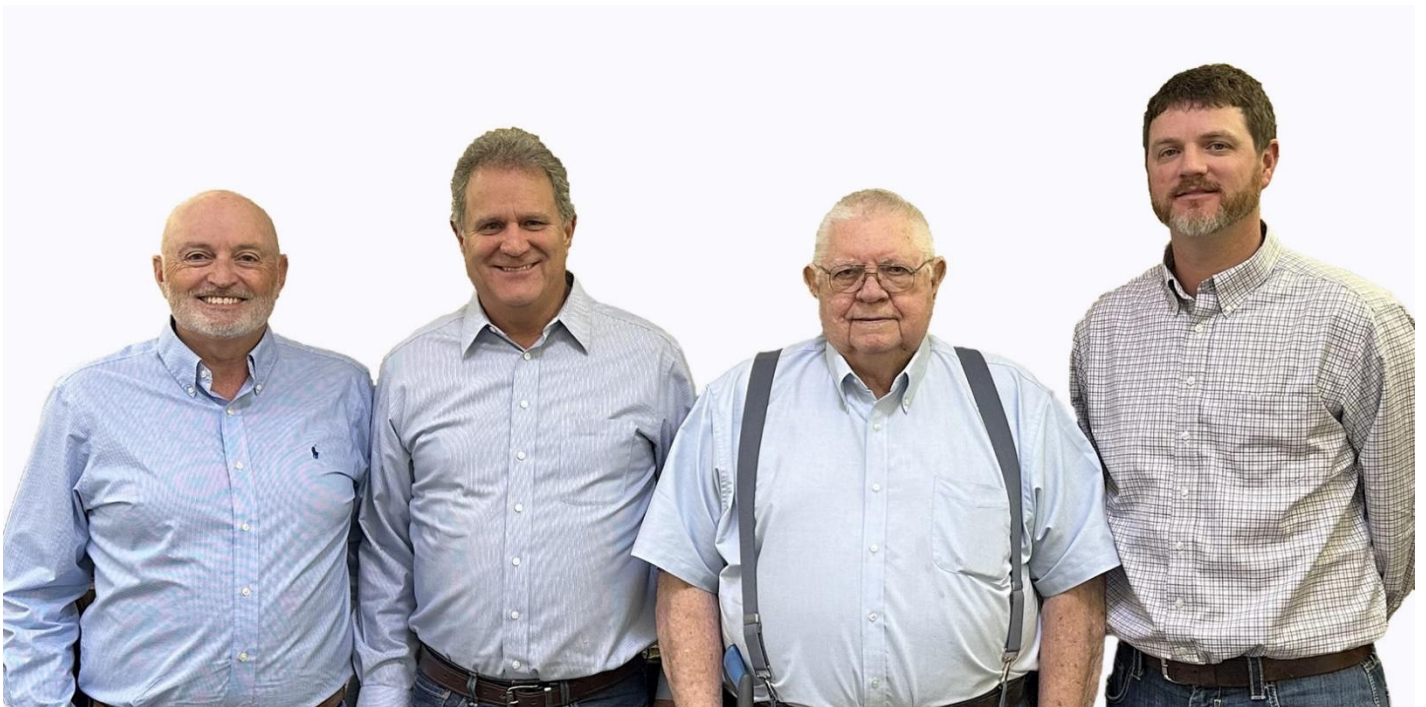
Management of the organization

The Authority has operated under the strong leadership of two General Managers since inception. The first General Manager started in July 1968 as the operations and maintenance of Sanford Dam project was transferred from the U.S. Bureau of Reclamation (USBR) to the Authority. Over his tenure, he was instrumental in being the visionary necessary to guide the Authority through the various opportunities and challenges that arose. One of those challenges that would give him nightmares – what if there is no more usable water in the lake? In 1992, Congress authorized the Lake Meredith Salinity Control Project (LMSCP). Bonds were sold to finance LMSCP in 1999 and it was placed in operation in 2001 to address water quality. (See discussion on page 11 for additional information.) In 1996, the Authority began purchasing water rights in Roberts County as part of the groundwater supply project. On March 22, 2000, groundbreaking for the Groundwater Supply Project was held in a special meeting. The Directors unveiled a plaque dedicating the project and naming the facilities “The John C. Williams Aqueduct and Wellfield”. In November 2001, after 33 years with the Authority, John Williams retired as General Manager. In December of 2001, the John C. Williams Aqueduct and Wellfield was placed in operation providing about 35% of the total water demand of the member cities. (See page 69 for a graph showing when the wellfield came online and allocation of lake vs groundwater usage to date.)

The Board of Directors then selected the second General Manager, Kent Satterwhite, who had been the Deputy General Manager from 1990-2001. In addition to dealing with on-going legislative and legal challenges, opportunities arose in 2003 to pursue purchasing additional groundwater rights as well as expand the existing wellfield. By the end of 2009, the Authority had signed contracts covering 260,000 acres of water rights making the Authority the largest water rights holder in the state. A wellfield expansion was completed in 2010 with the addition of 15 high-capacity wells, making a total of 44 wells available, capable of supplying about 69,000 acre-feet annually. In late 2011, the Authority purchased 211,000 acres of water rights from T. Boone Pickens. This purchase nearly doubled the Authority's water right holdings making it the largest water rights owner in the nation. The Authority was able to purchase additional water rights since 2011 and now has a total of just over 456,000 acres. (See page 7 for additional information regarding the Authority's water rights) As General Manager, he was instrumental in being the visionary necessary to guide the Authority through the various opportunities and challenges that arose. In 2013, the Authority's board of directors approved a routing study and purchase of pipeline right-of-way for an additional groundwater transmission pipeline. The new line would at least double the current capacity of the Authority's groundwater project and is being referred to as CRMWA II. (See the discussion of CRMWA II on page 14 for further details). As of 2023, route planning is complete and purchasing of pipeline easements is on-going. Challenges in the last several years have related to water quality/supply, drought planning, COVID, legislative action, aging infrastructure, and budgetary constraints. That said, due to the visionary work by the Board of Directors and the General Managers to guide the Authority into the next era, the Authority is in a position of having the water rights available and infrastructure in place to be able to supply water to the member cities for many decades to come. As of October 30, 2022, after 32 years with the Authority, Mr. Satterwhite decided the time was right for him retire.

On October 31, 2022, the Authority welcomed Drew Satterwhite as the third General Manager of the Authority. Drew is a Civil Engineer, as were the two previous General Managers, and has been in the Texas water business since 2009. He started his career with the North Texas Municipal Water District which provides wholesale water and wastewater services in the Dallas-Fort Worth Metroplex. Beginning in 2013, Drew was the General Manager of the Greater Texoma Utility Authority, North Texas Groundwater Conservation District, and the Red River Groundwater Conservation District. He began his tenure with CRMWA on October 31, 2022, and is ready to successfully guide the Authority into its next era.

Chad Pernell is the Authority's Deputy General Manager hired October 26, 1997. Chad is also a Civil Engineer who has been instrumental in helping the General Managers guide the Authority through the various opportunities and challenges that have arisen and will be integral in successfully guiding the Authority into its new era.



Chad Pernell
Deputy General Manager

Kent Satterwhite

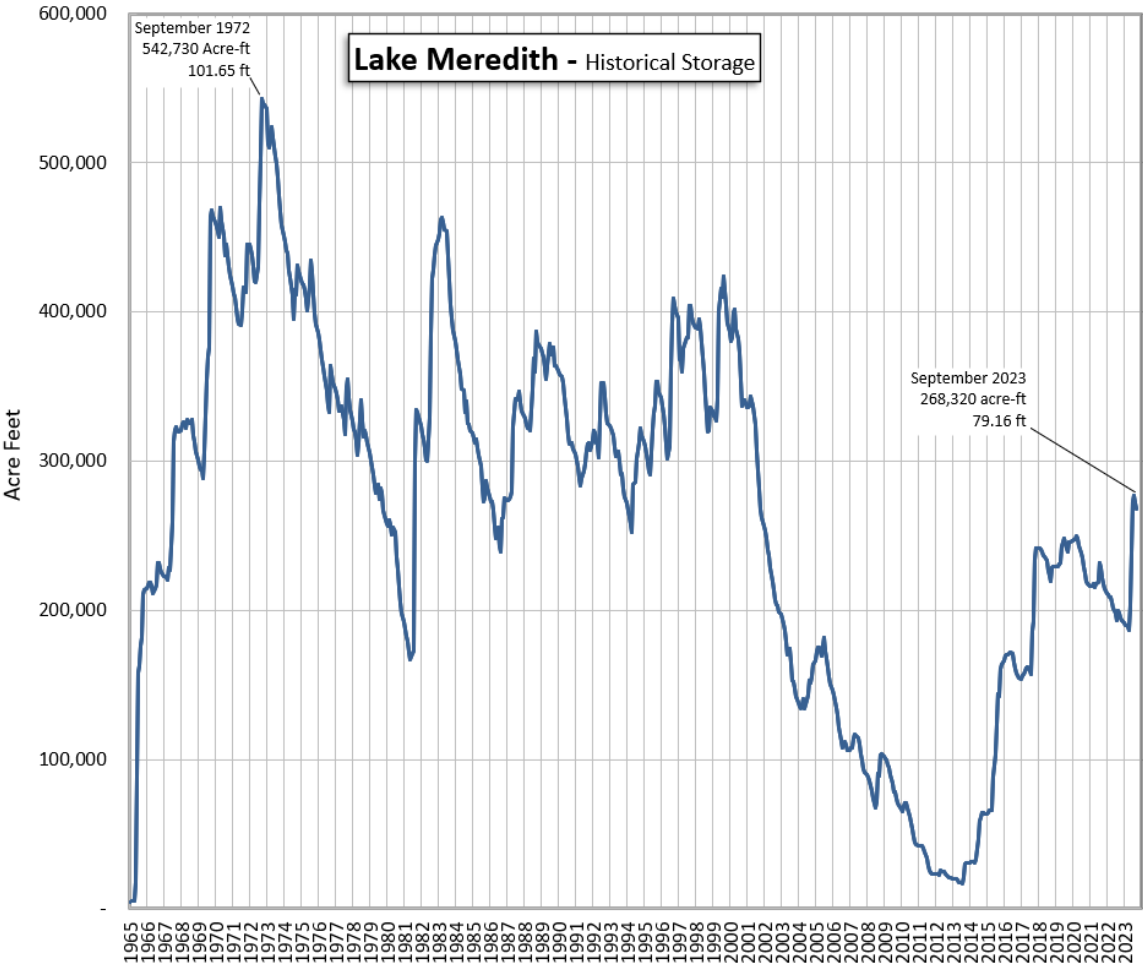
John Williams

Drew Satterwhite
Current General Manager

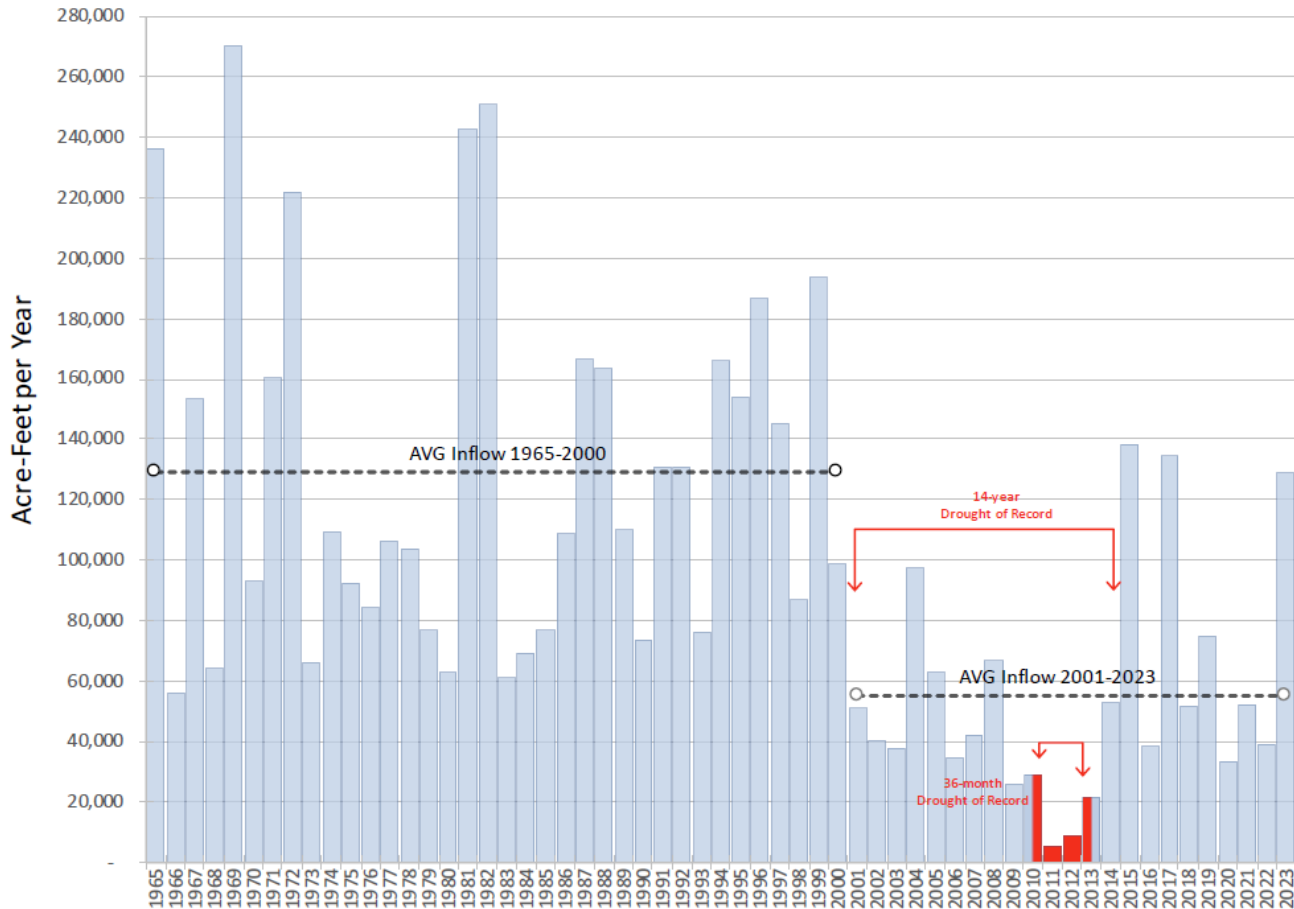
Water Statistics

Lake Meredith

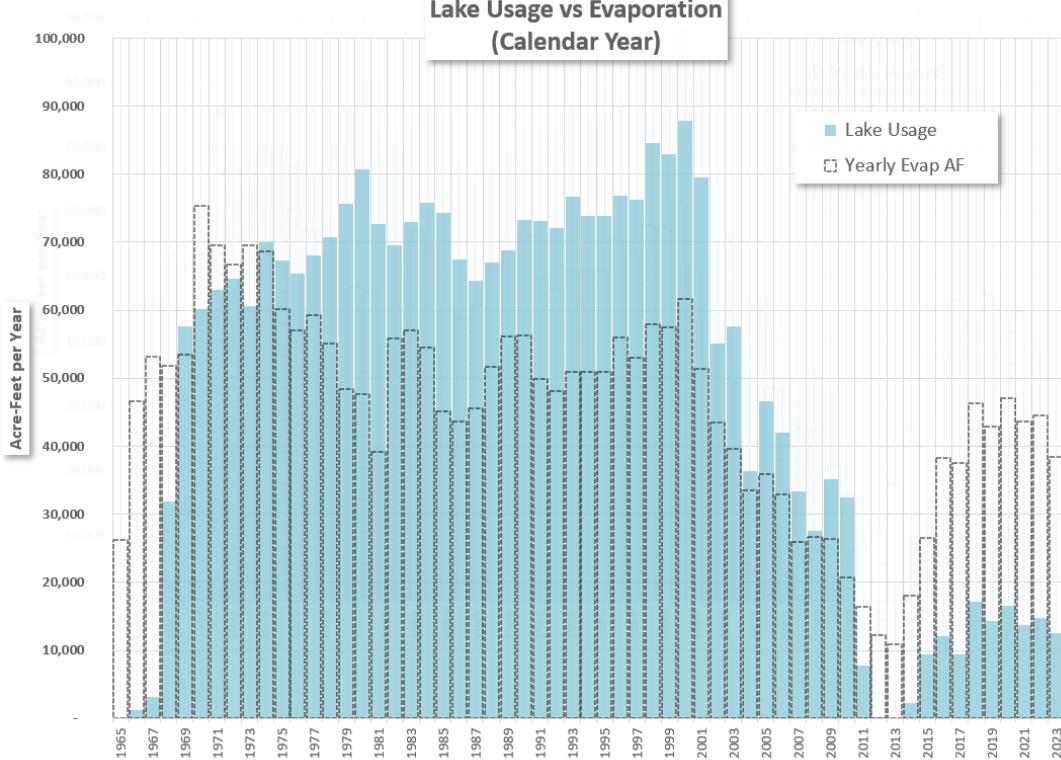
As of September 30, 2023, the water in Lake Meredith stood at a nominal depth of 79.16 feet (Elev. 2892.16 feet above mean sea level (MSL)), having increased 9.48 feet since September 30, 2022. The Lake now contains 268,320 acre-feet of water. Total inflow for the fiscal year was 129,708 acre-feet. Evaporation during this fiscal year has been estimated at 43,862 acre-feet. During the year, deliveries to member cities and their customers amounted to 71,095 acre-feet, with 16,715 acre-feet coming from Lake Meredith and 54,380 acre-feet from the John C. Williams Wellfield.



Lake Meredith Historical Inflow

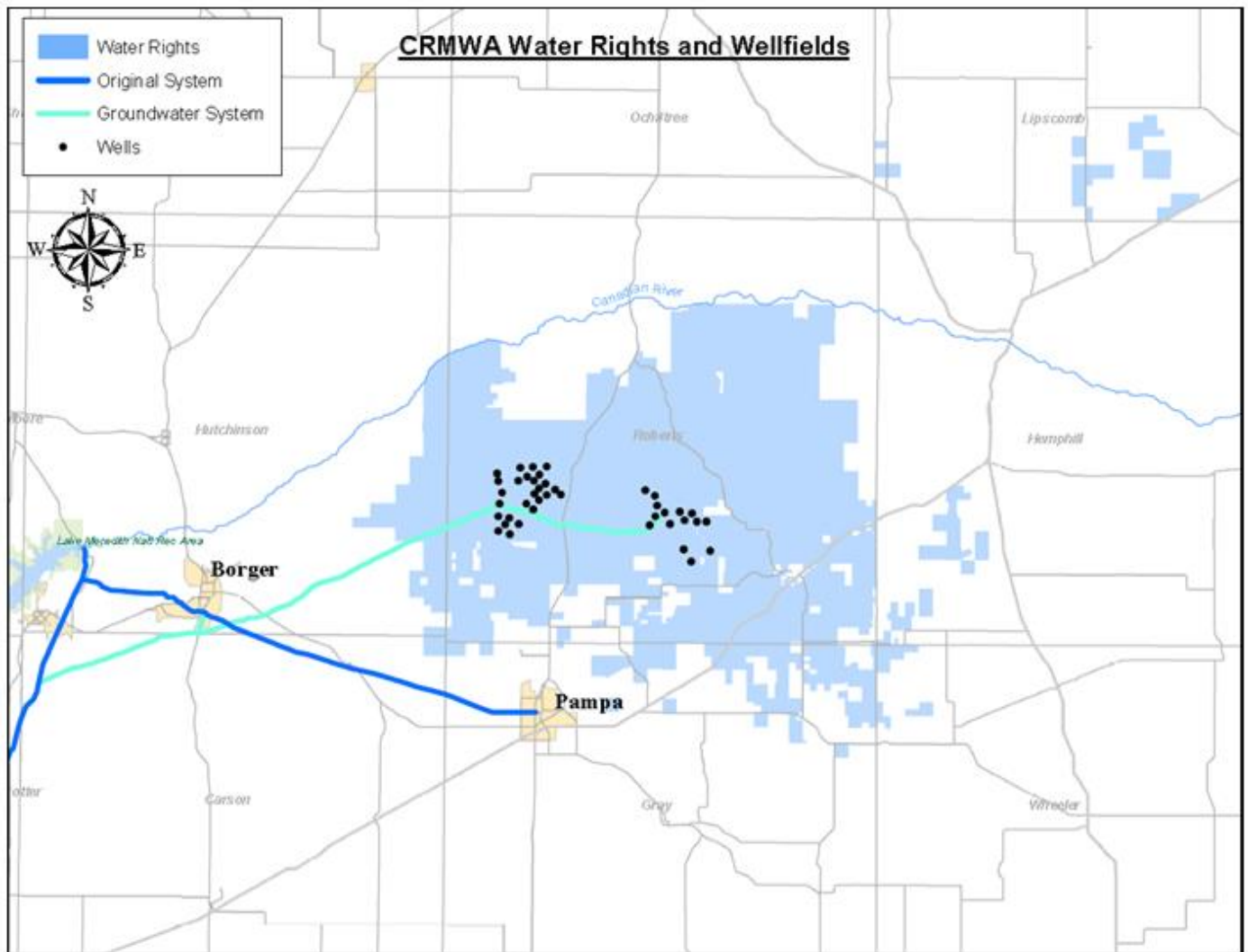


Lake Usage vs Evaporation (Calendar Year)

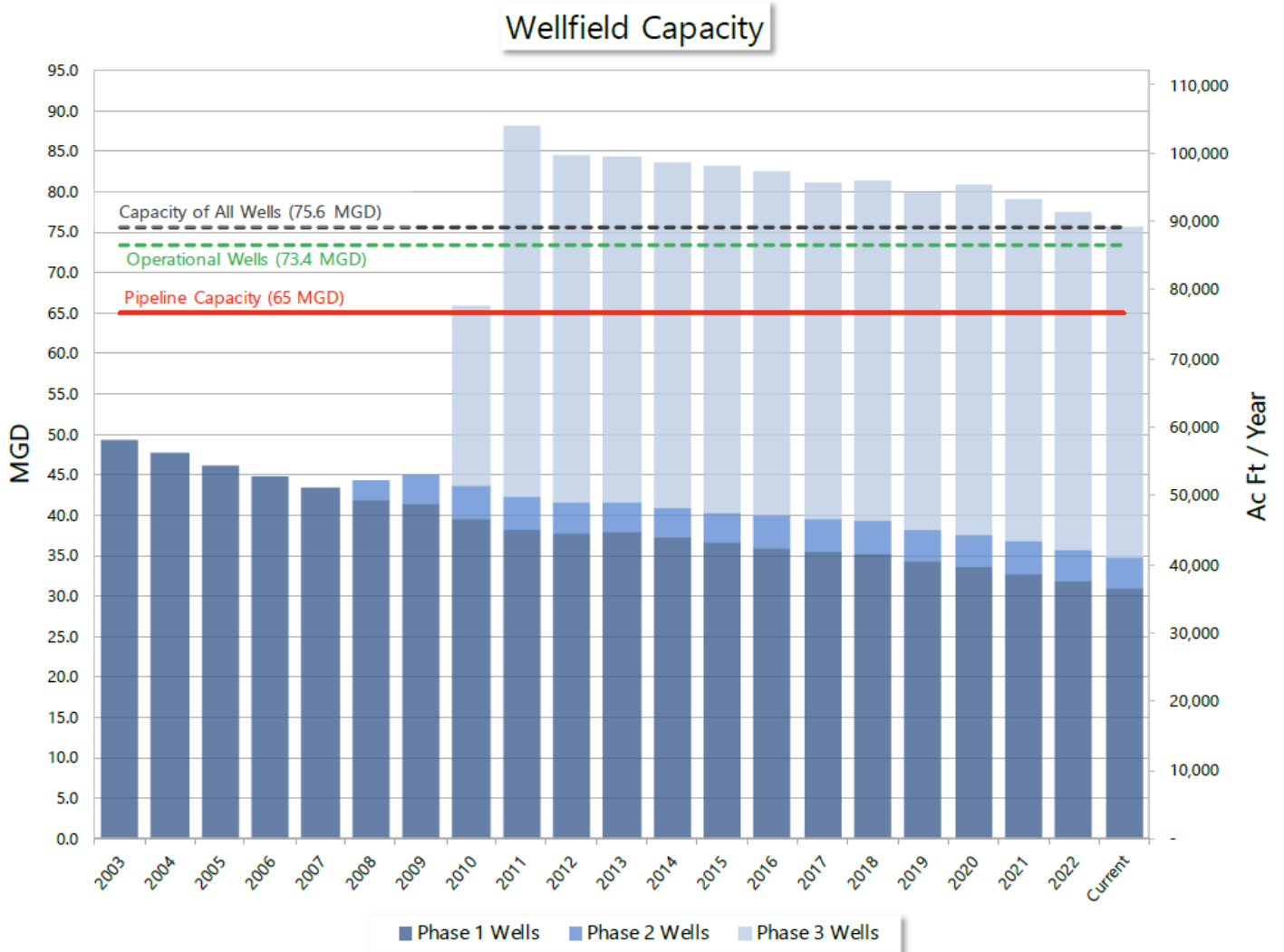


Groundwater

Due to continued lack of inflow into Lake Meredith, the reliability of water from the lake has been severely impacted resulting in increased reliance on groundwater. The Authority currently relies heavily on the John C. Williams Wellfield as the source for the groundwater supply. The Authority's total holdings of water rights is over 456,000 acres in Roberts and adjacent counties. As shown on the map below, only a fraction of these rights are developed. The current capacity of the transmission system from the Roberts County well field is 65 million gallons per day (MGD) and the Authority can deliver up to 69,000 acre-feet per year. The existing well field capacity is 75.6 MGD. The Authority is proceeding to expand the groundwater production and delivery capacity in order to meet member cities' demand. Those water rights, in conjunction with the existing Canadian River Project Supply, will provide the Authority's 11 members with an abundant water supply that is expected to be available for over 100 years.



The chart below shows the total capacity of the wellfield each year. In 2003, 27 wells were put into production (Phase I) and total capacity was near 50 MGD (or 55,000 acre-feet per year). Capacity continued to drop slightly each subsequent year due to use until 2008 when 2 new wells (Phase 2) were brought online. In 2010 and 2011, Phase 3 was completed, adding 15 more wells for a total of 44 wells. This brought the capacity to 88 MGD. Capacity of the current well field(s) continue to drop slightly each year due to use bringing current capacity to 75.6 MGD.

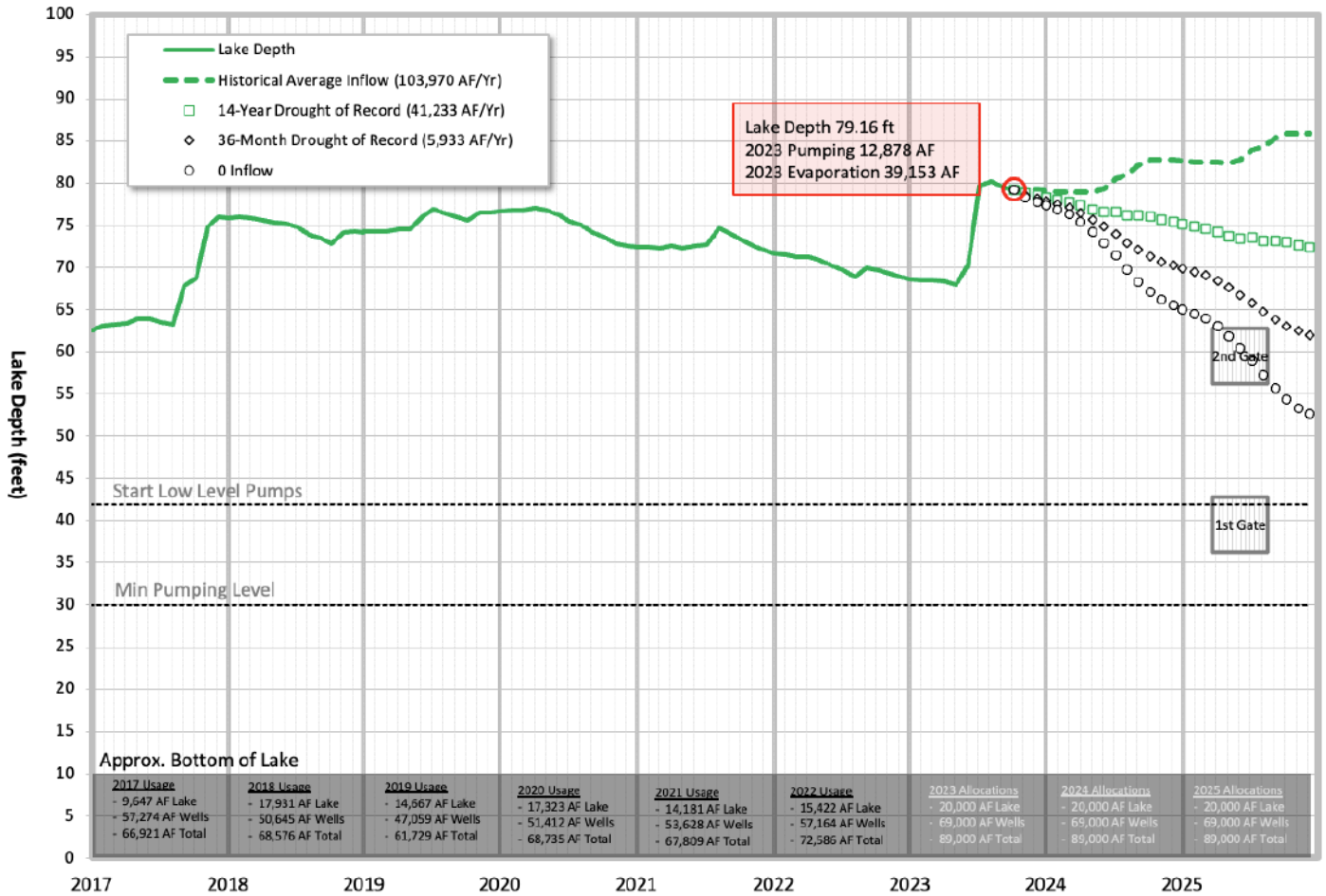


The Authority is currently in the design phase of constructing 2 to 4 new wells, depending on construction costs, which should be online in mid-2024. It is expected that these wells will add about 3 to 6 MGD of production. This production will help offset capacity declines and provide more backup wells for peak demands.

The Authority has also purchased many more backup pumps and motors for the wellfield. This equipment will be ready to install when existing equipment experiences a problem or failure.

LAKE MEREDITH - Drought Planning

Projections based on Drought of Record Inflows



The above graph reflects potential future drought conditions and is used to forecast the allocation between surface water (Lake) and groundwater (Wells), which in turn determines how City allocations may be impacted (Total). Currently, 20,000 acre-feet of surface water is to be allocated during the fiscal year ending September 30, 2024, leaving 69,000 acre-feet of groundwater to be allocated to member cities. This allocation could change if higher than expected inflows are experienced during the year.

Long-term financial planning and major project initiatives

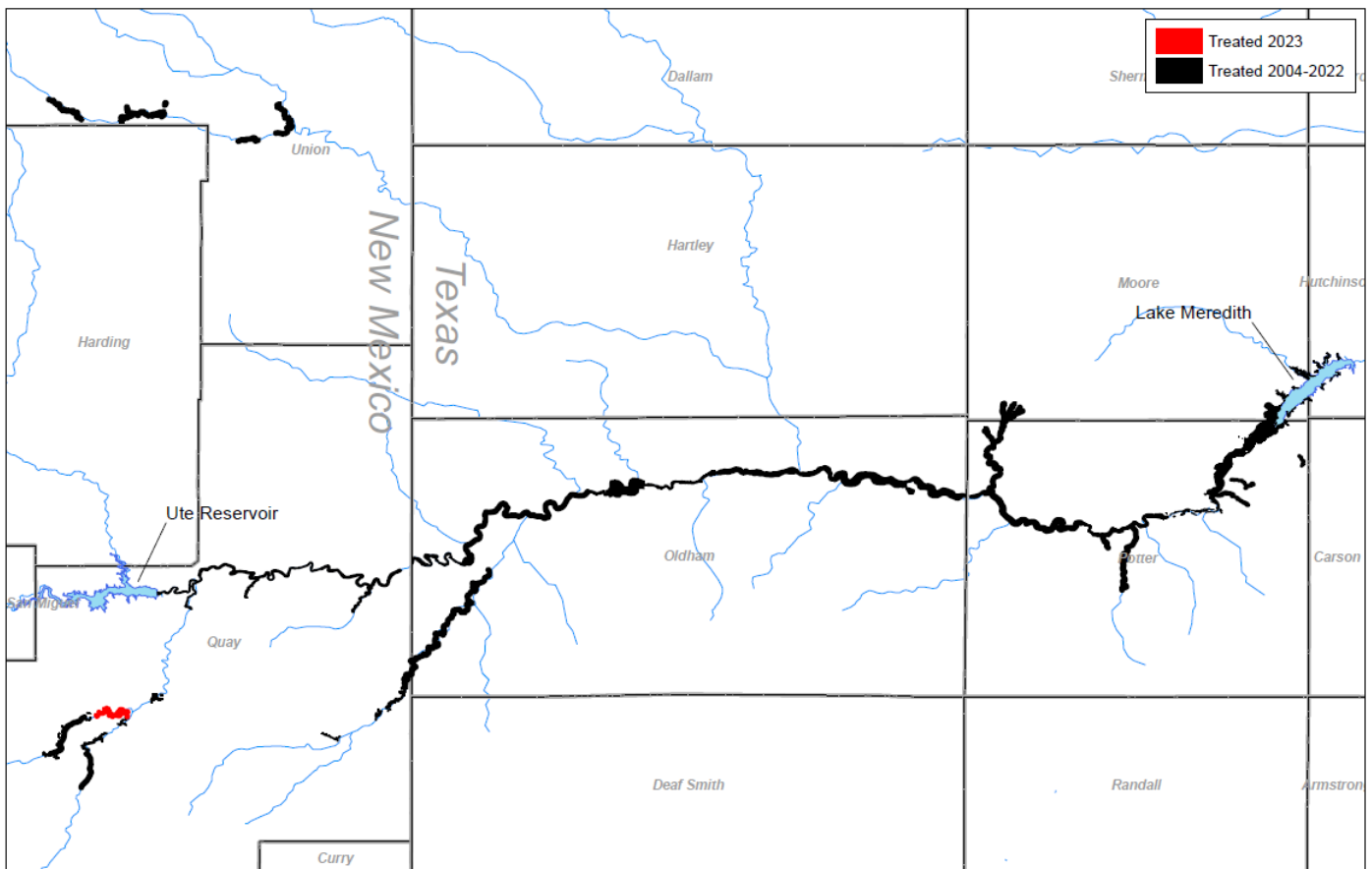
Well System Tanks Re-Coating Projects

The John C. Williams Well Field System (well field and aqueduct) was completed in 2001. This system contains four (4) pumping plants that convey the groundwater to the main aqueduct where it blends with lake water. In total, there are six (6) ground storage tanks associated with these pump stations that are operating with the original 22-year-old coatings. These coatings have a 20-year estimated lifespan per manufacturer. During the last year, each of these tanks was drained and inspected. The conclusion of the tank inspections was that three (3) of these tanks need a new coating system in FY23-24, and the other three (3) will very likely need to be done the following fiscal year.

The Authority has engaged an engineering firm to design and provide bidding services for this work. The recoating of these tanks is critical to ensure the steel tanks are protected from corrosion to extend their useful life. In total we are estimating the costs to recoat these tanks will cost approximately \$2 million which will be funded through our O&M budget.

Salt Cedar Control Project

The objectives of the Salt Cedar Control Project are to: 1) increase the flow in the Canadian River and its tributaries within the Lake Meredith watershed, 2) increase water quality in the Canadian River and 3) create a better habitat for the Arkansas River Shiner, which is Federally listed as a threatened species. In 2023, the Authority completed its nineteenth year in its Salt Cedar Control project, spraying 422 acres of salt cedar with a total of 36,775 acres treated to date. (See the map below that shows the areas treated for salt cedar along the Canadian River since 2004.) The Authority will continue the salt cedar maintenance as necessary.



Lake Meredith Salinity Control Project (LMSCP)

The Salinity Control Project was constructed in 2001 and is designed to improve the quality of water in Lake Meredith by intercepting brine water that is leaking into the Canadian River near Logan, New Mexico. An area in New Mexico just downstream from Ute Dam near Logan was identified as being a major contributor of saline water to the Canadian River System. Studies by the Bureau of Reclamation and consultants indicate that about 70 percent of the chlorides reaching Lake Meredith originate in this localized area, filtering into the river channel from a shallow brine aquifer that is under artesian pressure. Water in the brine aquifer is roughly as salty as seawater. Because salt is “stored” in the river channel sand between Lake Meredith and Logan, the extent of benefit will depend upon climatic conditions and stream flow.

Though the Authority is not currently using as much surface water from Lake Meredith, the continuation of the project is important. The goal of the project is to reduce the amount of brine entering the river and ultimately Lake Meredith.

After 22 years of operations, the Authority is performing a study to evaluate the effectiveness of the project. The study will focus on the quantity of chlorides removed from the Canadian River, how it can be improved and the long-term effects on Lake Meredith. Phase I of this study was completed in early 2023. Phase II is anticipated to start in late 2023.

The Authority applied for and received grant funding from the United States Bureau of Reclamation for the upcoming and future phases of the Salinity Control Project Evaluation. The grant includes this project, as well as the Lake Meredith Desalination Feasibility Study (discussed below). The grant includes a 50% match (up-to \$1 million) for these projects.

Lake Meredith Desalination Feasibility Study

The Authority has selected an engineering firm to conduct a desalination feasibility study as a water supply strategy to meet water demands for our member cities. The Bureau of Reclamation constructed Sanford Dam in 1965. Lake Meredith is estimated to have supplied over half a trillion gallons of water to communities in the semi-arid Panhandle and South Plains since its construction. Due to a lack of rainfall in the Canadian River watershed and the subsequent reduction of inflow to Lake Meredith, water has never been released from Sanford Dam. Low inflows and prolific salt sources upstream resulted in high salinity contributing to the rise in chloride content. The chloride concentration is currently more than three times higher than the Federal secondary drinking water standard, which limits the amount of water that can be delivered to our member cities. A desalination feasibility study to evaluate removing chloride from the water will enable the Authority to assess the potential to produce more lake water, while using existing infrastructure (dam, pump stations, and pipelines). Desalination would reduce the amount of water the Authority has to produce from the Ogalala Aquifer, which is a non-renewable resource being mined at a much faster rate than it is being replenished/recharged.

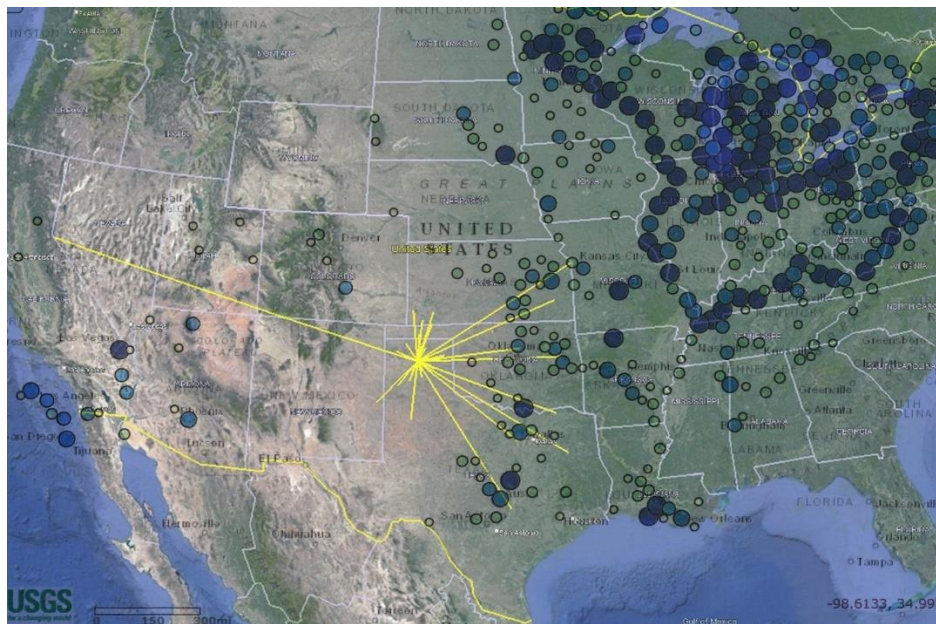
Desalination is being studied as a strategy that would defer the need of CRMWA II and bridge the gap in needs vs. supply. (See the discussion of CRMWA II on page 14 for further details.) An engineering consultant has been selected and the work is anticipated to begin in late 2023. This project is partially funded by the United States Bureau of Reclamation grant as noted above.

Zebra Mussel Strategy

Invasive mussels negatively impact the natural ecology, which can be detrimental to native and endangered species, including native mussel and fisheries. They also damage infrastructures such as those in and around Sanford Dam. The Authority performs all maintenance of Sanford Dam and its infrastructures. In addition, Lake Meredith is centrally located in the country which makes it a gateway to the west, therefore keeping zebra mussels out of our lake could potentially help in stopping their spread to the “un-infested west”. Invasive zebra mussels are prolific breeders and settle on water facility infrastructure such as water intakes, trash racks, gates, pumps, and pipelines. The Authority regularly exercises the gates on Sanford Dam, but biofouling of mussels could result in a gate not sealing, or closing properly which may cause long term or permanent damage. A zebra mussel infestation at our lake could choke off water passing through the trash racks to the intake structure reducing flow to the pumping plant. The Authority operators rotate daily delivery through the five pumps at pumping plant #1. Pumps that sit for extended periods of time are more susceptible to mussel attachment. Zebra mussels that attach to the inside of pipelines increase friction and restrict the pipeline size subsequently reducing flow and increasing pumping costs. It is possible that Zebra mussels could settle in the seals and seats of air valves and blow-offs along the pipeline which could impact long term integrity of the pipeline and could prevent proper sealing causing a valve to leak.

Lake Meredith is currently free of zebra mussels and has had an early detection plan in place for the past six years that consists of sample locations near the Sanford Yake boat launch, the Fritch Fortress boat launch and the Intake structure. Sampling is conducted four times per year, two by United States Geological Survey (USGS) personnel and two by the Authority’s personnel. Sampling includes three plankton trawls for veligers and one for eDNA at each site. Also, a temperature, specific conductance, dissolved oxygen & pH profile is collected from 50 foot or the bottom of the lake, whichever is shallower. In addition to water sampling, four passive samplers are checked during each sampling event.

The Authority partners with the National Park Service (NPS) during zebra mussel inspections by working with the Working Dogs for Conservation program to perform boat inspections for four weekends during the summer months. The Authority also works closely with United States Bureau of Reclamation personnel providing maintenance and instrument readings on Sanford Dam.

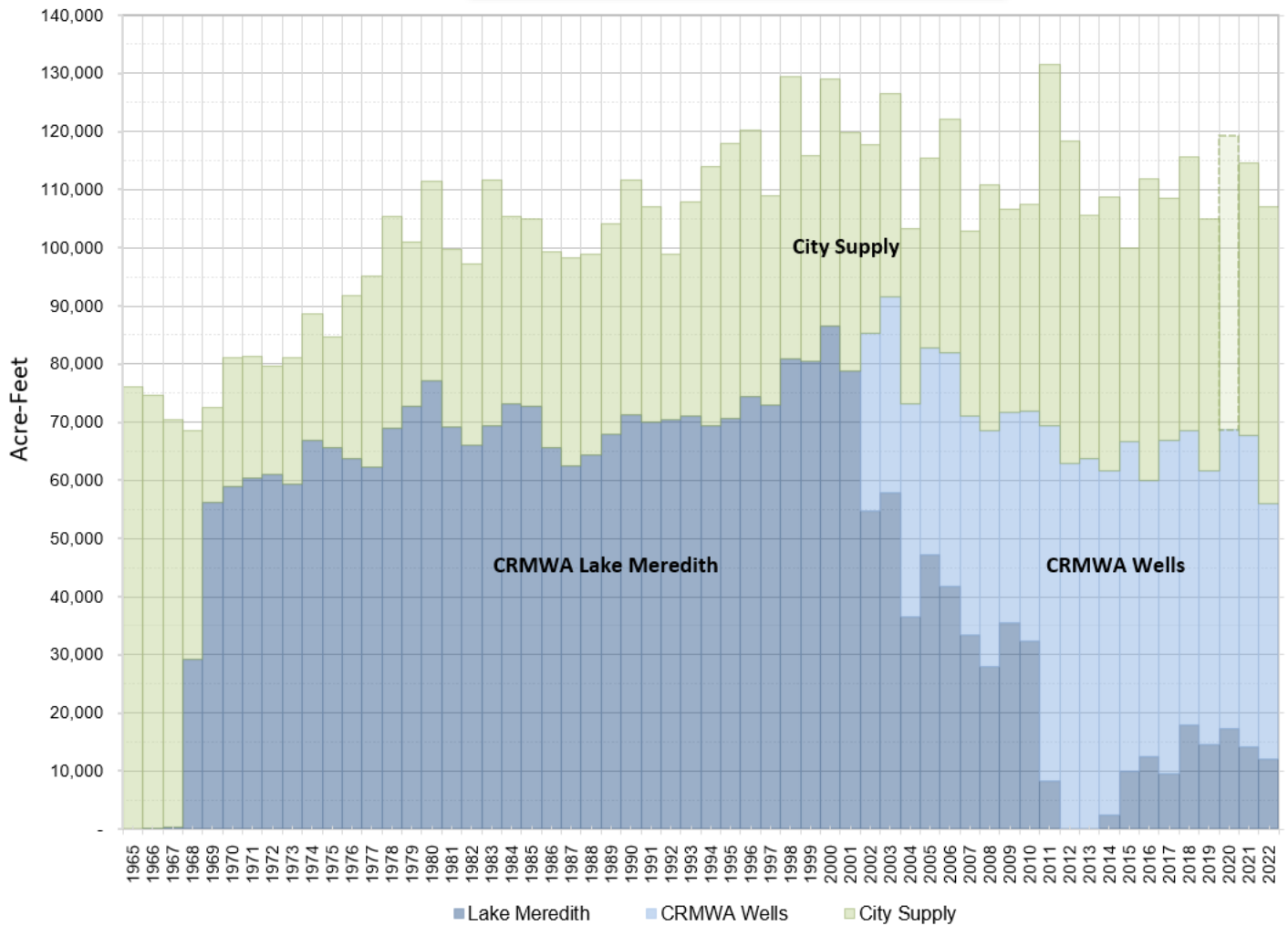


Data collected during the June 2023 inspection weekend show boater origin (yellow lines) and locations of lakes infested with zebra and quagga mussels (blue & green circles).

Future Water Supply Initiatives

The Texas Water Development Board adopted the 2022 State Water Plan (the Plan) in July 2021. The Plan is based on projections indicating that the population will continue with its rapid growth. Based on these population projections, a total population growth in the member cities of about 52 percent is projected during the 50-year period from 2020 to 2070, with Amarillo, Lubbock and Pampa showing the greatest increase in population during this time period. The estimated population of the member cities is expected to increase gradually to an aggregate of nearly 883,831 by the year 2070. Current member cities' water needs are at 37 billion gallons per year ("BGY") with the Authority currently able to supply only 22.5 BGY (69,000 acre-feet) and the remaining amount being provided by groundwater wells or other resources owned by the member cities. Because droughts have reduced the ability of Lake Meredith to provide a constant supply of water, the Authority has expanded its existing wellfield capacity to the maximum capability of existing transportation infrastructure and has purchased additional groundwater resources in the Panhandle of Texas. Further increases in groundwater delivery capability will require construction of additional aqueduct capacity. (See the discussion of CRMWA II on page 14 for further details.)

CRMWA Member Cities - Historical Usage

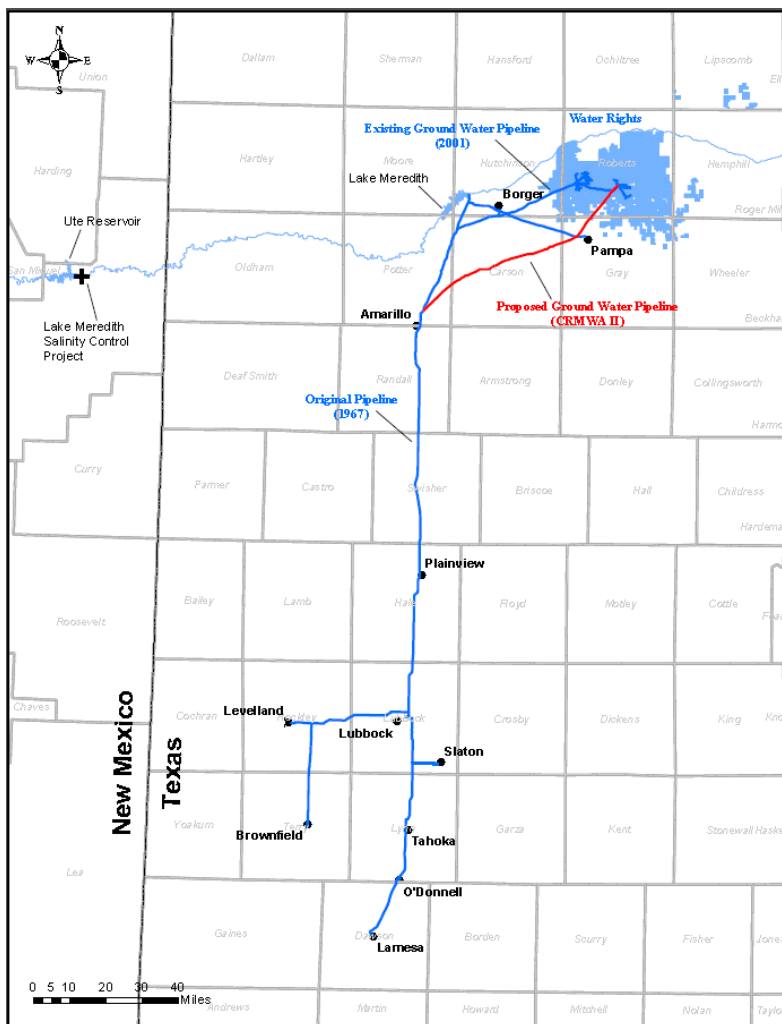


CRMWA II

Based on our recent/current 23-year drought, the reliability of Lake Meredith as a source of water supply is in question. In addition, water quality requirements currently limit the available supply of lake water to only 25% - 30% of the existing water system's delivery capacity. This is prompting the Authority to more fully utilize its groundwater resources. The groundwater infrastructure connects with the original surface water system for delivery to the cities. The current groundwater infrastructure is capable of supplying only enough water to utilize about half of the original surface water system's delivery capacity. This means that the original delivery system is currently underutilized due to the limited lake water availability. Instead, the cities are relying more heavily on their own limited local resources. The needs vs. supply gap may widen even more over time without either replenishment of the surface water supply (Lake Meredith) or additional groundwater infrastructure.

CRMWA II is a proposed project to bridge the gap in needs vs. supply. It would consist of additional aqueduct infrastructure to bring more groundwater to a point in Amarillo where it could be introduced into the original surface water delivery system. An in-house study was performed and found that some of our member cities have a greater need for additional supply while others have more resources and are in less need of additional water. The actual date the expansion will occur will be decided collectively by the member cities based on what is most advantageous and affordable for all.

The study has been completed proposing the route for this new pipeline which totals about 70 miles in length. The study focused on the following: most economical route for construction, access and maintenance, possible environmental obstacles, possible archeological obstacles, etc. The purchase of easement or right of way is ongoing and is expected to be completed during the next fiscal year.



Conjunctive Use Strategy

The Authority's conjunctive use strategy utilizes the primary water sources (Lake Meredith and the John C. Williams Wellfield) in a manner that most efficiently manages and delivers water to the member cities. The Authority's water delivery system is designed to utilize and deliver both sources of water, however, due to limitations in supply availability and the capacity of the existing delivery systems, the ability to meet member cities' supply needs is limited. In addition to infrastructure projects such as CRMWA II and the construction of additional wells to replace lost wellfield capacity, the Authority's conjunctive use strategy consists of three major components to help address member city supply needs:

- Supply from Lake Meredith in years when available
- Control of invasive brush within the Lake Meredith watershed (Salt Cedar Control Project)
- Aquifer storage and recovery of supplies in excess of demands.

When there are inflows to the lake, the Authority utilizes this source for water supply and reduces groundwater usage. Increasing the use of lake water helps reduce wellfield pumping and energy costs and more importantly prolongs groundwater supplies with the use of renewable surface water. It also provides a beneficial use of water that otherwise would have been lost to evaporation.

As the Authority develops additional wellfield capacity in the John C. Williams Wellfield and constructs the new CRMWA II pipeline, the quantity of water that can be transported from the wellfield will increase substantially. To ensure that the system is being used as efficiently and effectively as possible to meet member cities' demands, storage options need to be considered. During non-peak periods, the capacity of the transmission system is underutilized; yet during peak demand months, the ability to meet member cities' peak demands may be limited. To address the need for increased peaking capacity in the water delivery system, available water from Lake Meredith and the John C. Williams Wellfield could be treated and stored by the member cities during non-peak periods for future use during peak times. This strategy proposes to store excess non-peak water through an Aquifer Storage and Recovery program (ASR) that will utilize existing wellfields and infrastructure. The Authority will continue to work with the member cities to determine the most advantageous and affordable option(s) for all.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Canadian River Municipal Water Authority for its Annual Comprehensive financial report for the fiscal year ended September 30, 2022. This was the 12th consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

We are pleased to present this report to the Board for formal adoption.

Respectfully submitted,



Drew Satterwhite
General Manager



Chad Pernel
Deputy General Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Canadian River Municipal Water Authority
Texas**

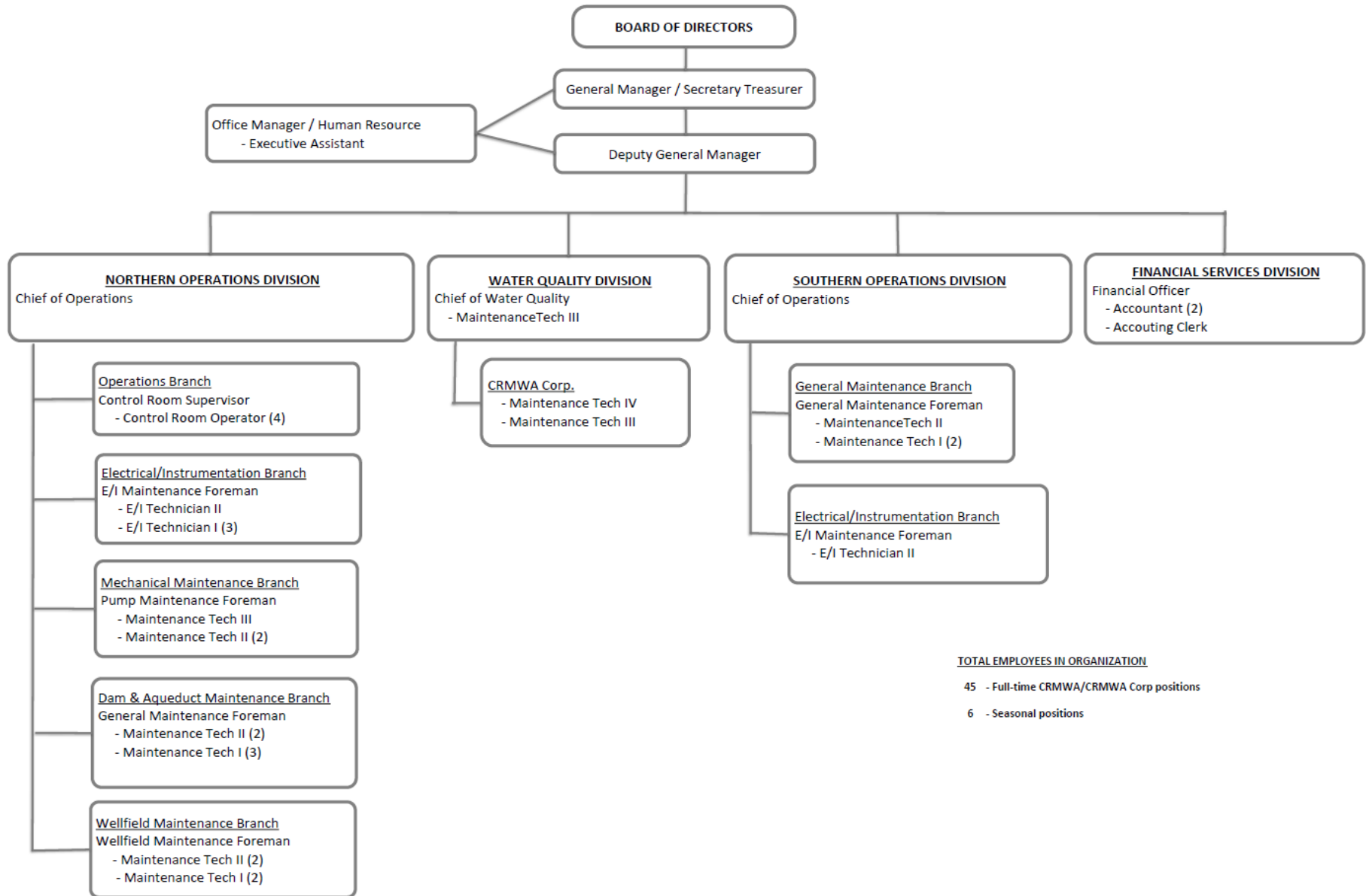
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morrill

Executive Director/CEO

CRMWA - Organization Chart



TOTAL EMPLOYEES IN ORGANIZATION

45 - Full-time CRMWA/CRMWA Corp positions

6 - Seasonal positions

Financial Section





To the Board of Directors
Canadian River Municipal Water Authority
Sanford, Texas

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the financial statements of the business-type activities of the Canadian River Municipal Water Authority (the Authority), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority as of September 30, 2023, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher

than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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 generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 24 – 33 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Schedule of Revenues, Expenses, and Changes in Net Position is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues, Expenses, and Changes in Net Position is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

DOSHIER, PICKENS & FRANCIS, L.L.C.

DOSHIER, PICKENS & FRANCIS, LLC
Amarillo, Texas
December 1, 2023

Management's Discussion and Analysis





CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Management's Discussion and Analysis Year Ended September 30, 2023

The Canadian River Municipal Water Authority's (the Authority) discussion and analysis provides an overview of the Authority's financial activities for the fiscal year ended September 30, 2023. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, the discussion and analysis should be read in conjunction with the Authority's letter of transmittal which can be found on pages 1 through 15. *[Notation: some of the information in the sections below is from events that occurred in prior years but is considered appropriate here to provide adequate background for the reader to understand the status of work.]*

FINANCIAL HIGHLIGHTS

- Conjunctive Use Groundwater Supply Project

The Authority began work to provide an alternate water supply from groundwater in 1995 by acquiring 42,765 acres of water rights in Hutchinson and Roberts Counties in the Texas Panhandle. A field of 27 wells with appurtenances and approximately a 36-mile aqueduct pipeline were installed and placed in operation in 2001 to allow delivery of the groundwater and blending with surface water. Contract Revenue Bonds issued in 1995 and 1999 supported these developments.

In April 2005, the Authority issued Contract Revenue Bonds, Series 2005 to pay for acquisition and construction costs in connection with the expansion of the Conjunctive Use Groundwater Supply Project. Two wells were added to the original wellfield as Phase II, and one small well previously drilled but not equipped with a pump was also placed in operation.

In April 2006, the Authority issued Contract Revenue Bonds, Series 2006 to pay acquisition costs of additional water rights for the project expansion of the Conjunctive Use Groundwater Supply Project Phases II and III.

Due to the availability of a larger area of water rights than originally anticipated, the Board authorized additional purchases of water rights, with the cost to be reimbursed from future bond sales. Economic conditions also resulted in very favorable construction bids; therefore, the number of wells to be added was increased. In addition, the size of the new transmission pipeline was enlarged to allow more water to be delivered from the expanded wellfield area and to provide for future developments. As of September 30, 2009, the Authority had acquired a total of 260,000 acres of water rights.

In October 2009, the Authority issued Contract Revenue Bonds, Series 2009 to complete funding for the project expansion of the Conjunctive Use Groundwater Supply Project Phase III. The design of the wellfield expansion included fifteen new wells, collection pipelines to serve all of the new wells, a 54-inch transmission pipeline and other necessary facilities. Together with the original wellfield and the two wells added as part of Phase II, the expanded wellfield would fully utilize the 54-inch pipeline from Roberts County to the Canadian River Aqueduct with allowance for rotation of wells in service. The expanded wellfield allows for production of up to about 69,000 acre-feet annually. All wells were brought online by the spring of 2011. Route planning and purchasing right of way is in process for the next phase of this project which is referred to as CRMWA II. (Additional information related to CRMWA II can be found on page 14.)

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Management’s Discussion and Analysis Year Ended September 30, 2023

In December 2011, the Authority issued Subordinate Lien Contract Revenue Bonds, Series 2011 to pay for acquisition of additional water rights to support expansion of the Conjunctive Use Groundwater Supply Project. As of September 30, 2023, the Authority’s total holdings of water rights were just over 456,000 acres.

As a result of low interest rates, the Authority continues to realize significant cost savings by refinancing bond issues as they become eligible. In 2010, the Authority was able to refinance the 1999 bond issues (both of which have subsequently matured and have been defeased). In 2012, the Authority was able to refinance the 2005 bond issue. In 2014, the 2005 refunding bond issue and the 2006 bond issue were refinanced. In 2017, the 2009 bond issue was refinanced, in 2020 the 2011 bond issue was refinanced, in 2021 the 2012 refunding bond issue was refinanced and in 2023 the 2014 refunding bond issue was refinanced. Realized cost savings to our member cities from these refundings total \$24,949,106.

All of the Authority’s bonds have been rated by Moody’s as ‘Aa3’.

Due During Fiscal Years Ending	Total Annual Requirements For All Long-Term Debt		
	Principal	Interest	Total
2024	\$ 13,995,000	\$ 2,774,413	\$ 16,769,413
2025	14,610,000	2,162,393	16,772,393
2026	8,675,000	1,683,375	10,358,375
2027	9,095,000	1,245,750	10,340,750
2028	6,080,000	886,750	6,966,750
2029	5,795,000	612,025	6,407,025
2030	5,175,000	346,175	5,521,175
2031	5,420,000	108,400	5,528,400
Totals	\$ 68,845,000	\$ 9,819,281	\$ 78,664,281

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Management's Discussion and Analysis

Year Ended September 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS

The discussion and analysis provided here are intended to serve as an introduction to the Authority's financial statements. The Authority's financial statements consist of the following components: 1) the basic financial statements, 2) the notes to the financial statements, 3) supplementary information and 4) statistical information. This report provides both long-term and short-term information about the Authority's financial status (including CRMWA Corporation). The notes to the financial statements provide additional information that is necessary to acquire a full understanding of the data provided in the Authority's financial statements. The notes to the financial statements can be found on pages 39-62 of this report.

The Authority's financial statements are prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units on an accrual basis as required for enterprise funds. Under this basis, revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which they are incurred.

The Statement of Net Position presents financial information on all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is displayed in three components: net investment in capital assets (net of related debt), restricted, and unrestricted. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. Net position increased by \$2,467,871 during the year ended September 30, 2023, to \$330,866,898. Factors contributing to the net increase in net position are member city assessments to fund reserves, inventory, investment income, current year premium amortization, capital contributions from the member cities and savings from a bond refunding all offset by current year depreciation.

The Statement of Revenues, Expenses, and Changes in Net Position report total operating revenues, operating expenses, and non-operating revenues and expenses during the fiscal year ending September 30, 2023.

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Management's Discussion and Analysis

Year Ended September 30, 2023

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
SUMMARIZED FINANCIAL INFORMATION
September 30, 2023
(With Comparative Amounts for September 30, 2022)

	<u>2023</u>	<u>2022</u>
Current and Other Assets	\$ 39,381,280	\$ 36,625,230
Net Capital Assets	319,218,784	321,697,044
Other Noncurrent Assets	<u>58,589,812</u>	<u>72,269,838</u>
Total Assets	<u>417,189,876</u>	<u>430,592,112</u>
Current Liabilities	17,500,054	16,638,178
Noncurrent Liabilities	<u>63,649,789</u>	<u>80,716,479</u>
Total Liabilities	<u>81,149,843</u>	<u>97,354,657</u>
Deferred Inflows of Resources	<u>5,173,135</u>	<u>4,767,806</u>
Net Position:		
Net Investment in Capital Assets	236,684,884	223,022,882
Restricted	70,238,397	83,582,352
Unrestricted	<u>23,943,617</u>	<u>21,864,415</u>
Total Net Position	<u>\$ 330,866,898</u>	<u>\$ 328,469,649</u>

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Management's Discussion and Analysis

Year Ended September 30, 2023

Summarized Financial Information Analysis

The \$2.76 million increase in current and other assets from \$36,625,230 to \$39,381,280 was due to an increase in pump and motor inventory, an increase in the amount due from member cities for bond principal payments coming due in the next year, and an increase in reserve funds from member city contributions as well as the establishment of a reserve from the FY22-23 budget to use in FY23-24. (Additional information on the Authority's reserves can be found in Notes 9 and 10 on pages 54 – 56 of this report.) These increases were offset by funding the purchase of the pumps and motor inventory, well maintenance costs and well replacement costs from existing reserve funds. \$356,000 was also used from existing funds for CRMWA II related costs, however, these CRMWA II related costs (plus additional CRMWA II project costs yet to be incurred) will be repaid by the member cities once the CRMWA II easement purchases are complete. These charges are being assessed separately from regular GOM charges. The associated member city receivable is reflected in noncurrent assets which totals \$1,329,431 as of September 30, 2023, as shown in Note 4 on page 43 of this report.

The decrease in net capital assets of \$2.5 million was the net of current year depreciation of \$3.76 million and the increase from additions in the amount of \$1,282,193. Current year additions to capital assets included easements, the replacements of multiple building HVAC units, the addition of an enclosed equipment cover, purchase of various operating equipment, additional work in progress costs related to the CRMWA II infrastructure project and the well replacement project. (Additional information on the Authority's capital assets can be found in Note 5 on page 44 of this report.)

The net decrease in other noncurrent assets and noncurrent liabilities relate to an increase of the amount due from member cities for the CRMWA II project costs as noted above offset by: 1) the reclassification of the current portion of the principal payments to be received from the member cities, 2) the reclassification of the current principal to be paid to the bond agencies during the next year plus current year bond premium amortization and 3) a reduction in bond principal due to a refunding. (Additional information on the Authority's long-term debt can be found in Note 6 on pages 46-53 of this report.)

The \$861,876 increase in current liabilities was from the reclassification of the principal due to the bond agencies in the next year and an increase in year-end payables as a result of making payments monthly rather than in lump sum to achieve higher interest earnings. These increases were offset by lower interest payable and unearned revenue as a direct result of the lower interest rates from the bond refunding.

The increase in deferred inflows of resources in the amount of \$405,329 is the addition of the unamortized premium from the 2014 refunding bond issue that was refunded by the 2023 bond issue less current year amortization.

The Authority's assets exceeded liabilities and deferred inflows of resources by \$330.9 million on September 30, 2023, a \$2,467,871 million increase from September 30, 2022, restated net position. (Additional information can be found on pages 29-30 of this report.) The excess is comprised of the net position 1) restricted for debt service and 2) the net investment in capital assets which the Authority utilizes to deliver water to the member cities. The purpose of the unrestricted net position is to be able to meet the extraordinary and unforeseen costs of operation and maintenance, repair and betterment of project works and to ensure funds are available for major repairs or rehabilitation of wells, equipment and facilities not provided for in the annual budget.

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Management's Discussion and Analysis

Year Ended September 30, 2023

CANADIAN RIVER MUNICIPAL WATER AUTHORITY SUMMARIZED CHANGES IN NET POSITION Year Ended September 30, 2023 (With Comparative Amounts for Year Ended September 30, 2022)

	2023	2022
Operating Revenues	\$ 18,509,960	\$ 16,804,175
Operating Expenses:		
Personnel costs	(4,709,099)	(4,405,618)
Professional fees	(399,468)	(286,437)
Purchased and contracted services	(606,148)	(1,207,566)
Consumable supplies and materials	(1,279,067)	(956,654)
Recurring operating costs	(708,806)	(619,564)
Pumping energy and line chemicals	(8,869,745)	(7,604,523)
Revenues in excess of expenses before depreciation/amortization	1,937,627	1,723,813
Operating Expenses - Depreciation/Amortization	(3,760,453)	(3,750,937)
Operating Loss	(1,822,826)	(2,027,124)
Nonoperating Revenues:		
Assessments to member cities for bond interest	3,423,140	3,872,663
Other revenues	1,580,470	376,896
Nonoperating Expenses:		
Bond interest expense	(493,261)	(1,496,486)
Credits to member cities for bond refunding	(420,000)	(520,000)
Other bond costs	(165,591)	(229,821)
Nonoperating Income (Loss)	3,924,758	2,003,252
Capital Contributions	365,939	262,447
Increase (Decrease) in Net Position	2,467,871	238,575
Beginning Net Position, as previously reported	328,469,649	328,231,074
Change in accounting principle (GASB 101)	(70,622)	-
Beginning Net Position, as restated	328,399,027	328,231,074
Net Position - End of Year	\$ 330,866,898	\$ 328,469,649

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Management's Discussion and Analysis

Year Ended September 30, 2023

Summarized Changes in Net Position Analysis

The Authority's member cities are assessed each month for general operation and maintenance (GOM) costs based on estimated costs to each member city as budgeted for that fiscal year. The Authority maintains a cost system by which it allocates its actual costs to each member city. After the end of each fiscal year, the Authority issues additional assessments or credits to each member city for the difference between actual costs allocated to each city and the estimated costs previously assessed.

GOM assessments billed to the cities exceeded actual GOM costs by \$540,910 due to: 1) lower payroll costs resulting from health insurance and worker's compensation premiums coming in under budget, positions from retirements filled at the lower end of the pay range and one vacancy, 2) IT service costs were deferred to FY23-24, 3) costs savings were realized from a revised uniform contract, 4) a planned system shutdown was deferred to the Fall of 2023, 5) no significant leak repairs were incurred and 6) fewer spare pipe/clamps/weko seals were required to be purchased than budgeted. There were unbudgeted costs incurred during the fiscal year, however, those costs were covered from other budgeted item reallocations therefore, minimal impact to the Authority as a whole. The amount owed to the member cities will be applied to future GOM charges or as otherwise agreed upon as in accordance with the Authority's policies. (Refer to pages 31 -32 for the further information.)

Operating revenues increased by \$1.7 million of which \$1.3 million was due to increased assessments for pumping energy and chemical costs. Assessments for general operation and maintenance costs were increased to fund the net increase in operating expenses of \$400,000 as detailed below.

Operating expenses increased \$1.5 million primarily due to higher pumping and chemical costs in the amount of \$1.3 million. Other increases to operating expenses for FY22-23 were: 1) increased personnel related costs, 2) increased health insurance premiums, 3) increased engineering services for a salinity control study, 4) increased legal costs, 5) increased property insurance premiums, and 6) increased pumping plant motor repairs. These increases were partially offset by a decrease in wellfield maintenance expenses, decrease in salt cedar spraying costs, and not funding the Injection Well Reserve in FY22-23.

Other revenues increased by \$1.2 million directly related to the increase in investment income.

Bond interest expense decreased due to realized savings from bond refundings as well as amortization of premiums and unamortized premiums of the bonds issues that were recently refunded and therefore, assessments to member cities for bond interest also decreased.

The \$420,000 credit to member cities and the bond issuance costs in the amount of \$165,591 resulted from the 2023 refund of the 2014 Refunding Bond issue reducing long-term debt, as well as realizing a cost savings resulting in a reduction of the member cities' obligations.

Capital contributions in the amount of \$365,939 is the amount due from the member cities for the FY22-23 CRMWA II project costs in excess of bond proceeds available. These charges are being assessed separately from regular GOM assessments.

The increase in net position of \$2,467,871 is primarily the result of the member city assessments to fund reserves, inventory, investment income, current year premium amortization, capital contributions from the member cities and savings from a bond refunding all offset by current year depreciation. Beginning net position was restated due to the early implementation of GASB Statement No. 101 *Compensated Absences*. (See pages 40-41 for more details.)

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Management's Discussion and Analysis Year Ended September 30, 2023

CANADIAN RIVER MUNICIPAL WATER AUTHORITY Reconciliation to the Net General Operating and Maintenance Credit Due to Member Cities Year Ended September 30, 2023

	Original Budget	Final Budget	Actual Amounts ^A	Variance with Final Budget
Operating Expenses:				
Personnel costs	\$ 5,210,490	\$ 5,210,490	\$ 4,709,099	\$ 501,391
Professional fees	508,266	508,266	399,468	108,798
Purchased and contracted services	327,132	327,132	606,148	(279,016)
Consumable supplies and materials	1,034,748	1,034,748	1,279,067	(244,319)
Recurring operating cost	765,469	765,469	708,806	56,663
Depreciation and amortization	-	-	3,760,453 ¹	(3,760,453)
Pumping energy and line chemicals (PEC)	8,742,801	8,742,801	8,869,745 ²	(126,944)
Total Operating Expenses	\$ 16,588,906	\$ 16,588,906	\$ 20,332,786	\$ (3,743,880)
Reconciling Items:				
Depreciation and amortization	\$ -	\$ -	\$ (3,760,453) ¹	\$ 3,760,453
Pumping energy and line chemicals assessments (PEC)	(8,742,801)	(8,742,801)	(8,869,745) ²	126,944 ²
Costs funded by the Dam and Reservoir Reserve	(70,000)	(70,000)	(127,040) ³	57,040
Costs funded by the Well Maintenance Reserve	-	-	(1,426,241) ³	1,426,241
Costs funded by the Well Replacement Reserve	-	-	(610,388) ³	610,388
Costs funded by Other Reserve	-	-	(223,927) ³	223,927
Costs funded by investment income	-	-	(46,247) ⁴	46,247
Funding of the Well Replacement Reserve	1,300,000	1,300,000	1,300,000 ⁵	-
Funding of the Well Maintenance Reserve	600,000	600,000	600,000 ⁵	-
Funding of the General Reserve	100,000	100,000	100,000 ⁵	-
Net inventory increase	-	-	1,010,613 ⁵	(1,010,613)
Funding of a Reserve for Various Purchases	-	-	449,653 ⁵	(449,653)
Capitalized GOM costs	405,020	405,020	905,841 ⁶	(500,821)
Funding received from an irrigation agreement and other	-	-	5,363 ⁷	(5,363)
Total Reconciling Items	(6,407,781)	(6,407,781)	(10,692,571)	4,284,790
Net General Operating and Maintenance Credit due to Member Cities				
	\$ 10,181,125	\$ 10,181,125	\$ 9,640,215	\$ 540,910 ⁸

A: Per the Statement of Revenues, Expenses and Changes in Net Position

Notes:

- 1) The Authority has elected not to include depreciation and amortization in the General Operating and Maintenance (GOM) budget since member cities are charged for capital costs at the time of purchase rather than over the useful life of the asset as required by the GASB 34 accounting standards. To be in compliance with GAAP, the financial statements must reflect depreciation and amortization expense for the current fiscal year. As a result, a reconciling item in the amount of \$3,760,453 is needed to reconcile the operating expenses as shown in the financial statements to the net GOM costs allocated to the member cities at year end.
- 2) The Authority does not include PEC as a part of the GOM budget. PEC is billed to the member cities based on actual usage and costs to date rather than allocated to the cities at year end like GOM costs. Therefore, a reconciling item in the amount of \$8,869,745 is necessary to reconcile GAAP compliant financials to net GOM. Budgeted PEC charges were based on an estimated usage of 89,000 acre-feet of lake and groundwater. For the current fiscal year, actual usage was 71,095 acre-feet (54,380 from groundwater and 16,715 from the lake) which is comparable to usage over the last 4 years. CRMWA budgets are based on annual allocations, and since the actual usage is less than allocations, PEC costs are \$1.8M under budget. However, offsetting that \$1.8 million in savings is the assessment of an additional \$1.93 million in energy costs, such as fuel cost riders, true-ups, etc. This resulted in final PEC costs being over budget by \$127,000.
- 3) The Authority maintains several types of reserves intended for various uses. Member cities are not charged for expenses that qualify to be funded by a reserve, however, to be in compliance with GAAP, the financial statements include these costs in the current fiscal year. This results in a reconciling item to reconcile GAAP compliant financials to net GOM.
- 4) The Authority used investment earnings to offset an unbudgeted purchase resulting in a reconciling item in the amount of \$46,247.
- 5) The Authority has elected to allocate contributions to specific reserves to the member cities in the year the reserve is funded rather than when the reserve is utilized, and therefore, includes these contributions in the GOM budget. However, GAAP standards do not consider these contributions as expenses until actually incurred so these contributions are not included in the GAAP compliant financials. A reconciling item is needed to reconcile operating expenses as shown in the financials to net GOM.
- 6) In order to be in compliance with GAAP, the Authority capitalizes all assets with a cost, or aggregate cost (if significant), of at least \$7,500 and a useful life of at least three years for financial reporting purposes, and therefore, these costs are not reflected in operating expenses. As noted above, member cities are charged for capital costs at the time of purchase resulting in the need for a reconciling item in the amount of \$905,841 to reconcile the GAAP compliant financials to net GOM. \$610,388 of those capitalized costs were funded from the Well Replacement Reserve and the remaining \$295,453 was funded from GOM.
- 7) The Authority receives income from an irrigation agreement related to water rights purchased with bond funds resulting in a reconciling item of \$5,363.
- 8) Member cities are assessed each month for estimated GOM costs as budgeted (including any subsequent adjustments made to the cities' assessments) for that fiscal year. After the end of each fiscal year, an additional assessment or credit is calculated based on actual costs allocated to each city as compared to the payments received from the member cities. The net GOM credit due to the member cities for FY22-23 was \$540,910.

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Management's Discussion and Analysis Year Ended September 30, 2023

The following schedule provides a reconciliation of the member cities' assessments and other sources to operating expenses, excluding depreciation and amortization, and other uses of funds.

CANADIAN RIVER MUNICIPAL WATER AUTHORITY Operating Sources and Uses Year Ended September 30, 2023 (With Comparative Amounts for September 30, 2022)

	2023	2022
Sources of Funds:		
Member City Assessments:		
GOM assessments to member cities	\$ 9,640,215	\$ 9,199,652
PEC assessments to member cities	8,869,745	7,604,523
Total Member City Assessments	18,509,960	16,804,175
Other Sources:		
Well Maintenance Reserve	1,426,241	826,981
Reserve for Dam Operations	127,040	147,350
Well Replacement Reserve	610,388	-
Other reserve	223,927	99,443
Investment income	46,247	-
Total Other Sources	2,433,843	1,073,774
Total Sources of Funds	\$ 20,943,803	\$ 17,877,949
Uses of Funds:		
Personnel costs	\$ 4,709,099	\$ 4,405,618
Professional fees	399,468	286,437
Purchased and contracted services	606,148	1,207,566
Consumable supplies and materials	1,279,067	956,654
Recurring operating costs	708,806	619,564
Pumping energy and line chemicals	8,869,745	7,604,523
Capitalized GOM costs	905,841	441,956
Funding from an irrigation agreement	5,363	4,768
Net inventory increase	1,010,613	1,936
Contribution to other reserve	449,653	223,927
Contribution to the Well Replacement Reserve	1,300,000	1,200,000
Contribution to the Well Maintenance Reserve	600,000	700,000
Contribution to the Injection Well Reserve - Corp	-	125,000.00
Contribution to the General Reserve	100,000	100,000.00
Total Uses of Funds	\$ 20,943,803	\$ 17,877,949

Basic Financial Statements



CANADIAN RIVER MUNICIPAL WATER AUTHORITY
STATEMENT OF NET POSITION
September 30, 2023

Assets:

Current Assets:

Cash and cash equivalents	\$ 22,831,692
Due from member cities and other receivables	14,546,083
Inventory	<u>2,003,505</u>

Total Current Assets	<u>39,381,280</u>
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Noncurrent Assets:

Restricted cash and cash equivalents	11,370,801
Due from member cities and other receivables	47,219,011
Land and land rights	5,931,961
Capital assets, net of accumulated depreciation of \$97,790,116	<u>313,286,823</u>

Total Noncurrent Assets	<u>377,808,596</u>
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Total Assets	<u>417,189,876</u>
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Liabilities:

Current Liabilities:

Bonds payable - current	13,995,000
Accounts payable and other accruals	2,820,825
Interest payable	390,536
Unearned revenue	280,493
Compensated absences	<u>13,200</u>

Total Current Liabilities	<u>17,500,054</u>
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Noncurrent Liabilities:

Compensated absences	283,010
Bonds payable	<u>63,366,779</u>

Total Noncurrent Liabilities	<u>63,649,789</u>
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Total Liabilities	<u>81,149,843</u>
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Deferred Inflows of Resources:

Deferred revenue from refunding	<u>5,173,135</u>
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Total Deferred Inflows of Resources	<u>5,173,135</u>
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Net Position:

Net investment in capital assets	236,684,884
Restricted for debt service	70,238,397
Unrestricted	<u>23,943,617</u>

Total Net Position	<u>\$ 330,866,898</u>
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The accompanying notes are an integral part of these financial statements.

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For Year Ended September 30, 2023

Operating Revenues:	
Assessments to member cities	
General operation and maintenance costs	\$ 9,640,215
Pumping and chemical costs	<u>8,869,745</u>
Total Operating Revenues	<u>18,509,960</u>
Operating Expenses:	
Personnel costs	4,709,099
Professional fees	399,468
Purchased and contracted services	606,148
Consumable supplies and materials	1,279,067
Recurring operating costs	708,806
Depreciation and amortization	3,760,453
Pumping energy and line chemicals	<u>8,869,745</u>
Total Operating Expenses	<u>20,332,786</u>
Operating Loss	<u>(1,822,826)</u>
Nonoperating Revenues (Expenses):	
Assessments to member cities	
Debt service interest assessment	3,423,140
Other income	6,756
Investment income	1,573,714
Interest expense	(493,261)
Credits to member cities for bond refunding	(420,000)
Other bond costs	<u>(165,591)</u>
Total Nonoperating Revenue (Expenses)	<u>3,924,758</u>
Capital Contributions	
Contributions from member cities for construction activity	<u>365,939</u>
Total Capital Contributions	<u>365,939</u>
Increase in Net Position	2,467,871
Beginning Net Position, as previously reported	328,469,649
Change in accounting principle (GASB 101)	<u>(70,622)</u>
Beginning Net Position, as restated	<u>328,399,027</u>
Net Position at End of Year	<u>\$ 330,866,898</u>

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

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
STATEMENT OF CASH FLOWS
For Year Ended September 30, 2023

Cash Flows From Operating Activities:	
Cash received from member cities for assessments	\$ 18,613,608
Cash payments to employees for services	(4,743,782)
Cash payments to suppliers for goods and services	<u>(12,434,873)</u>
Net Cash Provided by Operating Activities	<u>1,434,953</u>
Cash Flows From Capital and Related Financing Activities:	
Cash paid for acquisition or construction of capital assets	(1,282,193)
Cash received from member cities for debt service	17,165,457
Proceeds from bond refunding	12,753,110
Principal paid from bond refunding proceeds	(12,745,683)
Principal paid from debt service fund	(4,317)
Principal paid from cash received from member cities	(13,420,000)
Interest paid on debt	<u>(3,470,996)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(1,004,622)</u>
Cash Flows From Investing Activities:	
Interest received on investments	<u>1,573,714</u>
Net Cash Provided by Investing Activities	<u>1,573,714</u>
Net Increase in Cash and Cash Equivalents	2,004,045
Cash and Cash Equivalents at Beginning of Year	<u>32,198,448</u>
Cash and Cash Equivalents at End of Year	<u>\$ 34,202,493</u>

(Continued)

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

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
STATEMENT OF CASH FLOWS
For Year Ended September 30, 2023

Continuation

Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:

Operating loss	\$ (1,822,826)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Other nonoperating revenue	6,756
Depreciation and amortization	3,760,453
Decrease in operating portion of due from member cities and other receivables	79,630
Net increase in inventory	(1,010,613)
Increase in accounts payable, other accruals and compensated absences	397,535
Increase in assessments received in advance	<u>24,018</u>
Net Cash Provided by Operating Activities	<u>\$ 1,434,953</u>

Schedule of Noncash Investing, Capital and Financing Activities:

Premium amortization	\$ (2,892,604)
Noncash reduction in amount due from member cities as a result of bond refunding	\$ (420,000)
Noncash contributions from member cities for construction activity	\$ 365,939

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

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Canadian River Municipal Water Authority (the Authority) have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (“GASB”) is responsible for establishing accounting standards for state and local governments through its pronouncements (Statements and Interpretations).

The most significant accounting and reporting policies of the Authority are described in the following notes to the financial statements.

1. Financial Reporting Entity

The Canadian River Municipal Water Authority was created on May 27, 1953, by the Texas legislature Acts 1953, 53rd Leg., Ch. 243, as amended, (previously Art. 8280-154). Its purpose is to supply water for municipal and industrial uses to member cities. Member cities include: Amarillo, Borger, Brownfield, Lamesa, Levelland, Lubbock, O’Donnell, Pampa, Plainview, Slaton and Tahoka. Each member city is represented by one or two persons on the Authority’s Board of Directors. The Authority’s sources of water are surface water from Lake Meredith and groundwater from Roberts County, Texas.

The definition of the reporting entity is based primarily on the notion of financial accountability. The Authority is financially accountable and has operational responsibility for CRMWA Corporation (the Corporation), a not-for-profit corporation created in the State of Texas, authorized to operate in New Mexico to facilitate the construction and operation of the Salinity Control Project. The Corporation is presented in these financial statements as a blended component unit. The Corporation’s governing body is the same as the Authority’s. The blended component unit, although a legally separate entity, is in substance part of the Authority’s operations and is reported with the Authority. Separate financial statements are not published for the Corporation which follows the same accounting policies as the Authority. Transactions with other governmental entities consist of assessments to member cities for costs of operations, pumping energy and construction projects.

2. Basis of Accounting

The Authority qualifies as a special purpose government engaged only in business-type activities, and accordingly only the financial statements required for an enterprise fund are presented as basic financial statements. A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The Authority measures the full cost of providing water to the member cities for the purpose of fully recovering that cost through charges to the member cities. Charges to member cities are computed on a cost-reimbursement basis. The Authority’s basic financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the liability is incurred. Internal activity has been eliminated in the accompanying financial statements.

3. Inventory

Inventory is valued at cost using the first-in/first-out (FIFO) method and consists of spare pumps and motors for the wellfield. The cost of such inventory is recorded as an expense when consumed rather than when purchased. The Authority has elected to not record any other inventory since member cities are charged for supply and material costs at the time of purchase rather than at the time of use. The impact to the financial statements taken as a whole is not material.

Continued

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

4. Capital Assets

Capital assets, which include land, water systems, water rights, buildings and equipment, are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The Authority capitalizes all assets with a historical cost, or aggregate cost (if significant), of at least \$7,500 and a useful life of at least three years. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Land and land rights are not depreciated.

Depreciation is computed utilizing the straight-line method over the following estimated useful lives:

Water systems	10 to 200 years
Buildings	75 years
Other equipment	3 to 10 years
Automobiles/trucks	5 to 10 years

5. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The Authority did not have any items that qualified for reporting in this category for the year ended September 30, 2023.

Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until then. The Authority has one item that qualified for reporting in this category for the year ended September 30, 2023. It is the deferred inflow on refunding's reported in the statement of net position. The deferred inflow on refunding's result from the difference between the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

6. Compensated Absences

In June 2022, the Government Accounting Standards Board (GASB) approved GASB Statement No. 101 *Compensated Absences* (GASB 101) replacing GASB 16 which was issued in 1992. GASB 101 is effective for fiscal years beginning after December 15, 2023, however, the Authority elected early implementation. Upon implementation of GASB 101, sick leave will be included in the calculation of compensated absences. Previously only annual leave was included in the calculation of compensated absences. Changes adopted to conform to GASB 101 are applied retroactively by restating beginning net position for the cumulative effect of the change on prior periods.

Employees are entitled to annual leave with pay ranging from two to five weeks per year. Annual leave that is unused at the end of the year may be carried over, but the cumulative total carryover shall not exceed the employee's annual rate of leave accrual as of the current December 31. Upon separation in good standing, the employee shall be paid the amount of unused annual leave accrued to his credit as of the date of termination.

Continued

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

6. Compensated Absences – Continuation

Sick leave accrues at approximately one day per month, up to a maximum of 720 hours. During November of each year, each current employee with one year or more of continuous service shall be paid for the amount of the employee's unused sick leave, up to a maximum of forty (40) hours pay, reduced by sick leave taken during the preceding 12 months. Sick leave is not paid out upon employee separation from the Authority.

All accumulated annual leave is recorded as an expense and a liability at the time the benefit is earned. Due to the nature of sick leave, management has elected to record 50% of current year sick leave accrual as an expense and a liability at the time the benefit is earned as a result of implementing GASB 101. The cumulative effect of the change on prior periods is an increase to beginning compensated absences and a decrease to beginning net position of in the amount of \$70,622 and is presented on the Statement of Revenues and Changes in Net Position as a restatement to Beginning of Year Net position. (See Note 6, page 53 and Note 10, page 56.)

7. Capitalized Interest

In June 2018, the Government Accounting Standards Board (GASB) approved GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. GASB-89 effective for reporting periods beginning after December 15, 2019. Upon implementation of GASB-89, interest costs incurred before the end of a construction period are now recognized as an expense and not capitalized. Changes related to the adoption of GASB-89 were applied prospectively rather than restating beginning balances.

8. Revenue Policies

The principal portion of the Authority's revenues is provided by assessments from member cities for all costs incurred in delivering water to them. Water is delivered to member cities on demand up to predetermined allocations and revenue is recognized at the time of delivery.

9. Deposits and Investments

For financial reporting purposes cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and have an original maturity date of three months or less. Time certificates of deposit with original maturities of more than three months are classified as investments. Interest on certificates of deposit is recorded as earned but is subject to forfeiture for early withdrawal of deposits.

10. Classification of Revenues

Operating revenues consist of assessments to member cities for all general operating costs and for pumping and energy costs. Nonoperating revenues consist primarily of assessments to member cities for servicing debt and of investment income.

Continued

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

11. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations imposed on the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

12. Use of Estimates

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

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

1. During April, the budget is adopted by the Board of Directors.
2. Budgeted amounts are as originally adopted but may be revised as necessary.
3. All appropriations lapse at the end of the Authority's fiscal year and may be re-budgeted the next year.
4. The budgets for the operating funds of the Authority and the Corporation are adopted on a basis consistent with generally accepted accounting principles (GAAP) on the accrual basis of accounting, except for depreciation expense which is not included in the annual budget.
5. Formal budgetary integration on an annual basis is employed as a management control device during the year for the operating revenues and expenses. Formal budgetary integration is not employed for the debt service because effective budgetary control is alternatively achieved through the bond redemption schedules for the various bonds. Formal budgetary integration is not employed for construction because effective budgetary control is alternatively achieved through appropriations received for the specified purpose and through budgetary integration on a project length basis at the time the agreements with engineers/contractors are signed.
6. The Authority adhered to the prescribed budgets as a whole, as discussed above, for the year ended September 30, 2023. The negative variance in purchased and contracted services (\$279,016) was funded from the Well Maintenance Reserve, the negative variance in consumable supplies and materials (\$244,319) was funded from a reserve established from the FY21-22 budget and the negative variance in pumping energy and line chemicals (\$126,944) was funded through additional assessments to the member cities specifically for pumping and chemical costs. (Refer to Note 8 on how pumping energy and line chemicals are assessed on page 54.)

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents are classified in the accompanying Statement of Net Position as follows:

Current assets:

Cash and cash equivalents	\$ 22,831,692
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Non-current assets:

Restricted cash and cash equivalents	<u>11,370,801</u>
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Total cash and cash equivalents	<u>\$ 34,202,493</u>
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Cash and cash equivalents held by the Authority consist of the following classifications:

Deposits	\$ 989,318
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Money Market Accounts	<u>33,213,175</u>
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Total cash and cash equivalents	<u>\$ 34,202,493</u>
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Texas law and Board policy require that Authority deposits be placed in financial institutions located in Texas. All of the Authority's demand deposit and time accounts are held in two local banking institutions under terms of a written depository contract. Such deposits must be collateralized with securities or surety bonds to the extent not insured by the Federal Deposit Insurance Corporation (FDIC). Securities that may be accepted as collateral are those authorized by the Public Funds Collateral Act. Accordingly, these are limited to obligations of the United States and its agencies and instrumentalities, obligations issued by public agencies with at least a rating of "A" by a nationally recognized rating agency, and any other security in which a public entity may invest under the Public Funds Investment Act.

At September 30, 2023, Authority deposits in excess of the amount insured by the FDIC were collateralized by securities pledged in the amount of \$40,404,865 and were held separate and apart from the pledging banks.

NOTE 4 – DUE FROM MEMBER CITIES AND OTHER RECEIVABLES

The following is a summary of the amounts due from the member cities and other receivables:

Current due from member cities and other receivables:

Due from member cities for bond issues (see Note 6)	\$ 13,650,059
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Net year-end adjustments receivable from member cities	887,098
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Due from vendors	<u>8,926</u>
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Total current due from member cities and other receivables	<u>\$ 14,546,083</u>
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Noncurrent due from member cities and other receivables:

Due from member cities for bond issues (see Note 6)	\$ 45,889,580
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Due from member cities for construction activities	<u>1,329,431</u>
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Total noncurrent due from member cities and other receivables	<u>\$ 47,219,011</u>
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The amounts due from the member cities for construction activities are for the final costs of the project expansion of the Conjunctive Use Groundwater Supply Project Phase III and the CRMWA II easement purchases in excess of available bond proceeds. These charges will be assessed to the member cities separately from the regular charges for GOM once the projects are complete.

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023, is as follows:

	Balance at September 30, 2022	Increases	Decreases	Balance at September 30, 2023
Capital assets not being depreciated:				
Land	\$ 5,667,835	\$ 264,126	\$ -	\$ 5,931,961
Total capital assets not being depreciated	<u>5,667,835</u>	<u>264,126</u>	<u>-</u>	<u>5,931,961</u>
Capital assets being depreciated:				
Buildings	1,360,528	96,698	-	1,457,226
Operating Equipment	4,141,701	187,584	(69,163)	4,260,122
Communications Facilities	1,798,930	-	-	1,798,930
Dam and Reservoir	21,733,541	-	-	21,733,541
Pipelines	117,860,906	-	-	117,860,906
Pumping Plants	27,907,137	8,250	-	27,915,387
Regulating Reservoirs	2,252,876	-	-	2,252,876
Water Treatment Facilities	385,695	-	-	385,695
Water Rights	190,998,213	-	-	190,998,213
Groundwater Production Facilities	33,141,215	-	-	33,141,215
Salinity Control Facilities	6,464,209	-	-	6,464,209
Work in Progress	2,083,084	725,535	-	2,808,619
Total capital assets being depreciated	<u>410,128,035</u>	<u>1,018,067</u>	<u>(69,163)</u>	<u>411,076,939</u>
Less accumulated depreciation for:				
Buildings	(436,461)	(30,244)	-	(466,705)
Operating Equipment	(2,940,154)	(305,870)	69,163	(3,176,861)
Communications Facilities	(829,364)	(24,342)	-	(853,706)
Dam and Reservoir	(13,075,518)	(219,530)	-	(13,295,048)
Pipelines	(35,758,731)	(1,103,989)	-	(36,862,720)
Pumping Plants	(8,281,464)	(323,729)	-	(8,605,193)
Regulating Reservoirs	(1,126,305)	(23,916)	-	(1,150,221)
Water Treatment Facilities	(274,666)	(5,143)	-	(279,809)
Water Rights	(14,390,692)	(963,877)	-	(15,354,569)
Groundwater Production Facilities	(10,521,262)	(759,813)	-	(11,281,075)
Salinity Control Facilities	(6,464,209)	-	-	(6,464,209)
Total accumulated depreciation	<u>(94,098,826)</u>	<u>(3,760,453)</u>	<u>69,163</u>	<u>(97,790,116)</u>
Total capital assets being depreciated, net	<u>316,029,209</u>	<u>(2,742,386)</u>	<u>-</u>	<u>313,286,823</u>
Total capital assets, net	<u>\$ 321,697,044</u>	<u>\$ (2,478,260)</u>	<u>\$ -</u>	<u>\$ 319,218,784</u>



CANADIAN RIVER MUNICIPAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 6 – LONG-TERM DEBT AND OTHER LIABILITIES

In the year ended September 30, 2005, the Authority issued Contract Revenue Bonds, Series 2005 in the amount of \$48,125,000 for water rights purchases with principal maturing annually through February 15, 2025. The Authority issued Subordinate Lien Contract Revenue Refunding Bonds, Series 2012 in the amount of \$39,505,000 for the advance refunding portion of the Contract Revenue Bonds, Series 2005 with principal maturing annually through February 15, 2025. Interest ranged from 2% - 5%. The Authority then issued Subordinate Lien Contract Revenue Refunding Bonds, Series 2021 in the amount of \$18,305,000 for the refunding of the Contract Revenue Refunding Bonds, Series 2012 with principal maturing annually through February 15, 2025. Interest ranges from 2% - 5%. The City of Lubbock has a different structure of repayment than the other member cities.

In the year ended September 30, 2006, the Authority issued Contract Revenue Bonds, Series 2006 in the amount of \$49,075,000 for acquisition and construction costs with principal maturing annually through February 15, 2027. Interest ranged from 4.25% - 5%. Slaton and Tahoka had initially opted out of the bond issue and seven of the other cities (not including Lamesa or O'Donnell) agreed to pick up their shares. Slaton and Tahoka then decided to buy in, as allowed by the contract. Even though the buy-in option was exercised, the initial participating member cities are still obligated to make the bond payments in full. The Authority provided these seven-member cities credit for the payments made by Slaton and Tahoka on an annual basis to compensate for the buy-in. The Authority issued Subordinate Lien Contract Revenue Refunding Bonds, Series 2014 in the amount \$30,415,000 for the advance refunding of the Contract Revenue Bonds, Series 2006 with principal maturing annually through February 15, 2027. Interest ranges from 2% - 5%. Slaton and Tahoka are participants in the Series 2014 issue. The Authority has now issued Subordinate Lien Contract Revenue Refunding Bonds, Series 2023 in the amount of \$12,330,000 at 5% for the refunding of the Contract Revenue Refunding Bonds, Series 2014 with principal maturing annually through February 15, 2027. All member cities share proportionately the obligations of the annual debt service.

In the year ended September 30, 2010, the Authority issued Contract Revenue Bonds, Series 2009 in the amount of \$21,105,000 for financing the continuation and expansion of the Conjunctive Use Groundwater Supply Project with principal maturing annually through February 15, 2029. Interest ranged from 3% - 5%. The Authority established a Bond Reserve Fund with a contribution of \$1,617,806 from the General Reserve Fund which will not be repaid by the member cities. The Authority issued Subordinate Lien Contract Revenue Refunding Bonds, Series 2017 in the amount of \$11,465,000 for the advance refunding of the Contract Revenue Bonds, Series 2009 with principal maturing annually through February 15, 2029. The Bond Reserve Fund was rolled into the 2017 advanced refunding. Interest ranges from 3% - 5%. All member cities share proportionately the obligations of the annual debt service.

In the year ended September 30, 2012, the Authority issued Subordinate Lien Contract Revenue Bonds, Series 2011 in the amount of \$81,630,000 for financing the purchases of various water rights with principal maturing annually through February 15, 2031. Interest ranged from 3% - 5%. The Authority issued Subordinate Lien Contract Revenue Refunding Bonds, Series 2020 in the amount of \$44,095,000 for the refunding of the Contract Revenue Bonds, Series 2011 with principal maturing annually through February 15, 2031. Interest ranges from 4% - 5%. The member cities share proportionately the obligations of the annual debt service with a modification made for the City of Levelland for consideration of a cash contribution.

All bonds are payable from and secured by an irrevocable first lien on and pledge of the participating member cities' project payments in accordance with their individual Conjunctive Use Groundwater Supply Agreements.

Moody's has rated each of these bonds an 'Aa3'.

Continued

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 6 – LONG-TERM DEBT AND OTHER LIABILITIES – Continuation

The following is a summary of the Authority's long-term debt and other liabilities:

	Contract Revenue Refunding Conjunctive Use Groundwater Series 2020	Contract Revenue Refunding Conjunctive Use Groundwater Series 2017	Contract Revenue Refunding Conjunctive Use Groundwater Series 2021
Interest Rate	4.0 - 5.0%	3.0 - 5.0%	2.0 - 5.0%
Principal Due Annually	Feb	Feb	Feb
Interest Due Semi-Annually	Feb / Aug	Feb / Aug	Feb / Aug
Balances at September 30, 2022	\$ 40,570,000	\$ 8,245,000	\$ 18,305,000
Additions	-	-	-
Reductions	-	-	-
Principal Payments	(3,680,000)	(1,095,000)	(5,830,000)
Balances at September 30, 2023	36,890,000	7,150,000	12,475,000
Bond Premium Net of Amortization	6,815,244	632,393	533,012
Total Bonds Payable at September 30, 2023	<u>\$ 43,705,244</u>	<u>\$ 7,782,393</u>	<u>\$ 13,008,012</u>
Amounts Due Within One Year	<u>\$ 3,860,000</u>	<u>\$ 1,145,000</u>	<u>\$ 6,130,000</u>

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

Contract Revenue Refunding Conjunctive Use Groundwater Series 2014 - 2006	Contract Revenue Refunding Conjunctive Use Groundwater Series 2023	Totals
2.0 - 5.0% Feb Feb / Aug	5.0% Feb Feb / Aug	
\$ 15,565,000	\$ -	\$ 82,685,000
-	12,330,000	12,330,000
(12,750,000)	-	(12,750,000)
(2,815,000)	-	(13,420,000)
-	12,330,000	68,845,000
-	536,130	8,516,779
\$ -	\$ 12,866,130	\$ 77,361,779
\$ -	\$ 2,860,000	\$ 13,995,000

Continued

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 6 – LONG-TERM DEBT AND OTHER LIABILITIES – Continuation

The annual requirements to amortize the Authority's long-term debt, including interest as of September 30, 2023 is presented below:

Due During Fiscal Years Ending	Contract Revenue Bonds Conjunctive Use Groundwater Supply Project Series 2020 (\$44,095,000)			Contract Revenue Refunding Bonds Conjunctive Use Groundwater Supply Project Series 2017 (\$11,465,000)		
	Principal	Interest (4-5%)	Total	Principal	Interest (3-5%)	Total
	2024	\$ 3,860,000	\$ 1,693,800	\$ 5,553,800	\$ 1,145,000	\$ 271,325
2025	4,055,000	1,495,925	5,550,925	1,200,000	212,700	1,412,700
2026	4,255,000	1,288,175	5,543,175	1,265,000	151,075	1,416,075
2027	4,465,000	1,070,175	5,535,175	1,325,000	92,950	1,417,950
2028	4,705,000	840,925	5,545,925	1,375,000	45,825	1,420,825
2029 - 2031	15,550,000	1,054,000	16,604,000	840,000	12,600	852,600
Totals	<u>\$ 36,890,000</u>	<u>\$ 7,443,000</u>	<u>\$ 44,333,000</u>	<u>\$ 7,150,000</u>	<u>\$ 786,475</u>	<u>\$ 7,936,475</u>

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

Contract Revenue Refunding Bonds Conjunctive Use Groundwater Supply Project Series 2021 (\$18,305,000)			Contract Revenue Refunding Bonds Conjunctive Use Groundwater Supply Project Series 2023 (\$12,330,000)		
Principal	Interest (1.75-5%)	Total	Principal	Interest (5%)	Total
\$ 6,130,000	\$ 264,288	\$ 6,394,288	\$ 2,860,000	\$ 545,000	\$ 3,405,000
6,345,000	55,518	6,400,518	3,010,000	398,250	3,408,250
-	-	-	3,155,000	244,125	3,399,125
-	-	-	3,305,000	82,625	3,387,625
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 12,475,000</u>	<u>\$ 319,806</u>	<u>\$ 12,794,806</u>	<u>\$ 12,330,000</u>	<u>\$ 1,270,000</u>	<u>\$ 13,600,000</u>

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 6 – LONG-TERM DEBT AND OTHER LIABILITIES – Continuation

The annual requirements to amortize the Authority’s long-term debt, including interest as of September 30, 2023 is presented below:

Due During Fiscal Years Ending	Total Annual Requirements For All Long-Term Debt		
	Principal	Interest	Total
2024	\$ 13,995,000	\$ 2,774,413	\$ 16,769,413
2025	14,610,000	2,162,393	16,772,393
2026	8,675,000	1,683,375	10,358,375
2027	9,095,000	1,245,750	10,340,750
2028	6,080,000	886,750	6,966,750
2029 - 2031	16,390,000	1,066,600	17,456,600
Totals	\$ 68,845,000	\$ 9,819,281	\$ 78,664,281

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 6 – LONG-TERM DEBT AND OTHER LIABILITIES - Continuation

The principal balances of the member cities' obligations as of September 30, 2023, were as follows:

	Contract Revenue Refunding Conjunctive Use Groundwater Series 2020	Contract Revenue Refunding Conjunctive Use Groundwater Series 2017	Contract Revenue Refunding Conjunctive Use Groundwater Series 2021	Contract Revenue Refunding Conjunctive Use Groundwater Series 2014 - 2006	Contract Revenue Refunding Conjunctive Use Groundwater Series 2023	Total
Receivables from Cities at September 30, 2022	\$ 37,947,548	\$ 7,464,217	\$ 14,560,449	\$ 13,792,368	\$ -	\$ 73,764,582
Additions	-	-	-	-	12,330,000	12,330,000
Reductions	-	-	-	(12,750,000)	-	(12,750,000)
Principal Payments	(3,808,272)	(1,130,652)	(6,022,683)	(1,042,368)	(1,800,968)	(13,804,943)
Receivables from Cities at September 30, 2023	<u>\$ 34,139,276</u>	<u>\$ 6,333,565</u>	<u>\$ 8,537,766</u>	<u>\$ -</u>	<u>\$ 10,529,032</u>	<u>\$ 59,539,639</u>
City of Amarillo	\$ 13,966,166	\$ 2,555,568	\$ 4,330,461	\$ -	\$ 4,234,062	\$ 25,086,257
City of Borger	1,907,800	349,101	591,561	-	578,391	3,426,853
City of Brownfield	755,708	138,282	234,328	-	229,105	1,357,423
City of Lamesa	749,250	137,086	232,288	-	227,124	1,345,748
City of Levelland	572,816	175,525	297,483	-	290,811	1,336,635
City of Lubbock	12,861,543	2,366,771	1,780,417	-	3,951,000	20,959,731
City of O'Donnell	95,526	17,490	29,611	-	28,977	171,604
City of Pampa	1,249,470	229,920	407,127	-	383,820	2,270,337
City of Plainview	1,281,041	235,732	417,462	-	393,522	2,327,757
City of Slaton	541,880	99,150	168,003	-	164,272	973,305
City of Tahoka	158,076	28,940	49,025	-	47,948	283,989
Receivables from Member Cities	<u>\$ 34,139,276</u>	<u>\$ 6,333,565</u>	<u>\$ 8,537,766</u>	<u>\$ -</u>	<u>\$ 10,529,032</u>	<u>\$ 59,539,639</u>
Current Portion	\$ 3,812,610	\$ 1,128,567	\$ 5,894,017	\$ -	\$ 2,814,865	\$ 13,650,059
Noncurrent Portion	30,326,666	5,204,998	2,643,749	-	7,714,167	45,889,580
	<u>\$ 34,139,276</u>	<u>\$ 6,333,565</u>	<u>\$ 8,537,766</u>	<u>\$ -</u>	<u>\$ 10,529,032</u>	<u>\$ 59,539,639</u>

Continued

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 6 – LONG-TERM DEBT AND OTHER LIABILITIES – Continuation

Unearned Revenue:

As of September 30, 2023, member cities participating in the debt financing had remitted interest payments since the most recent bond interest payment on August 15, 2023, totaling \$280,493 toward the February 15, 2024, debt service requirements. The interest remitted has been recorded as unearned revenue.

	<u>Interest Payments Remitted</u>
Contract Revenue Refunding Conjunctive Use Groundwater Series 2020	\$ 156,871
Contract Revenue Refunding Conjunctive Use Groundwater Series 2017	26,408
Contract Revenue Refunding Conjunctive Use Groundwater Series 2021	42,011
Contract Revenue Refunding Conjunctive Use Groundwater Series 2023	<u>55,203</u>
Total Unearned Revenue	<u>\$ 280,493</u>

Compensated Absences:

In June 2022, the Government Accounting Standards Board (GASB) approved GASB Statement No. 101 Compensated Absences (GASB 101) replacing GASB 16 which was issued in 1992. Upon implementation of GASB 101, sick leave is now included in the calculation of compensated absences, whereas previously only annual leave was included in the calculation. (See 6. Compensated Absences on page 40.) The cumulative effect of this change resulted in a \$70,622 increase to the September 30, 2022, balance.

Compensated absences decreased in FY22-23 from the restated September 30, 2022, balance by a net of \$49,056 due to retirements, leaving a balance of \$296,210 as of September 30, 2023.

Balance at September 30, 2022, as previously reported	\$ 274,644
Change in accounting principle (GASB 101)	<u>70,622</u>
Balance at September 30, 2022, as restated	\$ 345,266
Additions	339,913
Deletions	<u>(388,969)</u>
Balance at September 30, 2023	<u>\$ 296,210</u>
Amounts Due Within One Year	<u>\$ 13,200</u>

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 7 – ASSESSMENTS TO MEMBER CITIES

Member cities of the Authority are assessed each month for general operation and maintenance costs, excluding pumping energy and line chemicals, on the basis of estimated costs to each member city as budgeted for that fiscal year. The Authority maintains a cost system by which it allocates its actual costs to each member city. After the end of each fiscal year, it issues additional assessments or credits to each member city for the difference between actual costs allocated to each city and the estimated costs previously assessed. These year-end adjustments are reflected in these financial statements.

NOTE 8 – PUMPING ENERGY AND CHEMICAL COSTS

In accordance with the Authority's manual revised and adopted by the Board of Directors on February 1, 2017, pumping energy and line chemicals are assessed to the member cities each month on a direct cost basis. Therefore, these costs are segregated from other general operation and maintenance costs of the Authority.

NOTE 9 – RESERVES

- Injection Well Reserve

The Injection Well Reserve shall be maintained for the purpose of major repair or rehabilitation of the injection well or wells at the Lake Meredith Salinity Control Project, for the purpose of maintaining or restoring the capacity of the well or wells to receive injectate, or to comply with regulatory requirements. The Board of Directors of the Authority shall determine the maximum amount of this reserve. There was no GOM budgeted contribution for FY22-23 due to using those funds to budget for a salinity control project study and none of the reserve was utilized this year. The Injection Well Reserve had a balance of \$4,655,679 at September 30, 2023.

- Well Maintenance Reserve

This reserve shall be maintained for providing for the major repair or rehabilitation of wells, well pumps, well pump motors, motor controls, or related equipment, and for paying any applicable minimum charges which may become due on contracts or tariffs for motive power for pumping from wells. The FY22-23 GOM budgeted contribution was \$600,000. Utilization of the reserve totaled \$1,426,241 of which \$900,000 was used to purchase backup pumps and motors to enable quicker startup should existing equipment experience a problem or failure. The maximum amount of the reserve shall be the amount required to pay the minimum charges on any contract or tariff for motive power for pumping, plus the average annual direct cost of motive power for well pumping for five immediately preceding complete budget years. Such reserve had a balance of \$544,870 at September 30, 2023, which is under the calculated maximum. Future GOM budgets will include increased contributions to this reserve fund to build the reserve balance back to normal carrying balance to continue to meet business and member city needs.

Continued

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 9 – RESERVES – Continuation

- Reserve for Dam Operations

The Authority established the Reserve for Dam Operations in the amount of \$1,506,917 in accordance with the provisions of the Contracts between the cities and the Authority whereby interest earnings would accumulate to meet the annual expense for the dam and reservoir previously paid by the Bureau of Reclamation. As a result of cumulative expenses exceeding cumulative interest earnings, the reserve balance has fallen below the value specified in the Contracts. The Contracts state that the Board of Directors will establish procedures to replenish the fund when and if necessary. It was determined by the Board of Directors at the January 12, 2012, meeting that the fund will continue to be used until it is exhausted. Such reserve had a balance of \$303,518 at September 30, 2023. Utilization of the reserve totaled \$127,040 for year ended September 30, 2023.

- Well Replacement Reserve

The Authority established this reserve for adding future wells to replace lost well production capacity. The FY22-23 GOM budgeted contribution was \$1,300,000 and \$610,388 of the reserve was utilized this year. The Authority is currently in the design phase of constructing 2 to 4 new wells that should be online in mid-2024. Funding for these new wells come from this Well Replacement Reserve fund. Such reserve had a balance of \$6,706,357 at September 30, 2023.

- Reserve for Inventory

The Authority uses this reserve to account for inventory. The net increase in inventory totaled \$1,010,613 for year ended September 30, 2023. \$900,000 of this increase was the pumps and motors purchased from the Well Maintenance Reserve Fund as noted above. The Inventory reserve had a balance of \$2,003,505 at September 30, 2023.

- General Reserve

This Reserve shall be maintained 1) to meet the extraordinary and unforeseen costs of operation and maintenance, repair and betterment of project works, 2) for replacement or major repair of items of equipment and facilities not provided for by the approved budget for General Operation and Maintenance costs or other reserves of the Authority, 3) for capital or major improvement of project works. The amount accumulated in this reserve shall not be reduced to less than \$300,000 for the purposes listed in items 2 or 3 without the approval of the Contracting Officer of the Bureau of Reclamation. The maximum amount of the Reserve shall be \$300,000 plus the average of the final amounts budgeted for General Operation and Maintenance Costs during the two immediately preceding complete budget years plus the average annual direct cost of pumping energy for the five immediately preceding complete budget years. The FY22-23 GOM budgeted contribution was \$100,000. The additional amount reserved for various purchases from the FY22-23 budget was \$449,653 and \$223,927 of the amount reserved for various purchases from the FY21-22 budget was fully utilized this year. Such Reserve had a balance of \$9,729,688 at September 30, 2023, which is under the calculated maximum. (See 6. Compensated Absences on pages 40-41 regarding the changes in accounting principle (GASB 101) restatement of the September 30, 2022, beginning balance.)

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 10 – CHANGES IN UNRESTRICTED NET POSITION

Changes in the Authority's unrestricted Net Position are shown below:

	Injection Well Reserve	Well Maintenance Reserve	Reserve for Dam Operations	Well Replacement Reserve	Reserve for Inventory	General Reserve	Total Unrestricted Reserves
Balances at September 30, 2022, as previously reported	\$ 4,472,617	\$ 1,289,586	\$ 409,464	\$ 5,690,446	\$ 992,892	\$ 9,009,410	\$ 21,864,415
Change in accounting principle (GASB 101)	-	-	-	-	-	(70,622)	(70,622)
Balances at September 30, 2022, as restated	\$ 4,472,617	\$ 1,289,586	\$ 409,464	\$ 5,690,446	\$ 992,892	\$ 8,938,788	\$ 21,793,793
Reserved for various purchases	-	-	-	-	-	449,653	449,653
O&M budgeted contributions	-	600,000	-	1,300,000	-	100,000	2,000,000
Miscellaneous income	-	-	-	-	-	6,755	6,755
Net inventory increase	-	-	-	-	1,010,613	-	1,010,613
Utilization of reserve	-	(1,426,241)	(127,040)	(610,388)	-	(223,927)	(2,387,596)
Interest income	183,062	81,525	21,094	326,299	-	458,419	1,070,399
Balances at September 30, 2023	<u>\$ 4,655,679</u>	<u>\$ 544,870</u>	<u>\$ 303,518</u>	<u>\$ 6,706,357</u>	<u>\$ 2,003,505</u>	<u>\$ 9,729,688</u>	<u>\$ 23,943,617</u>

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 11 – NET POSITION

Net position at September 30, 2023, consisted of the following:

Net investment in capital assets	
Capital assets, net	\$ 319,219,798
Less outstanding debt issued for purchase or construction of capital assets	<u>(82,534,914)</u>
Total net investment in capital assets	236,684,884
Restricted net position	70,238,397
Unrestricted net position	<u>23,943,617</u>
Total Net Position	<u>\$ 330,866,898</u>

NOTE 12 – RETIREMENT PLAN

The Authority has established a money purchase defined contribution 401(a) plan and a 457 plan for its employees, both of which are administered by ICMA. The plan is governed by the Board of Directors which may amend benefits and other plan provisions and are responsible for the management of the plan assets. Contribution requirements of plan members and the Authority may also be amended by the Board of Directors. Currently, the Authority and CRMWA Corporation contribute 14% of eligible employee earnings to the 401(a) plan. Eligible employees must contribute 7% of their earnings. Employees may also contribute to the 457, IRA and/or Roth IRA plans. Employee contributions to all plans were equivalent to 10.38% of covered payroll or \$351,743 for the year ended September 30, 2023. The total cost to the Authority and Corporation for year ended September 30, 2023, was \$476,401 (net of forfeited amounts due to terminations). Combined entities' payroll for year ended September 30, 2023, was \$3,443,337 and the Authority's contributions to the 401(a) plan were based on a covered payroll of \$3,387,144. As of September 30, 2023, there were 53 plan members with account balances in the 401(a) plan representing both current (42) and former employees/retirees (11). The 457 plan had 31 members with account balances representing 28 current employees and 3 former employees/retirees.

During the fiscal year ended September 30, 1992, the Board of Directors approved an amendment to the plan to allow early retirement. The amendment established a factor based on the total of the employee's age and length of service to equal 82.5 years, after age 55.

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 13 – RISK MANAGEMENT

The Authority's major areas of risk management are directors' liability, general liability, property damage, boiler and machinery equipment damage, pollution, workers' compensation, automobile liability, cyber and employee health insurance. The Authority has purchased commercial insurance to cover risks of loss in these areas. There have been no significant reductions in insurance coverage and settlements have not exceeded insurance coverage for the current year or the previous three years.

NOTE 14 – BOND REFUNDING

The Authority issued Subordinate Lien Contract Revenue Refunding Bonds, Series 2023 in the amount of \$12,330,000 with an interest rate of 5%. The proceeds were used to current refund \$12,750,000 of outstanding Contract Revenue Refunding Bonds, Series 2014 which had interest rates ranging from 2% - 5%. The net proceeds of \$12,753,110 (including a \$588,701 premium less \$165,591 in underwriting fees and other issuance costs) plus \$192,025 from the debt service fund were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. The Contract Revenue Refunding Bonds, Series 2014 are considered defeased and the liability for those bonds has been removed from the statement of net position.

The Authority refunded this bond issue to reduce its total debt service payments over the next 4 years by \$463,750 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$430,579.

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 15 – BLENDED COMPONENT UNIT

CONDENSED COMBINING STATEMENT OF NET POSITION
September 30, 2023

	Canadian River Municipal Water Authority	CRMWA Corporation	Totals
Current and Other Assets	\$ 34,618,785	\$ 4,718,892	\$ 39,337,677
Accounts Receivable from Corp	43,603	-	43,603
Net Capital Assets	318,945,868	272,916	319,218,784
Other Noncurrent Assets	58,589,812	-	58,589,812
Total Assets	412,198,068	4,991,808	417,189,876
Current Liabilities	17,436,841	19,610	17,456,451
Accounts Payable to the Authority	-	43,603	43,603
Noncurrent Liabilities	63,632,507	17,282	63,649,789
Total Liabilities	81,069,348	80,495	81,149,843
Deferred Inflows of Resources	5,173,135	-	5,173,135
Net Position:			
Net Investment in Capital Assets	236,411,968	272,916	236,684,884
Restricted for debt service	70,238,397	-	70,238,397
Unrestricted	19,305,220	4,638,397	23,943,617
Total Net Position	\$ 325,955,585	\$ 4,911,313	\$ 330,866,898

Continued

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 15 – BLENDED COMPONENT UNIT – Continuation

CONDENSED COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the year ended September 30, 2023

	Canadian River Municipal Water Authority	CRMWA Corporation	Totals
Operating Revenues	\$ 18,509,960	\$ -	\$ 18,509,960
Operating Expenses	(16,126,235)	(446,098)	(16,572,333)
Revenues in excess of (under) expenses before depreciation/amortization	2,383,725	(446,098)	1,937,627
Operating Expenses - Depreciation/Amortization	(3,735,785)	(24,668)	(3,760,453)
Operating Loss	(1,352,060)	(470,766)	(1,822,826)
Nonoperating Revenues:			
Assessments to member cities for bond interest	3,423,140	-	3,423,140
Other revenues	1,351,161	229,309	1,580,470
Nonoperating Expenses:			
Bond interest expense	(493,261)	-	(493,261)
Credits to member cities for bond refunding	(420,000)	-	(420,000)
Other bond costs	(165,591)	-	(165,591)
Operating Income (Loss) Net of Nonoperating Revenues (Expenses)	2,343,389	(241,457)	2,101,932
Transfers	(506,325)	506,325	-
Capital Contributions	365,939	-	365,939
Increase in Net Position	2,203,003	264,868	2,467,871
Beginning Net Position - as previously reported	323,823,204	4,646,445	328,469,649
Change in accounting principle (GASB 101)	(70,622)	-	(70,622)
Beginning Net Position - as restated	323,752,582	4,646,445	328,399,027
Net Position - End of Year	\$ 325,955,585	\$ 4,911,313	\$ 330,866,898

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 15 – BLENDED COMPONENT UNIT – Continuation

CONDENSED COMBINING STATEMENT OF CASH FLOWS
For Year Ended September 30, 2023

	Canadian River Municipal Water Authority	CRMWA Corporation	Totals
Cash Flows From Operating Activities:			
Cash received from member cities for assessments	\$ 18,613,608	\$ -	\$ 18,613,608
Cash payments to employees for services	(4,521,834)	(221,948)	(4,743,782)
Cash payments to suppliers for goods and services	(12,217,547)	(217,326)	(12,434,873)
Net Cash Provided (Used) by Operating Activities	<u>1,874,227</u>	<u>(439,274)</u>	<u>1,434,953</u>
Cash Flows From Capital and Related Financing Activities:			
Transfers	(558,002)	558,002	-
Cash paid for acquisition or construction of capital assets	(1,169,882)	(112,311)	(1,282,193)
Cash received from member cities for debt service	17,165,457	-	17,165,457
Proceeds from bond refunding	12,753,110	-	12,753,110
Principal paid from bond refunding proceeds	(12,745,683)	-	(12,745,683)
Principal and interest paid from debt service fund	(4,317)	-	(4,317)
Principal paid from cash received from member cities	(13,420,000)	-	(13,420,000)
Interest paid on debt	(3,470,996)	-	(3,470,996)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,450,313)</u>	<u>445,691</u>	<u>(1,004,622)</u>
Cash Flows From Investing Activities:			
Interest received on investments	<u>1,344,405</u>	<u>229,309</u>	<u>1,573,714</u>
Net Cash Provided by Investing Activities	<u>1,344,405</u>	<u>229,309</u>	<u>1,573,714</u>
Net Increase in Cash and Cash Equivalents	<u>1,768,319</u>	<u>235,726</u>	<u>2,004,045</u>
Cash and Cash Equivalents at Beginning of Year	<u>27,715,282</u>	<u>4,483,166</u>	<u>32,198,448</u>
Cash and Cash Equivalents at End of Year	<u>\$ 29,483,601</u>	<u>\$ 4,718,892</u>	<u>\$ 34,202,493</u>

Continued

CANADIAN RIVER MUNICIPAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 15 – BLENDED COMPONENT UNIT – Continuation

CONDENSED COMBINING STATEMENT OF CASH FLOWS
For Year Ended September 30, 2023

	Canadian River Municipal Water Authority	CRMWA Corporation	Totals
Continuation			
Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities:			
Operating loss	\$ (1,352,060)	\$ (470,766)	\$ (1,822,826)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:			
Other nonoperating revenue	6,756	-	6,756
Depreciation and amortization	3,735,785	24,668	3,760,453
Increase in operating portion of due from member cities and other receivables	72,433	7,197	79,630
Net increase in inventory	(1,010,613)	-	(1,010,613)
Increase (Decrease) in accounts payable, other accruals and compensated absences	397,908	(373)	397,535
Decrease in assessments received in advance	24,018	-	24,018
Net Cash Provided by (Used for) Operating Activities	\$ 1,874,227	\$ (439,274)	\$ 1,434,953
Schedule of Noncash Investing, Capital and Financing Activities:			
Premium amortization	\$ (2,892,604)	\$ -	\$ (2,892,604)
Noncash reduction in amount due from member cities as a result of bond refunding	\$ (420,000)	\$ -	\$ (420,000)
Noncash contributions from member cities for construction	\$ 365,939	\$ -	\$ 365,939

Supplementary Information



CANADIAN RIVER MUNICIPAL WATER AUTHORITY
SUPPLEMENTARY INFORMATION
For Year Ended September 30, 2023

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Budget to Actual
For Year Ended September 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance to Final Budget
Operating Revenues:				
Assessments to member cities				
General O&M costs	\$ 10,181,125	\$ 10,181,125	\$ 9,640,215	\$ (540,910)
Pumping and chemical costs	8,742,801	8,742,801	8,869,745	126,944
Total Operating Revenues	<u>18,923,926</u>	<u>18,923,926</u>	<u>18,509,960</u>	<u>(413,966)</u>
Operating Expenses:				
Personnel costs	5,210,490	5,210,490	4,709,099	501,391
Professional fees	508,266	508,266	399,468	108,798
Purchased and contracted services	327,132	327,132	606,148	(279,016)
Consumable supplies and materials	1,034,748	1,034,748	1,279,067	(244,319)
Recurring operating cost	765,469	765,469	708,806	56,663
Depreciation and amortization	-	-	3,760,453	(3,760,453)
Pumping energy and line chemicals	8,742,801	8,742,801	8,869,745	(126,944)
Total Operating Expenses	<u>16,588,906</u>	<u>16,588,906</u>	<u>20,332,786</u>	<u>(3,743,880)</u>
Operating Income (Loss)	<u>2,335,020</u>	<u>2,335,020</u>	<u>(1,822,826)</u>	<u>(4,157,846)</u>
Nonoperating Revenues (Expenses):				
Assessments to member cities				
Debt service interest assessment	-	-	3,423,140	3,423,140
Other income	-	-	6,756	6,756
Investment income	-	-	1,573,714	1,573,714
Interest expense	-	-	(493,261)	(493,261)
Credits to member cities for bond refunding	-	-	(420,000)	(420,000)
Other bond costs	-	-	(165,591)	(165,591)
Total Nonoperating Revenues	<u>-</u>	<u>-</u>	<u>3,924,758</u>	<u>3,924,758</u>
Capital Contributions	<u>-</u>	<u>-</u>	<u>365,939</u>	<u>365,939</u>
Increase (Decrease) in Net Position	<u>\$ 2,335,020</u>	<u>\$ 2,335,020</u>	<u>\$ 2,467,871</u>	<u>\$ 132,851</u>
Other Operating Sources (Uses):				
Well Maintenance Reserve utilization	\$ -	\$ -	\$ 1,426,241	\$ 1,426,241
Dam and Reservoir Reserve utilization	70,000	70,000	127,040	57,040
Well Replacement Reserve utilization	-	-	610,388	610,388
Other Reserve utilization	-	-	223,927	223,927
Construction fund miscellaneous income	-	-	(5,364)	(5,364)
Net inventory increase	-	-	(1,010,613)	(1,010,613)
Net capital expenditures	(405,020)	(405,020)	(905,841)	(500,821)
Well Replacement Reserve	(1,300,000)	(1,300,000)	(1,300,000)	-
Well Maintenance Reserve	(600,000)	(600,000)	(600,000)	-
General Reserve	(100,000)	(100,000)	(100,000)	-
Other Reserve	-	-	(449,653)	(449,653)
Total Other Operating Sources (Uses)	<u>(2,335,020)</u>	<u>(2,335,020)</u>	<u>(1,983,875)</u>	<u>351,145</u>
Decrease in Net Position after Other Operating Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 483,996</u>	<u>\$ 483,996</u>
Reconciliation to the Approved General O&M Budget and Assessments to Member Cities for General O&M costs				
Operating expenses	\$ 16,588,906			
Pumping energy and line chemicals	(8,742,801)			
Capital expenditures	405,020			
Reserve contributions	2,000,000			
Total General Operation and Maintenance Budget	<u>10,251,125</u>			
Reserve utilization	(70,000)			
Assessments to member cities - General O&M costs	<u>\$ 10,181,125</u>			

Statistical Section (Unaudited)



CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2023

STATISTICAL SECTION NARRATIVE SUMMARY

The information in this section is not covered by the Independent Auditors' Report but is presented as supplemental data for the benefit of the readers of the Annual Comprehensive financial report (ACFR). The objectives of the statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess the Authority's overall financial health and current business needs.

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.</i>	67 - 68
Revenue Capacity <i>These schedules contain information to help the reader assess the Authority's most significant local revenue source, the assessments to member cities.</i>	69
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the Authority's current level of outstanding debt and the Authority's ability to issue additional debt in the future.</i>	70
Demographic and Economic Information <i>These schedules present information to help the reader understand the environment within which the Authority's financial activities take place.</i>	71- 82
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.</i>	83 - 85

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2023

**Canadian River Municipal Water Authority
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)**

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net Position										
Net investment in capital assets	\$ 236,684,884	\$ 223,022,882	\$ 211,031,097	\$ 201,087,885	\$ 190,230,256	\$ 180,551,018	\$ 167,184,251	\$ 154,074,007	\$ 137,903,819	\$ 129,107,249
Restricted for debt service	70,238,397	83,582,352	96,885,211	117,440,962	130,799,750	142,080,365	160,360,765	171,903,499	183,221,813	198,205,403
Unrestricted	23,943,617	21,864,415	20,314,766	20,119,592	18,678,863	16,856,249	15,094,492	14,737,484	15,048,904	15,446,073
Total Net Position	\$ 330,866,898	\$ 328,469,649	\$ 328,231,074	\$ 338,648,439	\$ 339,708,869	\$ 339,487,632	\$ 342,639,508	\$ 340,714,990	\$ 336,174,536	\$ 342,758,725

Note: Certain accounts in the prior year columns have been reclassified for comparative purposes to conform to the presentation in the current year column.

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2023

Canadian River Municipal Water Authority
Statements of Revenues, Expenses, and Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Operating Revenues:										
Assessments to members cities										
General O&M Costs	\$ 9,640,215	\$ 9,199,652	\$ 6,980,113	\$ 8,255,268	\$ 9,228,230	\$ 9,259,061	\$ 9,541,638	\$ 14,924,608	\$ 5,762,240	\$ 5,937,108
Pumping and chemical costs	8,869,745	7,604,523	5,695,080	4,517,314	5,157,602	6,603,580	7,769,111	5,734,395	7,702,843	8,293,522
Total Operating Revenues	18,509,960	16,804,175	12,675,193	12,772,582	14,385,832	15,862,641	17,310,749	20,659,003	13,465,083	14,230,630
Operating Expenses:										
Personnel costs	4,709,099	4,405,618	4,333,895	4,534,583	4,530,640	4,263,258	4,035,929	4,244,692	3,575,271	3,499,405
Professional fees	399,468	286,437	253,655	271,075	169,335	208,868	572,478	1,371,603	241,136	322,364
Purchased and contracted services	606,148	1,207,566	757,811	374,911	992,745	1,122,773	1,086,755	1,522,484	1,291,355	804,799
Consumable supplies and materials	1,279,067	956,654	895,462	926,542	1,236,388	1,014,975	876,559	1,225,080	554,067	614,263
Recurring operating costs	708,806	619,564	551,741	637,759	661,653	575,629	630,574	818,568	513,447	453,645
Depreciation and amortization	3,760,453	3,750,937	3,736,113	3,767,447	3,751,171	3,690,530	3,602,424	3,495,414	3,449,032	3,442,907
Pumping energy and line chemicals	8,869,745	7,604,523	5,695,080	4,517,314	5,157,602	6,603,580	6,926,873	5,140,047	7,289,768	7,722,518
Total Operating Expenses	20,332,786	18,831,299	16,223,757	15,029,631	16,499,534	17,479,613	17,731,592	17,817,888	16,914,076	16,859,901
Operating Income (Loss)	(1,822,826)	(2,027,124)	(3,548,564)	(2,257,049)	(2,113,702)	(1,616,972)	(420,843)	2,841,115	(3,448,992)	(2,629,271)
Non operating Revenues (Expenses):										
Assessments to member cities:										
Debt service interest assessment	3,423,140	3,872,663	4,310,317	5,741,319	6,367,824	6,816,975	7,636,056	8,091,061	8,025,253	9,397,296
Other Income	6,756	6,196	8,544	6,507	7,673	7,682	11,721	4,805	8,540	35,613
Insurance proceeds	-	-	-	-	(59,018)	59,018	-	-	-	-
Gain on disposal of asset	-	-	29,552	-	20,036	-	-	9,400	24,342	-
Investment income	1,573,714	370,700	171,344	466,156	730,239	555,247	337,830	165,998	99,989	116,971
Interest expense	(493,261)	(1,496,486)	(3,901,833)	(4,185,565)	(4,731,815)	(5,381,780)	(5,640,246)	(6,571,925)	(7,673,089)	(9,586,262)
Credits to member cities for bond related activity	(420,000)	(520,000)	(7,710,000)	(831,798)	-	(3,379,999)	-	-	(3,111,475)	-
Other bond costs	(165,591)	(229,821)	(477,770)	-	-	(212,047)	-	-	(508,756)	-
Total Nonoperating Revenues (Expenses)	3,924,758	2,003,252	(7,569,846)	1,196,619	2,334,939	(1,534,904)	2,345,361	1,699,339	(3,135,196)	(36,382)
Capital Contributions and Transfers:										
Contributions from member cities for construction activity	365,939	262,447	701,045	-	-	-	-	-	-	-
Total Capital Contributions and Transfers	365,939	262,447	701,045	-	-	-	-	-	-	-
Increase (Decrease) in Net Position	2,467,871	238,575	(10,417,365)	(1,060,430)	221,237	(3,151,876)	1,924,518	4,540,454	(6,584,189)	(2,665,653)
Beginning Net Position, as previously reported	328,469,649	328,231,074	338,648,439	339,708,869	339,487,632	342,639,508	340,714,990	336,174,536	342,758,725	345,424,378
Change in accounting principle (GASB 101)	(70,622)	-	-	-	-	-	-	-	-	-
Beginning Net Position, as restated	328,399,027	328,231,074	338,648,439	339,708,869	339,487,632	342,639,508	340,714,990	336,174,536	342,758,725	345,424,378
Net Position at End of Year	\$ 330,866,898	\$ 328,469,649	\$ 328,231,074	\$ 338,648,439	\$ 339,708,869	\$ 339,487,632	\$ 342,639,508	\$ 340,714,990	\$ 336,174,536	\$ 342,758,725

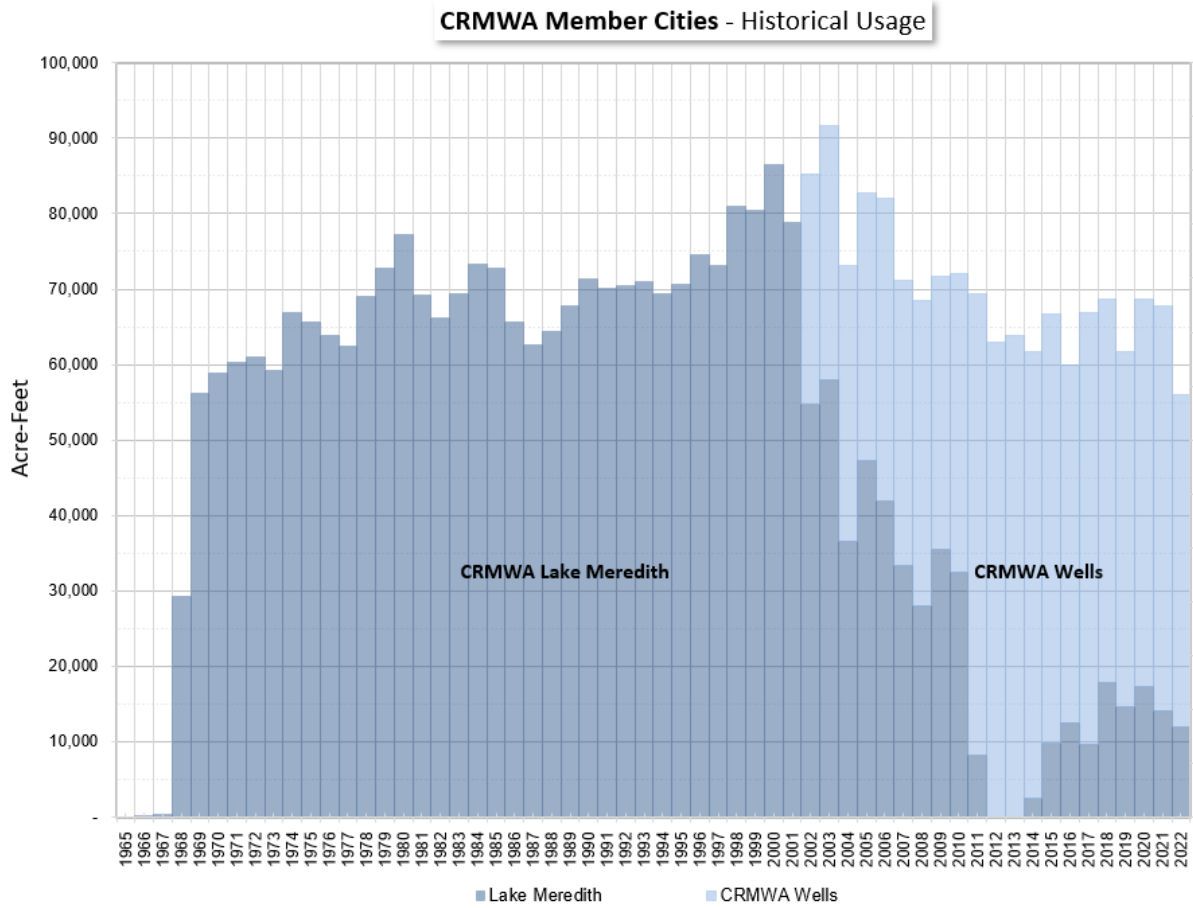
Note: Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2023

HISTORICAL WATER DELIVERIES TO MEMBER CITIES (Calendar Year)



Historical Usage (Acre-feet)							
Year	Lake	Year	Lake	Year	Lake	Wells	Total
1966	89	1984	73,223	2002	54,689	30,559	85,248
1967	411	1985	72,810	2003	57,899	33,728	91,627
1968	29,292	1986	65,679	2004	36,518	36,611	73,129
1969	56,229	1987	62,516	2005	47,215	35,501	82,715
1970	58,922	1988	64,332	2006	41,837	40,125	81,962
1971	60,325	1989	67,841	2007	33,430	37,676	71,106
1972	60,954	1990	71,259	2008	28,050	40,442	68,492
1973	59,269	1991	70,028	2009	35,540	36,242	71,782
1974	66,959	1992	70,365	2010	32,405	39,604	72,009
1975	65,702	1993	70,982	2011	8,287	61,039	69,326
1976	63,820	1994	69,426	2012	-	62,909	62,909
1977	62,344	1995	70,686	2013	-	63,786	63,786
1978	69,053	1996	74,480	2014	2,466	59,181	61,647
1979	72,745	1997	73,058	2015	9,934	56,862	66,796
1980	77,241	1998	81,000	2016	12,487	47,455	59,942
1981	69,143	1999	80,474	2017	9,647	57,274	66,921
1982	66,128	2000	86,488	2018	17,931	50,645	68,576
1983	69,345	2001	78,842	2019	14,700	47,059	61,759
				2020	17,323	51,412	68,735
				2021	14,181	53,628	67,810
				2022	11,992	44,036	56,028

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2023

Canadian River Municipal Water Authority Ratios of Outstanding Debt by Issue Last Ten Fiscal Years

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contract Revenue Bonds										
Conjunctive Use Groundwater Series 2005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 850,000
Conjunctive Use Groundwater Series 2005 - 2012 Refunding	-	-	26,717,483	32,744,515	35,231,548	37,638,580	39,965,613	42,232,646	44,429,679	45,056,711
Conjunctive Use Groundwater Series 2012 - 2021 Refunding	13,008,012	19,215,537	-	-	-	-	-	-	-	-
Conjunctive Use Groundwater Series 1999 - 2005 Partial Refunding	-	-	-	-	-	-	-	-	-	155,000,000
Conjunctive Use Groundwater Series 2005 Partial Refunding- 2014 Refunding	-	-	-	-	2,633,366	5,283,723	7,814,080	10,259,437	12,639,793	-
Conjunctive Use Groundwater Series 2006	-	-	-	-	-	-	-	-	2,190,000	38,065,493
Conjunctive Use Groundwater Series 2006 - 2014 Refunding	-	17,411,394	20,502,691	23,463,989	26,305,286	29,031,583	31,647,880	34,179,177	34,585,474	-
Conjunctive Use Groundwater Series 2014 - 2023 Refunding	12,866,130	-	-	-	-	-	-	-	-	-
Conjunctive Use Groundwater Series 2009	-	-	-	-	-	970,000	15,659,960	16,571,988	17,449,015	18,291,043
Conjunctive Use Groundwater Series 2009 - 2017 Refunding	7,782,393	8,991,509	10,160,625	11,289,741	12,388,857	12,502,974	-	-	-	-
Bureau of Reclamation Project Series 1999 - 2010 Refunding	-	-	-	-	-	-	2,259,429	3,428,584	4,567,739	5,671,894
Conjunctive Use Groundwater Series 1999 - 2010 Refunding	-	-	-	-	987,486	1,437,054	1,871,622	2,291,190	2,705,759	3,275,328
Conjunctive Use Groundwater Series 2011	-	-	-	59,709,866	63,871,972	67,854,077	71,696,183	75,373,288	78,895,394	82,267,500
Conjunctive Use Groundwater Series 2011 - 2020 Refunding	43,705,244	48,292,571	52,724,897	-	-	-	-	-	-	-
Total Outstanding Debt	\$ 77,361,779	\$ 93,911,011	\$ 110,105,696	\$ 127,208,111	\$ 141,418,515	\$ 154,717,991	\$ 170,914,767	\$ 184,336,310	\$ 197,462,853	\$ 208,977,969
Per Capita (1)	\$ 138	\$ 169	\$ 197	\$ 223	\$ 250	\$ 276	\$ 309	\$ 341	\$ 368	\$ 392

Note: Details regarding the Authority's outstanding debt can be found in the notes to the financial statements.

(1) Population data can be found in the Member City Population section on page 71

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2023

Canadian River Municipal Water Authority Member City Population Last Ten Fiscal Years

Year	Amarillo	Borger	Brownfield	Lamesa	Levelland	Lubbock	O'Donnell	Pampa ¹	Plainview	Slaton	Tahoka	Total
2023	203,463	12,612	8,936	8,674	12,652	267,825	704	17,670	20,187	5,746	2,449	560,918
2022	202,434	12,640	8,936	8,524	13,500	265,002	653	16,474	20,187	5,858	2,763	556,971
2021	201,412	12,640	8,936	8,674	13,504	265,531	835	17,263	20,187	6,275	2,727	557,984
2020	208,945	12,856	9,314	9,463	13,518	266,859	837	17,222	22,194	6,275	2,677	570,160
2019	206,876	12,437	9,314	9,463	13,568	264,388	795	17,241	22,194	6,275	2,677	565,228
2018	204,828	12,508	9,314	9,422	13,771	261,946	807	17,411	22,194	6,275	2,677	561,153
2017	202,800	12,631	9,779	9,422	13,966	254,565	807	17,519	22,194	6,275	2,677	552,635
2016	201,430	12,847	9,725	9,422	14,060	243,736	800	17,863	22,194	6,275	2,570	540,922
2015	199,744	12,978	9,757	9,115	14,114	241,322	800	18,275	22,194	6,250	2,553	537,102
2014	198,402	13,024	9,734	9,115	14,080	238,706	800	18,275	22,194	6,200	2,585	533,115
% Population Change	2.55%	-3.16%	-8.20%	-4.84%	-10.14%	12.20%	-12.00%	-3.31%	-9.04%	-7.32%	-5.26%	5.22%

1. Restated to report the population of the City of Pampa only (not including other parts of Gray County).

Sources: Member City ACFR's, 2010 and 2020 United States Census

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2023

Canadian River Municipal Water Authority Assessments to Member Cities Current Year and Nine Years Ago

<u>Member City</u>	2023			2014		
	<u>Assessments¹</u>	<u>Rank</u>	<u>Percentage of total Assessments</u>	<u>Assessments¹</u>	<u>Rank</u>	<u>Percentage of total Assessments</u>
Lubbock	\$ 7,431,124	1	40.15%	\$ 5,332,075	2	37.47%
Amarillo	6,892,400	2	37.24%	5,432,532	1	38.17%
Pampa	785,269	3	4.24%	666,021	3	4.68%
Borger	784,905	4	4.24%	540,061	5	3.80%
Levelland	669,690	5	3.62%	561,968	4	3.95%
Brownfield	545,384	6	2.95%	468,086	7	3.29%
Plainview	522,572	7	2.82%	536,051	6	3.77%
Lamesa	430,817	8	2.33%	330,766	8	2.32%
Slaton	292,223	9	1.58%	239,538	9	1.68%
Tahoka	98,852	10	0.53%	78,528	10	0.55%
O'Donnell	56,724	11	0.30%	45,005	11	0.32%
	<u>\$ 18,509,960</u>		<u>100.00%</u>	<u>\$ 14,230,631</u>		<u>100.00%</u>

Notes:

- 1 Assessments to member cities includes General Operation and Maintenance costs (GOM) and Pumping, Chemical and Energy costs (PEC) less groundwater conservation district fees

Source: Canadian River Municipal Water Authority Records

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2023

**Canadian River Municipal Water Authority
Principal Employers of Member Cities
Current Year and Nine Years Ago**

Name of Employer	City	2022			2013		
		Employees	Rank	Percentage of Individual Member City Employment ¹	Employees	Rank	Percentage of Individual Member City Employment ¹
Texas Tech University	Lubbock	5,137	1	3.310%	11,376	1	8.100%
Covenant Health System	Lubbock	5,046	2	3.250%	5,000	2	3.560%
United Supermarkets (Corporate)	Lubbock	4,874	3	3.140%	3,622	4	2.580%
Amarillo Independent School District	Amarillo	4,500	4	3.499%			
Tyson Foods	Amarillo	4,300	5	3.344%	3,700	3	2.885%
Lubbock Independent School District	Lubbock	4,266	6	2.750%	3,456	5	2.460%
CNS Pantex	Amarillo	3,844	7	2.989%			
University Medical Center	Lubbock	3,626	8	2.340%	3,327	6	2.370%
TTU Health Sciences Center	Lubbock	3,452	9	2.220%	3,280	7	2.340%
Baptist/St. Anthony's Health Systems	Amarillo	3,100	10	2.411%	2,900	8	2.261%
City of Lubbock	Lubbock				1,271	10	0.910%
Northwest Texas Healthcare	Amarillo				1,359	9	1.060%
		<u>42,145</u>			<u>39,291</u>		

Notes:

1 The percentage is based on the specific member city employee data - not the member cities employees in total

Source: Member Cities ACFR's

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2023

**Canadian River Municipal Water Authority
Principal Water Customers of the Member Cities
Current Year and Nine Years Ago**

Name of Customer	City	2022			2013		
		Average Monthly Consumption (Gallons)	Rank	Percentage of City's Average Annual Water Consumption	Average Monthly Consumption (Gallons)	Rank	Percentage of City's Average Annual Water Consumption
Xcel Energy	Amarillo	560,541,000	1	37.43%			
WRB Refining / Phillips 66	Borger	159,662,167	2	41.07%	58,527,000	3	23.22%
Tyson Fresh Meats	Amarillo	145,850,000	3	9.74%	115,103,084	1	8.57%
Nutrien / Agrium U.S. Inc.	Borger	113,190,167	4	29.12%	90,007,000	2	35.71%
Lubbock Parks Department	Lubbock	35,797,917	5	3.11%	28,952,417	6	2.56%
Owens Corning	Amarillo	31,190,000	6	2.08%			
Texas Tech University	Lubbock	31,028,417	7	2.70%	31,570,667	4	2.80%
Sid Richardson / Tokai Carbons	Borger	26,067,250	8	6.71%	26,542,000	7	10.53%
Orion Engineered Carbon	Borger	22,922,667	9	5.90%	19,533,000	10	7.75%
City of Canyon	Amarillo	21,676,000	10	1.45%	25,899,584	8	1.93%
TDCJ (Clements & Neal Units)	Amarillo			0.00%	30,072,667	5	2.24%
Lubbock Power & Light	Lubbock				19,591,500	9	1.73%
		<u>1,147,925,585</u>			<u>445,798,919</u>		

The Authority supplied 50%, 25%, and 57% of Amarillo's, Borger's and Lubbock's total water consumption in 2022

The Authority supplied 57%, 35%, and 69% of Amarillo's, Borger's and Lubbock's total water consumption in 2013

Sources: 2013 and 2022 Continuing Disclosure Reports

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2023

Canadian River Municipal Water Authority Full-time Equivalent Employees by Division Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of September 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Management	4	4	4	4	4	4	4	4	4	5
Northern Operations Division	26	26	26	26	26	26	26	26	25	25
Water Quality Division	2	2	2	2	2	2	2	2	2	2
Southern Operations Division	7	7	8	8	8	8	8	8	8	8
Financial Services Division	4	4	2	2	2	2	2	2	2	2
Water Quality Division Logan, New Mexico	2	2	2	2	2	2	2	2	2	2
Total	45	45	44	44	44	44	42	43	44	44

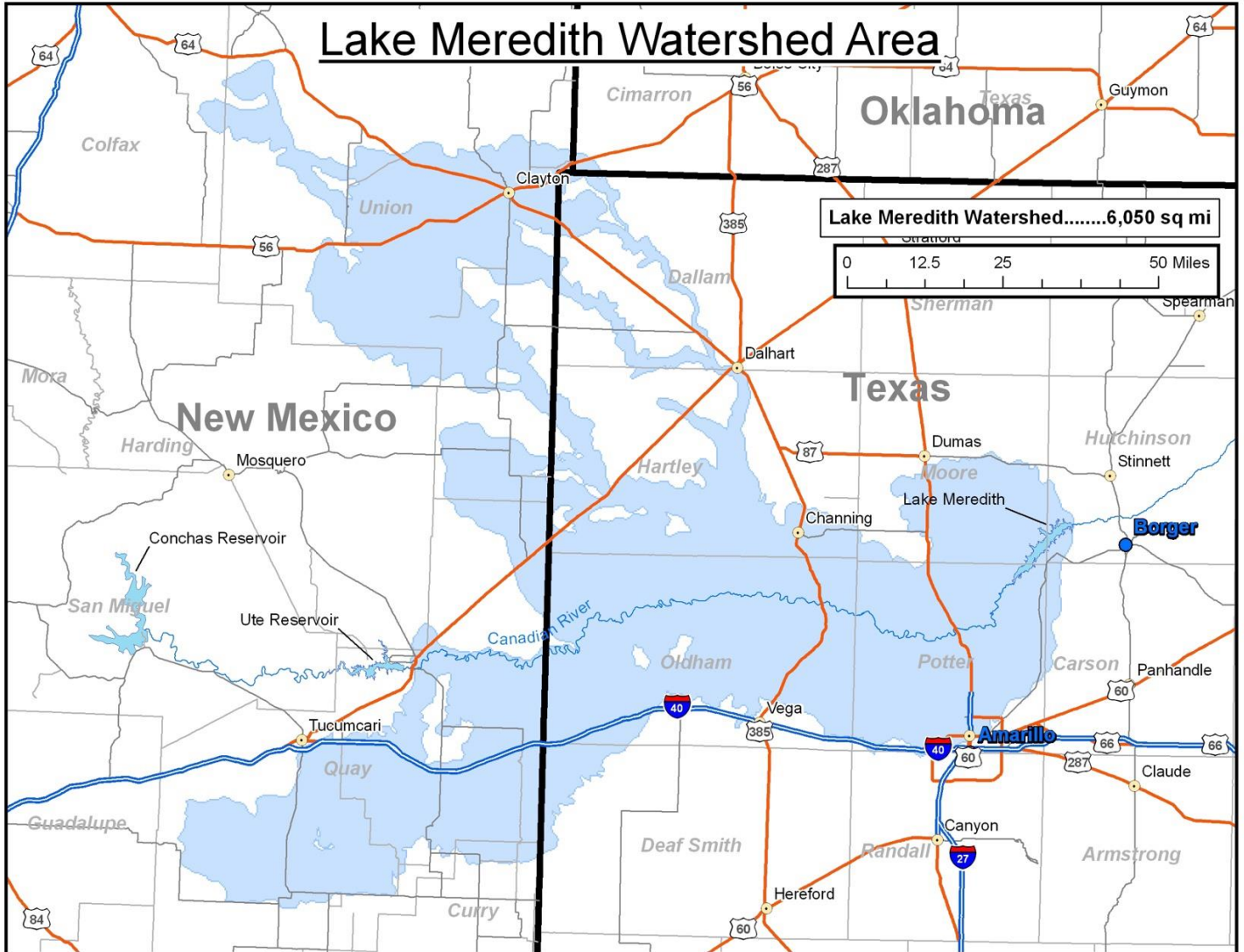
Source: Quarter 3 Form 941 - Employers Quarterly Federal Tax Return

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2023

LAKE MEREDITH WATERSHED AREA

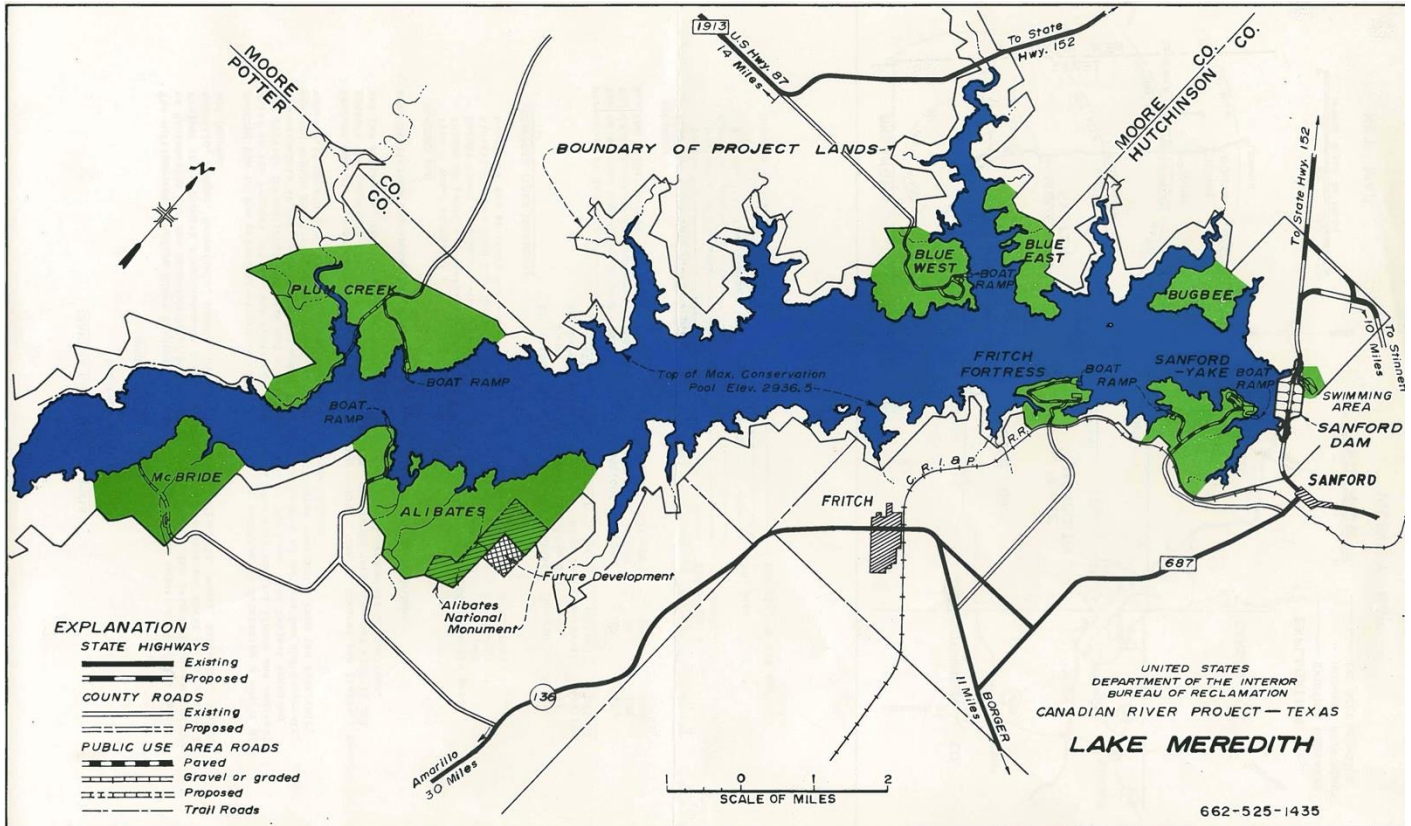


CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2023

LAKE MEREDITH



Location

Canadian River Mile 508.5

Project Purposes

Flood control, water supply, irrigation, recreation, fish and wildlife

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2023

LAKE MEREDITH ELEVATIONS AND STORAGES

<u>Feature</u>	<u>Elevation</u>	<u>Reservoir Area</u> <u>(acres)</u>	<u>Original Reservoir Capacity</u> <u>(acre-feet)</u>	<u>Based on 1995 Survey</u> <u>Reservoir Capacity</u> <u>(acre feet)</u>
Top of Dam	3011.0			
Maximum pool	3004.9	30,470	2,434,200	
Top of flood control pool	2965.0 (2)	21,640	1,407,600	
Bottom of flood control pool	2941.3	17,320	945,500	
Top of conservation pool (ultimate)	2941.3	17,320	945,500	
Top of conservation pool (initial)	2936.5	16,500	864,400	817,970
Top of inactive pool	2860.0	4,500	79,200	73,443
Top of dead pool	2850.0	2,770	43,000	38,414
Surcharge storage	2965.0 - 3004.9		1,026,600	
Flood control storage	2941.3 - 2965.0		462,100 (3)	
Conservation storage (initial)	2860.0 - 2941.3		866,300 (4)	
Storage between top of initial and ultimate conservation pools	2936.5 - 2941.3		81,100	
Dead and inactive storage	2813.0 - 2860.0		79,200	

(1) Spillway crest

(2) Contains 36,300 acre-feet for sediment storage

(3) Contains 366,300 acre-feet for sediment storage

(4) The initial top of the conservation pool at elevation 2936.5 provides 500,000 acre-feet of conservation capacity permitted under the terms of the Canadian River Compact with allowance for the portion of the 50-year sediment inflow expected to deposit below the top of the conservation pool. The top of the conservation pool will be raised, as necessary, to elevation 2941.3 to preserve the conservation capacity. Any water temporarily stored between elevations 2936.5 and 2941.3 will be released by the Bureau of Reclamation, or its designated agent, through the river outlet works. Such evacuations will be at rate of 2,800 cfs, or less.

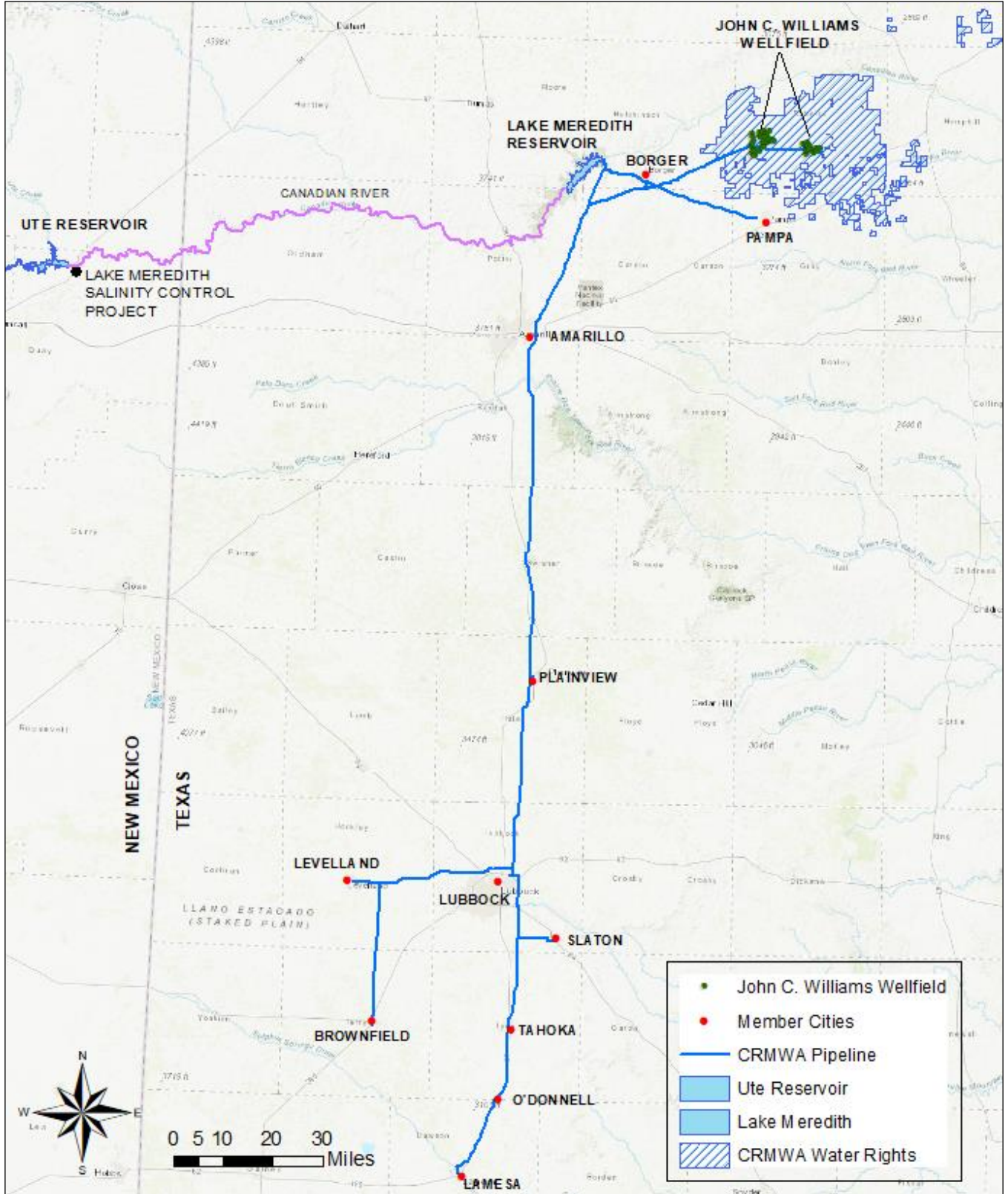
(5) 1995 Volumetric Survey only went up to elevation 2936.50. Elevations above this are assumed to have changed by at least this same value.

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2023

AQUEDUCT SYSTEM



CANADIAN RIVER MUNICIPAL WATER AUTHORITY

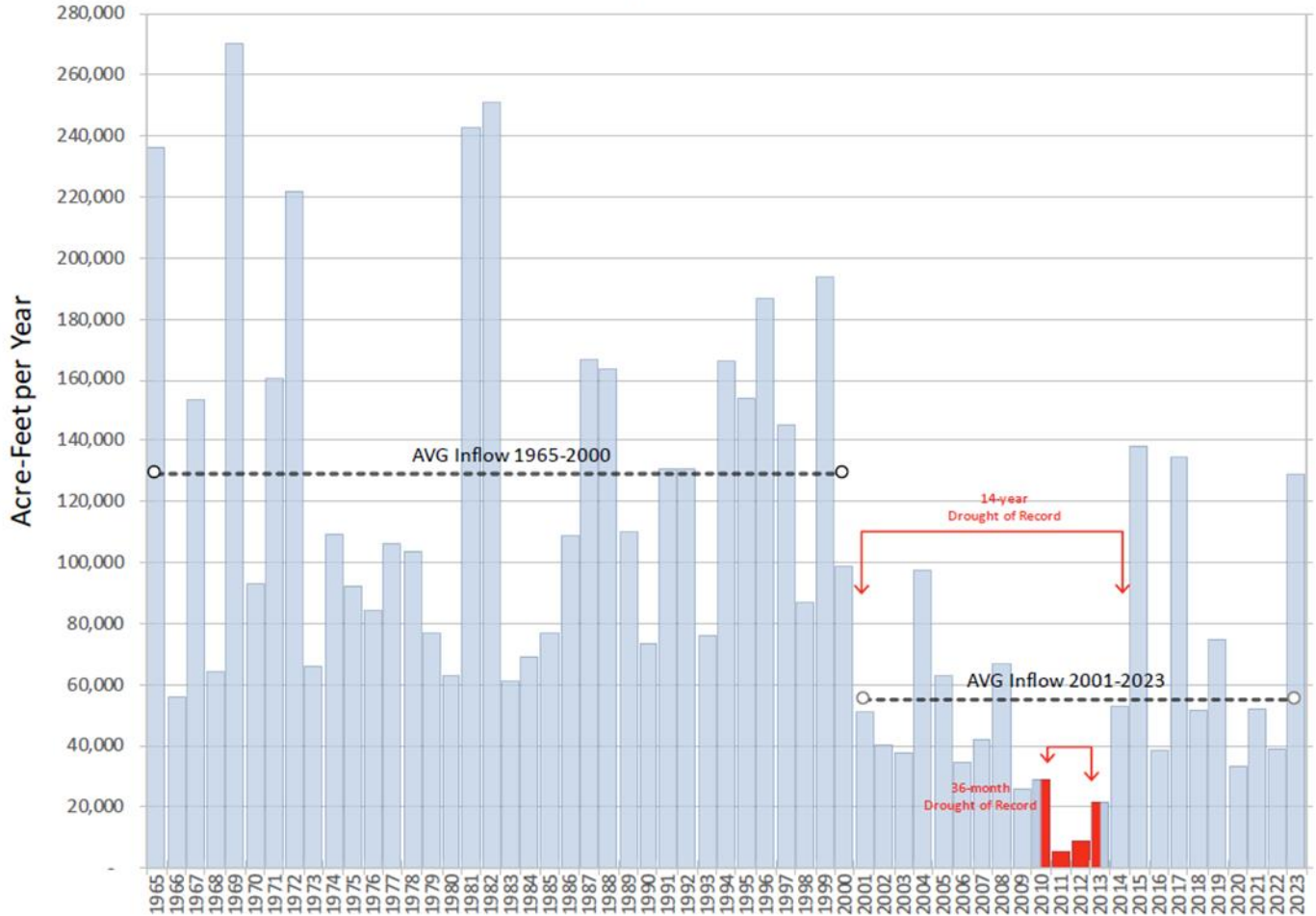
Statistical Section

Year Ended September 30, 2023

HISTORICAL INFLOW (Calendar Year)

Lake Meredith

Historical Inflow



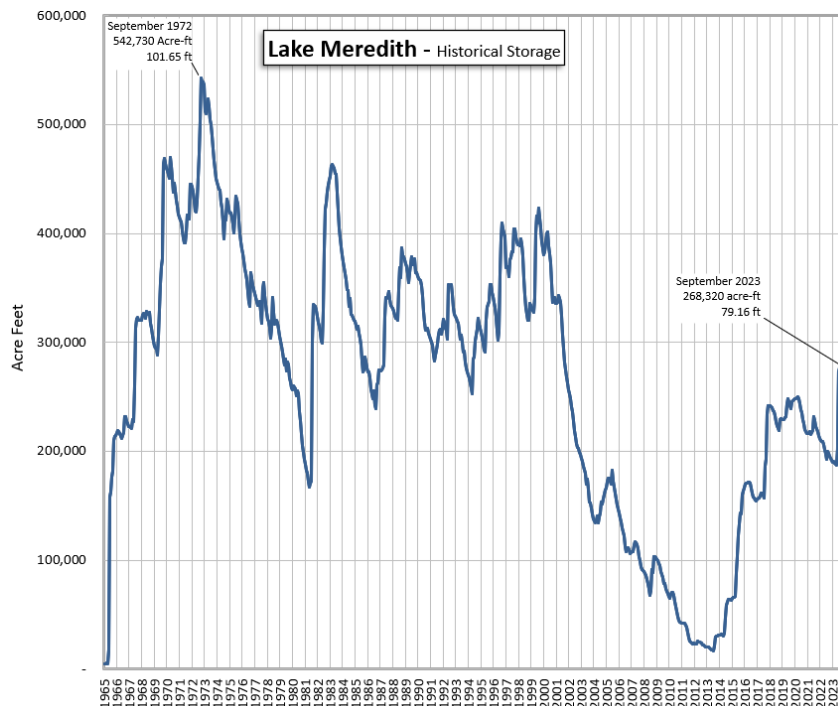
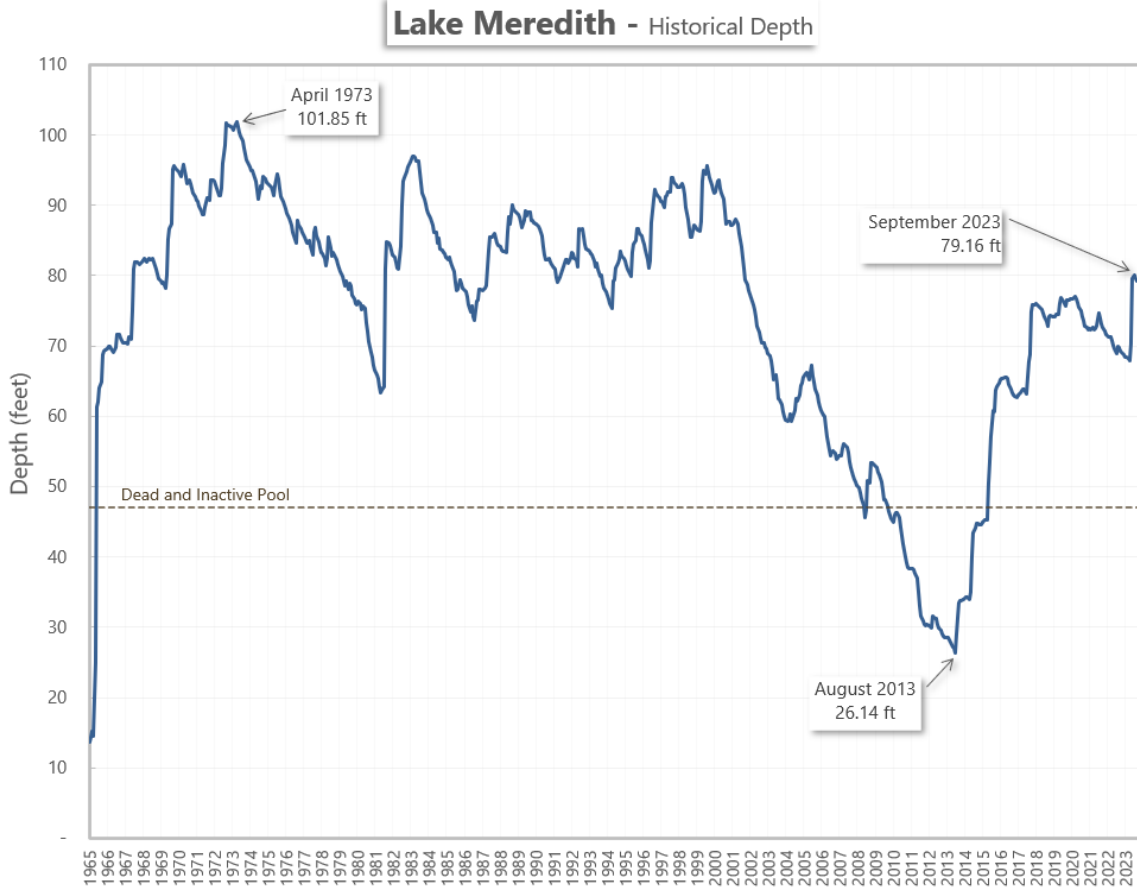
Historical Inflow					
Year	(Acre-Feet)	Year	(Acre-Feet)	Year	(Acre-Feet)
1965	236,666	1985	76,871	2004	97,616
1966	56,171	1986	108,734	2005	62,937
1967	153,525	1987	166,609	2006	34,843
1968	64,270	1988	163,481	2007	42,535
1969	270,416	1989	110,295	2008	66,781
1970	93,092	1990	73,884	2009	25,931
1971	160,553	1991	130,696	2010	28,745
1972	221,987	1992	130,988	2011	5,446
1973	66,422	1993	76,324	2012	8,827
1974	109,340	1994	165,734	2013	21,546
1975	92,222	1995	154,054	2014	52,933
1976	84,150	1996	186,715	2015	138,449
1977	106,319	1997	145,566	2016	38,317
1978	104,088	1998	86,915	2017	134,371
1980	63,060	1999	193,741	2018	51,394
1981	242,804	2000	98,695	2019	74,760
1982	250,560	2001	51,073	2020	33,270
1983	61,316	2002	40,078	2021	52,424
1984	69,396	2003	37,965	2022	39,321
				as of	
				9/30/2023	127,656

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2023

HISTORICAL DEPTH / STORAGE (Calendar Year)



CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2023

Historical Depth / Storage Levels					
As of September 30	Depth (ft)	Storage (Acre-Feet)	September 30	Depth (ft)	Storage (Acre-Feet)
1965	64.87	181,898	1994	82.30	311,989
1966	71.60	231,676	1995	86.69	353,119
1967	81.95	322,750	1996	92.20	409,345
1968	81.37	317,224	1997	93.87	403,934
1969	95.16	462,991	1998	85.47	319,999
1970	93.02	438,305	1999	94.80	414,094
1971	91.10	416,842	2000	87.28	336,736
1972	101.65	542,730	2001	81.04	281,584
1973	98.13	477,964	2002	70.51	203,810
1974	92.37	411,876	2003	62.33	152,310
1975	92.38	411,985	2004	62.21	151,600
1976	87.78	364,003	2005	63.91	161,760
1977	86.84	354,724	2006	55.09	111,890
1978	83.23	320,421	2007	52.71	99,750
1979	78.53	278,800	2008	50.50	89,083
1980	70.61	216,208	2009	47.22	74,381
1981	84.73	334,407	2010	40.00	48,955
1982	93.88	427,646	2011	30.91	24,526
1983	91.79	404,961	2012	29.50	21,873
1984	83.76	325,355	2013	33.50	29,842
1985	78.07	275,030	2014	44.81	64,471
1986	76.39	261,078	2015	60.57	142,050
1987	86.05	346,947	2016	63.28	157,970
1988	90.04	386,610	2017	68.76	192,210
1989	89.07	376,692	2018	72.76	219,170
1990	82.34	312,351	2019	75.59	239,270
1991	82.22	311,266	2020	73.60	225,040
1992	85.69	343,502	2021	73.21	222,310
1993	80.06	292,091	2022	69.68	198,270
			2023	79.16	268,320

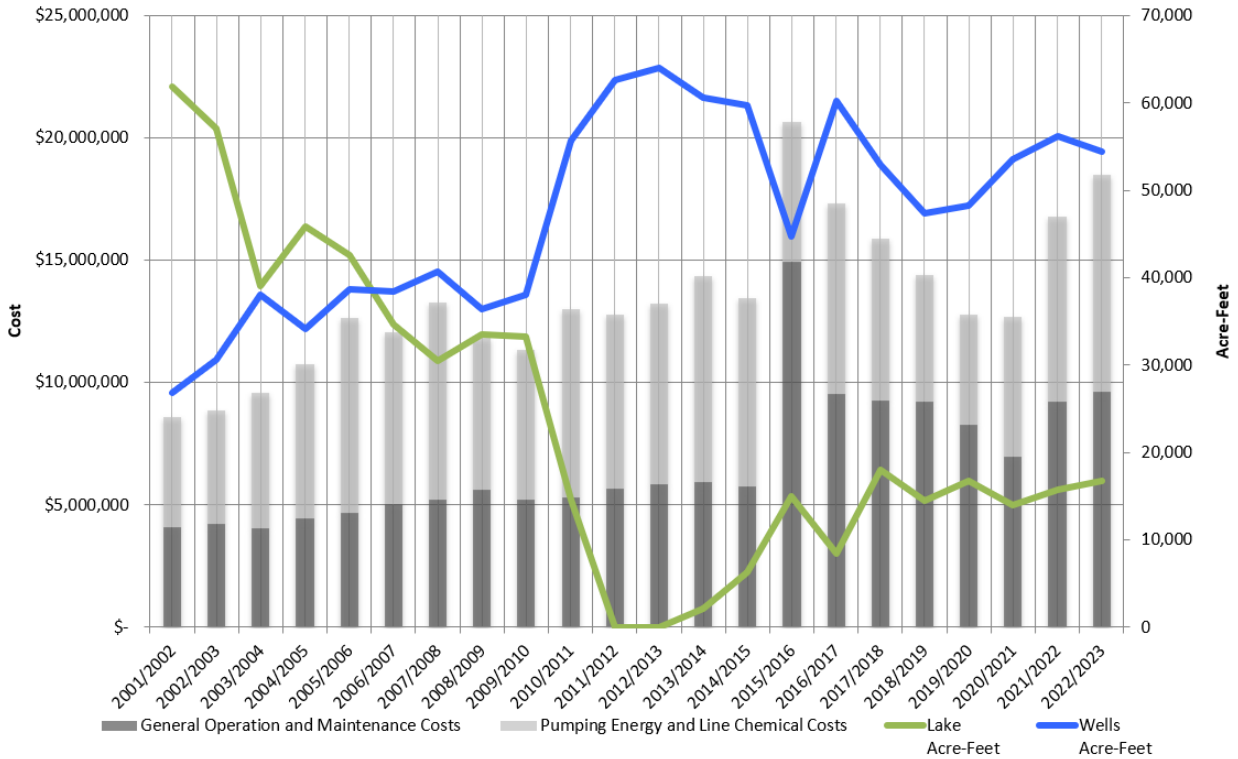
CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2023

HISTORICAL COSTS (Fiscal Year)

CRMWA Historical Cost vs Deliveries



Fiscal Year	Lake Acre-Feet	Wells Acre-Feet	Total Acre-Feet	Total KWHr	General Operation and Maintenance Costs	Pumping Energy and Line Chemical Costs	Bond Payments ¹	Total Member City Cost	Total Cost per Acre-Foot	Total Cost per 1,000 Gallons
2001/2002	61,867	26,763	88,630	118,501,731	\$ 4,099,573	\$ 4,483,588	\$ 6,359,733	\$ 14,942,894	\$ 169	\$ 0.52
2002/2003	57,079	30,576	87,654	124,393,081	\$ 4,210,200	\$ 4,653,083	\$ 6,005,785	\$ 14,869,067	\$ 170	\$ 0.52
2003/2004	39,041	38,043	77,084	120,176,204	\$ 4,023,905	\$ 5,564,344	\$ 6,016,681	\$ 15,604,930	\$ 202	\$ 0.62
2004/2005	45,915	34,162	80,077	121,047,125	\$ 4,441,227	\$ 6,309,561	\$ 6,316,757	\$ 17,067,545	\$ 213	\$ 0.65
2005/2006	42,635	38,669	81,304	126,888,698	\$ 4,685,346	\$ 7,942,665	\$ 8,818,664	\$ 21,446,675	\$ 264	\$ 0.81
2006/2007	34,648	38,392	73,040	119,338,682	\$ 5,008,562	\$ 7,046,193	\$ 13,694,762	\$ 25,749,517	\$ 353	\$ 1.08
2007/2008	30,508	40,706	71,215	118,579,357	\$ 5,218,898	\$ 8,035,218	\$ 12,879,400	\$ 26,133,515	\$ 367	\$ 1.13
2008/2009	33,552	36,406	69,959	116,086,293	\$ 5,634,272	\$ 6,181,500	\$ 12,822,044	\$ 24,637,816	\$ 352	\$ 1.08
2009/2010	33,230	38,018	71,247	123,969,388	\$ 5,197,688	\$ 6,127,440	\$ 13,753,463	\$ 25,078,591	\$ 352	\$ 1.08
2010/2011	14,601	55,695	70,297	145,467,623	\$ 5,302,842	\$ 7,702,444	\$ 14,068,856	\$ 27,074,143	\$ 385	\$ 1.18
2011/2012	-	62,562	62,562	146,264,706	\$ 5,653,120	\$ 7,124,401	\$ 19,027,670	\$ 31,805,190	\$ 508	\$ 1.56
2012/2013	-	64,030	64,030	146,184,719	\$ 5,859,319	\$ 7,369,273	\$ 19,744,674	\$ 32,973,266	\$ 515	\$ 1.58
2013/2014	2,131	60,549	62,680	145,272,690	\$ 5,937,108	\$ 8,392,506	\$ 20,427,944	\$ 34,757,559	\$ 555	\$ 1.70
2014/2015	6,300	59,676	65,976	145,511,467	\$ 5,762,240	\$ 7,702,843	\$ 19,306,441	\$ 32,771,524	\$ 497	\$ 1.52
2015/2016	14,948	44,724	59,672	118,559,009	\$ 14,924,608	\$ 5,734,395	\$ 19,642,479	\$ 40,301,482	\$ 675	\$ 2.07
2016/2017	8,408	60,195	68,604	142,272,373	\$ 9,541,638	\$ 7,769,111	\$ 19,590,967	\$ 36,901,716	\$ 538	\$ 1.65
2017/2018	18,036	52,860	70,896	141,406,653	\$ 9,259,061	\$ 6,603,580	\$ 19,477,230	\$ 35,339,871	\$ 498	\$ 1.53
2018/2019	14,453	47,337	61,790	124,346,198	\$ 9,228,230	\$ 5,157,602	\$ 18,535,382	\$ 32,921,214	\$ 533	\$ 1.64
2019/2020	16,671	48,233	64,904	130,076,847	\$ 8,255,268	\$ 4,517,314	\$ 18,617,809	\$ 31,390,391	\$ 484	\$ 1.48
2020/2021	13,898	53,580	67,478	138,434,042	\$ 6,980,113	\$ 5,695,080	\$ 17,649,078	\$ 30,324,272	\$ 449	\$ 1.38
2021/2022	15,785	56,196	71,981	152,142,727	\$ 9,199,652	\$ 7,604,523	\$ 17,346,646	\$ 34,150,821	\$ 474	\$ 1.46
2022/2023	16,715	54,380	71,095	146,606,141	\$ 9,640,215	\$ 8,869,745	\$ 17,169,784	\$ 35,679,743	\$ 502	\$ 1.54

NOTES:

1. Includes both interest and principal

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2023

MEMBER CITIES' WATER ALLOCATIONS (Fiscal Year)

Water Deliveries to Member Cities												
	Amarillo	Borger	Brownfield	Lamesa	Levelland	Lubbock	O'Donnell	Pampa	Plainview	Slaton	Tahoka	Acre-feet
ACRE-FEET												
FY01-02	35,493	3,597	1,597	1,629	2,005	36,706	147	2,263	3,892	959	342	88,630
FY02-03	35,399	3,799	1,534	1,787	2,024	35,042	146	2,752	3,844	994	333	87,654
FY03-04	32,100	3,966	1,309	1,474	1,580	29,982	141	2,107	3,050	1,056	319	77,084
FY04-05	33,350	3,534	1,260	1,491	1,763	32,981	113	1,297	3,006	1,000	282	80,077
FY05-06	32,967	3,241	1,513	1,729	1,903	32,809	149	2,505	3,052	1,184	252	81,304
FY06-07	31,409	3,731	1,197	1,778	1,545	29,096	115	1,668	1,330	914	257	73,040
FY07-08	26,034	3,383	1,259	1,644	1,565	30,766	126	2,450	2,597	1,093	298	71,215
FY08-09	24,772	3,606	1,363	1,665	1,780	29,764	113	2,485	3,121	959	331	69,959
FY09-10	27,794	3,666	1,334	1,658	1,740	29,367	103	2,632	1,879	785	289	71,247
FY10-11	27,724	4,159	1,496	1,756	1,860	26,943	130	2,306	2,569	1,036	318	70,297
FY11-12	26,862	2,667	1,415	1,219	1,511	23,232	114	2,133	2,237	899	274	62,562
FY12-13	26,810	3,230	1,450	1,090	1,660	23,920	104	2,110	2,370	986	300	64,030
FY13-14	26,969	2,873	1,383	1,040	1,725	22,506	108	2,201	2,607	942	326	62,680
FY14-15	28,861	2,863	1,409	1,081	1,816	24,205	103	1,950	2,587	786	316	65,976
FY15-16	26,815	3,688	1,360	1,212	1,695	19,522	107	2,401	1,790	786	297	59,673
FY16-17	29,660	3,589	1,365	1,193	1,859	24,331	119	2,557	2,704	878	348	68,604
FY17-18	31,046	3,568	1,466	1,145	1,760	25,591	123	2,296	2,592	1,001	308	70,896
FY18-19	25,884	3,132	1,350	1,086	1,707	22,702	109	2,242	2,408	899	270	61,790
FY19-20	26,355	3,641	1,458	1,273	1,744	23,958	99	2,547	2,680	859	291	64,904
FY20-21	30,598	3,004	1,326	1,351	1,627	22,853	126	2,452	2,826	1,003	313	67,478
FY21-22	30,408	4,570	1,314	1,318	1,672	25,763	135	2,530	2,912	1,024	336	71,981
FY22-23	28,713	3,872	1,278	1,351	1,548	29,010	107	2,471	1,471	951	323	71,095
Proposed FY23-24	32,982	4,939	1,956	1,939	2,483	32,982	247	6,375	3,285	1,403	409	89,000
FY22-23	40.4%	5.4%	1.8%	1.9%	2.2%	40.8%	0.2%	3.5%	2.1%	1.3%	0.5%	100.0%
Proposed FY23-24	37.1%	5.5%	2.2%	2.2%	2.8%	37.1%	0.3%	7.2%	3.7%	1.6%	0.5%	100.0%
5 yr avg	42.1%	5.4%	2.0%	1.9%	2.5%	36.9%	0.2%	3.6%	3.6%	1.4%	0.5%	100.0%
YTD avg	41.4%	5.0%	1.9%	2.0%	2.4%	38.5%	0.2%	3.2%	3.7%	1.3%	0.4%	100.0%

CANADIAN RIVER MUNICIPAL WATER AUTHORITY

Statistical Section

Year Ended September 30, 2023

GENERAL OPERATION AND MAINTENANCE BUDGET COMPARISON

CRMWA (includes CORP)	2021 - 2022 Final Budget	2022 - 2023 Final Budget	2022/2023 Budget vs 2021/2022 Budget	
TOTAL PAYROLL EXPENSES	\$ 4,508,081	\$ 4,972,453	\$ 464,372	10.30%
TOTAL PROFESSIONAL FEES	304,853	504,639	199,786	65.54%
TOTAL CONTRACTED SERVICES	361,871	323,832	(38,039)	(10.51%)
TOTAL CONSUMABLE SUPPLIES	857,930	944,675	86,745	10.11%
TOTAL RECURRING EXPENSES	657,667	653,414	(4,253)	(0.65%)
TOTAL CAPITAL OUTLAY	530,800	295,020	(235,780)	(44.42%)
TOTAL RESERVE CONTRIBUTIONS	2,000,000	2,000,000	-	-
CRMWA CORP:				
OPERATING EXPENSES	430,103	557,092	126,989	29.53%
RESERVE CONTRIBUTION	225,000	-	(225,000)	100.00%
GRAND TOTAL O&M	\$ 9,876,305	\$ 10,251,125	\$ 374,820	3.80%

Note: Refer to page 64 for the reconciliation of the general operation and maintenance budget to the budget for operating expenses.

CRMWA BUDGET SUMMARY FY22/23

CITY	Estimated O&M	Estimated PEC	Bond Payments	TOTAL	Allocation 1,000 gal	Cost per 1,000 gal
AMARILLO	\$ 3,321,630	\$ 3,199,784	\$ 7,746,729	\$ 14,268,143	10,747,094	\$ 1.33
BORGER	462,310	332,078	1,058,228	1,852,616	1,609,251	1.15
BROWNFIELD	341,833	278,044	419,170	1,039,047	637,436	1.63
LAMESA	306,830	193,048	415,569	915,447	631,926	1.45
LEVELLAND	419,579	376,072	467,797	1,263,448	809,121	1.56
LUBBOCK	4,050,135	3,283,145	5,292,050	12,625,330	10,747,094	1.17
O'DONNELL	46,344	24,629	53,025	123,998	80,622	1.54
PAMPA	568,838	548,619	686,574	1,804,031	2,077,323	0.87
PLAINVIEW	410,334	327,003	703,897	1,441,234	1,070,417	1.35
SLATON	190,284	139,625	300,565	630,474	457,052	1.38
TAHOKA	63,008	40,754	87,721	191,483	133,403	1.44
FY22/23 Budget Allocated to Member Cities	\$ 10,181,125	\$ 8,742,801	\$ 17,231,325	\$ 36,155,251	29,000,739	\$ 1.25
BOR Share - Dam & Reservoir	70,000			70,000		
Total FY22/23 Original Budget	\$ 10,251,125	\$ 8,742,801	\$ 17,231,325	\$ 36,225,251		

NOTE:

Based on estimated usage of 89,000 AF (29 billion gallons). Approximately 69,000 AF Groundwater and 20,000 AF Lake water.





To the Board of Directors
Canadian River Municipal Water Authority
Sanford, Texas

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Canadian River Municipal Water Authority (the Authority), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 1, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

DOSHIER, PICKENS & FRANCIS, L.L.C.

DOSHIER, PICKENS & FRANCIS, LLC
Amarillo, Texas
December 1, 2023

