



ALLIANCE WATER

RESOLUTION NO. 20230322-001

A RESOLUTION OF THE ALLIANCE REGIONAL WATER AUTHORITY BOARD OF DIRECTORS ACCEPTING AND APPROVING THE AUDIT REPORT PREPARED BY ARMSTRONG, VAUGHAN & ASSOCIATES, P.C. FOR THE AUTHORITY'S 2021-22 FISCAL YEAR, AND DECLARING AN EFFECTIVE DATE

RECITALS:

1. The Alliance Regional Water Authority (the "Authority") engaged the independent accounting firm of Armstrong, Vaughan & Associates, P.C. of Universal City, Texas to perform an annual audit of the Authority's financial records.
2. Armstrong, Vaughan & Associates, P.C. performed an audit of the Authority's financial records for the 2021-22 fiscal year and has prepared and presented a report of the audit results to the Authority Board of Directors.
3. The Authority Board of Directors wishes to accept and approve the audit report prepared by Armstrong, Vaughan & Associates, P.C.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ALLIANCE REGIONAL WATER AUTHORITY:

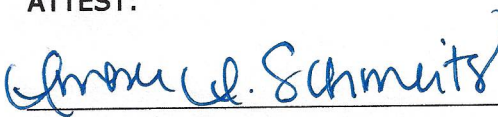
SECTION 1. The audit report prepared by Armstrong, Vaughan & Associates, P.C. for the Authority's 2021-22 fiscal year is accepted and approved.

SECTION 2. This Resolution shall be in full force and effect immediately upon its passage.

ADOPTED: March 22, 2023



Chris Betz
Chair, Board of Directors

ATTEST:


Amber Schmeits
Secretary, Board of Directors



Communication with Those Charged with Governance

To the Board of Directors
Alliance Regional Water Authority

We have audited the basic financial statements of Alliance Regional Water Authority for the years ended September 30, 2022 and 2021. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 27, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Alliance Regional Water Authority solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team and others in our firm, as appropriate, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Alliance Regional Water Authority is included in Note A to the financial statements. There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during 2022.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimate affecting the financial statements is:

1. Pension related investment return and mortality rates

We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting Alliance Regional Water Authority's financial statements.

Significant Difficulties Encountered during the Audit

We encountered no difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statement as a whole. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We assisted management with entries to update the pension balances, contract retainage and timing of GBRA billings.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Alliance Regional Water Authority's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management in a separate letter dated March 17, 2023.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Alliance Regional Water Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Alliance Regional Water Authority's auditors.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing Alliance Regional Water Authority's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, was materially consistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Other Matters

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the information and use of the Board of Directors and management of Alliance Regional Water Authority and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

Armstrong, Vaughan & Associates, P.C.

Armstrong, Vaughan & Associates, P.C.

March 17, 2023



ALLIANCE WATER

ANNUAL FINANCIAL REPORT

**FISCAL YEARS ENDED
SEPTEMBER 30, 2022 AND 2021**



ALLIANCE WATER

ALLIANCE REGIONAL WATER AUTHORITY
 ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

TABLE OF CONTENTS

	PAGE
TITLE PAGE	i
TABLE OF CONTENTS	ii
ANNUAL FILING AFFIDAVIT	iii
FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS.....	4
BASIC FINANCIAL STATEMENTS	8
STATEMENTS OF NET POSITION	9
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	10
STATEMENTS OF CASH FLOWS.....	11
NOTES TO BASIC FINANCIAL STATEMENTS	13
REQUIRED SUPPLEMENTARY INFORMATION	26
BUDGETARY COMPARISON SCHEDULE	27
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS	29
SCHEDULE OF EMPLOYER CONTRIBUTIONS – PENSION PLAN-	31
SUPPLEMENTARY INFORMATION.....	32
TSI-1 SERVICES AND RATES	33
TSI-2 EXPENSES.....	34
TSI-5 LONG-TERM BONDED DEBT	35
TSI-6 CHANGES IN LONG-TERM BONDED DEBT	50
TSI-7 COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	53
TSI-8 BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	55

ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS:

COUNTY OF HAYS:

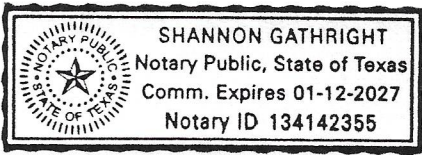
I, Graham Moore, of Alliance Regional Water Authority hereby swear, or affirm, that the District named above has reviewed and approved, at a meeting of the District's Board of Trustees on the 22nd day of March, 2023, its annual audit report of the fiscal period ended September 30, 2022, and that copies of the annual audit report have been filed in the District's office located at 630 E. Hopkins, San Marcos, TX 78666.

This annual filing affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality to satisfy the annual filing requirements of the Texas Water Code Section 49.194.

Date: MARCH 24, 2023 By: [Signature]
(Signature of District Official)

Graham Moore, Executive Director
(Typed Name & Title of District Representative)

Sworn to and subscribed to before me this 24th day of March, 2023.



[Signature]
(Signature of Notary)

Commission expires on 01-12, 2027
Notary Public in the State of Texas



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Alliance Regional Water Authority
San Marcos, TX

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the Alliance Regional Water Authority as of and for the years ended September 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise Alliance Regional Water Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Alliance Regional Water Authority, as of September 30, 2022 and 2021, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Alliance Regional Water 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

Alliance Regional Water Authority's 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 Alliance Regional Water Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Alliance Regional Water 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 Alliance Regional Water 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, budgetary comparison information, and schedules of changes and contributions for net pension liability as referred to in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 Alliance Regional Water Authority's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary 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. Such 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 supplementary information required by the Texas Commission on Environmental Quality is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.
March 17, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Alliance Regional Water Authority's annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year ended September 30, 2022. Please read it in conjunction with the Authority's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Authority's total net position was \$87.8 million at September 30, 2022.
- During the year, the Authority's operating expenses decreased 8%, primarily from lower professional fees.
- No new debt was issued during the year.

AUTHORITY HIGHLIGHTS

- The Authority's goal is to secure and develop a long-term water supply for the participating government's communities.
- The Authority has acquired leases for 17,699 surface acres of water. The Authority has also been approved for the production of 11,620 and 4,700 acre feet per year from the Gonzales Underground Water Conservation District and the Plum Creek Conservation District, respectively.
- The Authority has completed work on Phase 1A (an interconnect between Kyle and Buda water systems) and continued work on the Phase 1B (wells, raw water collection system, water treatment plant, pipelines, booster pump and delivery points for all participating governments).
- The Authority entered into a Water Treatment and Transmission Agreement with the Guadalupe-Blanco River Authority (GBRA) in June 2018. The agreement provides that the Authority will own and size the infrastructure (water treatment plant, pipelines and booster pump station) to treat and deliver the Authority's water along with GBRA's separate Carrizo rights, with GBRA owning capacity in the shared infrastructure. The agreement increases the economies of scale of the overall project and saves the Authority and GBRA significant capital costs.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), *the basic financial statements* and *required supplementary information*. The basic financial statements consist of the following statements:

- The *Statement of Net Position* shows the financial standing of the authority as of the end of the year, including all assets and liabilities.
- The *Statement of Revenues, Expenses and Changes in Net Position* provides information about the activity of the Authority during the fiscal year. It reports revenues when incurred, regardless of when they are received, and expenses when incurred, regardless of when they are paid.
- The *Statement of Cash Flows* reports the sources and uses of cash during the fiscal year.

The financial statements also include notes that explain a few of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

FINANCIAL ANALYSIS OF THE AUTHORITY

Net position—the difference between the Authority’s assets and liabilities—is one way to measure the Authority’s financial health or *position*. Over time, increases or decreases in the Authority’s net position is an indicator of whether its financial health is improving or deteriorating, respectively.

The Authority’s net position was \$87.8 million at September 30, 2022. Of this amount, \$30.0 million is unrestricted, representing resources available to fund the operations of the Authority next year. (See Table A-1).

Table A-1
Authority's Net Position

	2022	2021	2020
<i>Assets:</i>			
Cash and Investments	\$ 62,277,556	\$ 25,932,329	\$ 3,128,514
Other Current Assets	463,482	436,680	2,420,777
Other Assets	113,209,465	172,879,702	95,683,811
Capital Assets (Net)	187,380,889	82,604,304	51,388,414
<i>Total Assets</i>	<u>363,331,392</u>	<u>281,853,015</u>	<u>152,621,516</u>
<i>Deferred Outflows</i>	<u>48,214</u>	<u>42,509</u>	<u>20,688</u>
<i>Liabilities:</i>			
Current	54,005,389	16,544,345	9,718,789
Long Term	221,600,000	230,844,067	117,455,000
<i>Total Liabilities</i>	<u>275,605,389</u>	<u>247,388,412</u>	<u>127,173,789</u>
<i>Deferred Inflows</i>	<u>23,905</u>	<u>2,473</u>	<u>1,479</u>
<i>Net Position:</i>			
Net Investment in Capital	56,633,808	7,521,344	19,754,428
Restricted for Debt Service	1,165,091	1,159,476	652,096
Unrestricted	29,951,413	25,823,819	5,060,412
<i>Total Net Position</i>	<u>\$ 87,750,312</u>	<u>\$ 34,504,639</u>	<u>\$ 25,466,936</u>

The Authority's total operating expenses were \$2.0 million, an 8% decrease from the prior year. Operating revenues will begin once the Authority completes construction of the project and begins wholesaling water. Until that time, the participating governments are supporting the operations. (See Table A-2).

Table A-2
Changes in Authority Net Position

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating Revenues	\$ 41,314	\$ 41,482	\$ 35,003
Operating Expenses	<u>(2,041,803)</u>	<u>(2,216,369)</u>	<u>(2,055,072)</u>
Operating Income (Loss)	(2,000,489)	(2,174,887)	(2,020,069)
Nonoperating Income	<u>55,246,162</u>	<u>11,212,590</u>	<u>11,515,974</u>
Change in Net Position	53,245,673	9,037,703	9,495,905
Beginning Net Position	<u>34,504,639</u>	<u>25,466,936</u>	<u>15,971,031</u>
Ending Net Position	<u><u>\$ 87,750,312</u></u>	<u><u>\$ 34,504,639</u></u>	<u><u>\$ 25,466,936</u></u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2022, the Authority had invested \$187 million in land and construction of water infrastructure. Because these projects are not complete and in service yet, no depreciation has been recorded. (See Table A-3). More detailed information about the Authority's capital assets is presented in the notes to the financial statements.

Table A-3
Authority's Capital Assets

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Land and Easements	\$ 36,649,873	\$ 17,401,569	\$ 7,061,318
Construction in Progress	<u>150,731,016</u>	<u>65,202,735</u>	<u>44,327,096</u>
Totals at Historical Cost	<u><u>\$ 187,380,889</u></u>	<u><u>\$ 82,604,304</u></u>	<u><u>\$ 51,388,414</u></u>

Long-Term Debt

At year-end, the Authority had \$231 million in principal outstanding on bonded debt. No new debt was issued during the fiscal year. The participating governments have pledged to contribute amounts to the Authority sufficient to service these debts. More detailed information about the Authority's debt is presented in the notes to the financial statements.

Table A-4
Authority's Long Term Debt

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Bonds Payable	<u>\$230,835,000</u>	<u>\$240,030,000</u>	<u>\$121,985,000</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The primary goal for the Alliance Regional Water Authority (Alliance Water) for FY 22-23 is to continue with the development of its 15,000 acre-feet per year Carrizo water supply for its Sponsors scheduled to begin water delivery in 2023. The FY 22-23 budget continues to include collection of debt service from Kyle and Canyon Regional Water Authority for the debt issued in 2015 along with collection from all four Sponsors for the debt issued in 2017, 2019 and 2020 and the anticipated issuance in October 2022. The remaining operations and maintenance expenses are anticipated to be funded through cash payments by the Sponsors at the rates specified in the water supply contract. In June 2018 Alliance Water entered into an agreement with the Guadalupe-Blanco River Authority (GBRA's) for Treatment and Transmission Services for GBRA's Carrizo water to be utilized by GBRA's customers. As part of the agreement, GBRA has agreed to pay for 50% of the design and acquisition costs for the portion of the Phase 1B Program in which they are participating. These payments are a significant source of revenue for Alliance Water.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Graham Moore by mail at Alliance Regional Water Authority, 630 East Hopkins, San Marcos, Texas 78666, phone at (512) 294-3214, or email at gmoore@alliancewater.org.



ALLIANCE WATER

BASIC FINANCIAL STATEMENTS

The basic financial statements include:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

ALLIANCE REGIONAL WATER AUTHORITY
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2022 AND 2021

	2022	2021
ASSETS		
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 62,277,556	\$ 25,932,329
Receivables - Participating Governments	463,482	15,497
Receivables - Transmission and Treatment Agreement	-	421,183
<i>Total Current Assets</i>	62,741,038	26,369,009
<i>Other Assets:</i>		
Restricted Cash for Construction	111,546,575	171,232,304
Restricted Cash for Debt Service	1,646,372	1,647,398
Capital Assets	187,380,889	82,604,304
Net Pension Asset	16,518	-
<i>Total Other Assets</i>	300,590,354	255,484,006
TOTAL ASSETS	363,331,392	281,853,015
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Related Outflows	48,214	42,509
LIABILITIES		
<i>Current Liabilities:</i>		
Accounts Payable	11,471,093	6,488,629
Accrued Groundwater Reservation Payments	330,643	330,643
Accrued Interest, Payable from Restricted Assets	481,281	487,922
Accrued Compensated Absences	23,476	42,151
Transmission and Treatment Agreement Advances	32,463,896	-
Bonds Payable - Current	9,235,000	9,195,000
<i>Total Current Liabilities</i>	54,005,389	16,544,345
<i>Long-term Liabilities:</i>		
Bonds Payable (net of current)	221,600,000	230,835,000
Net Pension Liability	-	9,067
<i>Total Long-term Liabilities</i>	221,600,000	230,844,067
TOTAL LIABILITIES	275,605,389	247,388,412
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Related Inflows	23,905	2,473
NET POSITION		
Net Investment in Capital Assets	56,633,808	7,521,344
Restricted for Debt Service	1,165,091	1,159,476
Unrestricted	29,951,413	25,823,819
TOTAL NET POSITION	\$ 87,750,312	\$ 34,504,639

ALLIANCE REGIONAL WATER AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
Operating Revenues:		
Water Sales	\$ 41,314	\$ 41,482
Total Operating Revenues	41,314	41,482
Operating Expenses:		
Groundwater Reservation Leases	1,269,053	1,390,615
Professional Fees	214,119	255,833
Personnel Costs	407,495	414,021
Permits and Fees	81,900	74,454
Administrative Expenses	55,614	44,018
Plant Operations & Maintenance	13,622	37,428
Total Operating Expenses	2,041,803	2,216,369
Operating Income (Loss)	(2,000,489)	(2,174,887)
Non-Operating Revenues (Expenses):		
Participating Government Contributions	15,695,520	11,064,619
Transmission and Treatment Agreement	42,433,428	5,363,527
Other Income	5,543	-
Interest Income	1,036,488	38,457
Bond Issue Costs	(30,940)	(1,545,582)
Interest Expense	(3,893,877)	(3,708,431)
Total Non-Operating Revenues (Expenses)	55,246,162	11,212,590
Change in Net Position	53,245,673	9,037,703
Net Position at Beginning of Year	34,504,639	25,466,936
Net Position at End of Year	\$ 87,750,312	\$ 34,504,639

ALLIANCE REGIONAL WATER AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
Cash Flows from Operating Activities		
Cash Received from Customers	\$ 41,314	\$ 41,482
Cash Payments to Suppliers for Goods and Services	(1,686,788)	(1,791,563)
Cash Payments to Employees for Services	(436,028)	(423,449)
Net Cash Provided (Used) by Operating Activities	(2,081,502)	(2,173,530)
 Cash Flows from Capital and Related Financing Activities		
Bond Principal Payments	(9,195,000)	(4,530,000)
Proceeds from Bonds Issued	-	122,575,000
Contributions from Participating Governments	15,247,535	11,817,926
Contributions from Interlocal Agreements	75,318,507	6,594,317
Bond Issuance Costs Paid	(30,940)	(1,545,582)
Cash Paid for Interest	(3,900,518)	(3,508,971)
Purchase of Capital Assets	(99,741,641)	(29,265,579)
Net Cash Provided (Used) by Capital Financing Activities	(22,302,057)	102,137,111
 Cash Flows from Investing Activities		
Interest and Investment Income	1,036,488	38,457
Other Cash Receipts	5,543	-
Net Cash Provided (Used) by Investing Activities	1,042,031	38,457
 Net Increase (Decrease) in Cash and Cash Equivalents	(23,341,528)	100,002,038
 Beginning Cash		
Cash and Cash Equivalents	25,932,329	3,128,514
Restricted Cash	172,879,702	95,681,479
	198,812,031	98,809,993
 Ending Cash		
Cash and Cash Equivalents	62,277,556	25,932,329
Restricted Cash	113,192,947	172,879,702
	\$ 175,470,503	\$ 198,812,031

ALLIANCE REGIONAL WATER AUTHORITY
STATEMENTS OF CASH FLOWS (CONT.)
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ (2,000,489)	\$ (2,174,887)
Adjustments to Reconcile Income from Operations to Net Cash Provided by Operating Activities:		
Change in Assets and Liabilities:		
(Increase) Decrease in Pension Deferred Outflows	(5,705)	(21,821)
Increase (Decrease) in Accounts Payable	(52,480)	10,785
Increase (Decrease) in Accrued Compensated Absences	(18,675)	-
Increase (Decrease) in Net Pension Liability (Asset)	(25,585)	11,399
Increase (Decrease) in Pension Deferred Inflows	21,432	994
Net Cash Provided (Used) by Operating Activities	\$ (2,081,502)	\$ (2,173,530)

ALLIANCE REGIONAL WATER AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Hays Caldwell Public Utility Agency (the HCPUA) was incorporated January 2007 pursuant to the provisions of Chapter 572, Texas Local Government Code, Public Utility Agencies for Provision of Water or Sewer Service. In 2017, the HCPUA was formally converted to the Alliance Regional Water Authority (the Authority). The conversion assigned all assets, liabilities, and all other rights and obligations of the HCPUA to the Authority. The Authority was organized to aid, assist, and act on behalf of the organizing participants, collectively and individually, to achieve economies of scale in providing essential water and sewage systems to the public, and provide environmentally sound protection of the State's future water and wastewater needs.

The organizing sponsors (the Sponsors) are the City of San Marcos, City of Buda, City of Kyle and Canyon Regional Water Authority.

The Authority meets the criteria of a joint venture between the Sponsors with an ongoing financial responsibility. The Sponsors have pledged revenues from existing water utility systems to finance the operations and long-term debt of the Authority, either through purchasing water from the Authority or subsidizing through direct payments (reflected as "Contributions from Participating Governments"). The Authority is actively pursuing the development of alternate water sources. The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below:

1. REPORTING ENTITY

In evaluating how to define the government for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14, "The Financial Reporting Entity" and GASB Statement 39 "Determining Whether Certain Organizations are Component Units". The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. The Authority has no component units.

2. ENTERPRISE FUND

The Authority is an enterprise fund. Enterprise funds are proprietary funds used to account for business-type activities provided to the general public or other governmental entities. The activities are financed by charges to member entities and the measurement of financial activity focuses on net income similar to the private sector. Revenues are recognized when earned, and expenses are recognized when incurred.

ALLIANCE REGIONAL WATER AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Revenues are classified as *operating* and *non-operating*. Operating revenues include charges to member entities for water pursuant to their contractual agreements. Non-operating revenues are expense reimbursements from member entities, interest income, and other revenues not related to the sale of wholesale water.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

4. CASH AND INVESTMENTS

State statutes authorize the Authority to invest in (a) obligations of the United States or its agencies, and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) – (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations.

Investments are stated at fair value (plus accrued interest) except for money market investments and participating interest-earning investment contracts (U.S. Treasuries) that have a remaining maturity at time of purchase of one year or less. Those investments are stated at amortized cost, which approximates fair value.

The Authority reports investments at fair value based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Authority's investments in pools and money market funds are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

The Authority considers cash and cash equivalents to be amounts in checking accounts, savings accounts, money market accounts, local government investment pools and certificates of deposit with a maturity date within three months or less from the date of purchase.

ALLIANCE REGIONAL WATER AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. ACCOUNTS RECEIVABLE

Accounts receivable consists of amounts due from member entities. Participating governments are billed a flat amount each year based on budgeting operating costs plus a provision for either debt service or cash requirements of construction projects. Any budgeted amounts unpaid at year end are recorded as a receivable on the statement of net position. Interlocal agreements with other governments are treated similarly.

6. PREPAID EXPENSES

Expenses paid during the year that have a benefit beyond the current fiscal year are recorded on the balance sheet as prepaid expenses.

7. GROUNDWATER LEASE ACQUISITION COSTS

Costs incurred to purchase or reserve groundwater (leases) for future consumption are capitalized. Those costs consist of incentive payments to landowners and professional fees for contract negotiations. The costs are being amortized over an estimated 10-year minimum lease term.

8. CAPITAL ASSETS

The Authority is in the process of constructing assets to develop potable water sources. All costs related to the projects are capitalized. Once placed in service, the assets will be depreciated. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Purchases in excess of \$5,000 with a useful life in excess of one year are capitalized and depreciated using the straight-line method. Lives have not been estimated as they have not yet been placed in service.

9. DEFERRED INFLOWS AND OUTFLOWS

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period while a deferred inflow of resources is an acquisition of net position. These items are presented in separate sections following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

10. LONG-TERM OBLIGATIONS

Bonds, notes and capital leases are recorded as liabilities on the statement of net position. Bond issue costs are expensed in the period they are incurred. Bonds payable are reported net of the applicable bond premium or discount.

ALLIANCE REGIONAL WATER AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. PENSIONS

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

12. 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 legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. When expenses qualify for restricted and unrestricted resources, the Authority's policy is to use restricted resources first.

13. USE OF ESTIMATES

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

14. RECLASSIFICATIONS

Certain transactions are classified differently on the September 30, 2022 financial statements than previous fiscal years. These reclassifications had no effect on net income.

NOTE B -- CASH AND INVESTMENTS

1. Cash and Cash Equivalents

The Authority's funds are deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the Authority's agent bank approved pledge securities in an amount sufficient to protect Authority funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. At September 30, 2022, the Authority's bank deposits were fully covered by a combination of federal deposit insurance and pledged securities.

ALLIANCE REGIONAL WATER AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE B -- CASH AND INVESTMENTS (Continued)

2. Investments

The Authority had the following investments included in cash and cash equivalents:

	Balances at		Rating
	9/30/22	9/30/21	
TexStar Local Government Pool	\$ 60,940,168	\$ 23,067,777	AAAm
Money Market Funds	111,546,575	171,232,304	AAAm
	\$ 172,486,743	\$ 194,300,081	

Both TexStar and the money market funds report in a manner consistent with Rule 2a7. Therefore, the investments are reported at \$1 per share, which approximates fair value. These investments are reported in cash and cash equivalents. The Authority was not exposed to significant investment rate, credit, or custodial credit risks.

3. Investment Compliance

The Authority is required by the Public Funds Investment Act to adopt an investment policy defining authorized investments, name an investment officer, obtain required training and regular reporting of investment activities. The Authority has complied with the requirements in the Public Funds Investment Act.

NOTE C -- CAPITAL ASSETS

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

	Balances at		Transfers/ Disposals	Balances at
	10/1/21	Additions		
Land and Easements	\$ 17,401,569	\$ 19,248,304	\$ -	\$ 36,649,873
Construction in Progress	65,202,735	85,528,281		150,731,016
Capital Assets, Net	\$ 82,604,304	\$ 104,776,585	\$ -	\$ 187,380,889

Land and Construction in Progress are not depreciated.

ALLIANCE REGIONAL WATER AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE D -- LONG-TERM DEBT

The Authority's long-term debt consists of bonds with interest payable on February 15 and interest and principal payable on August 15 of each year.

<u>Series Name</u>	<u>Original Issue</u>		<u>Interest Rate</u>	<u>Maturity Date</u>
	<u>Amount</u>	<u>Date</u>		
<i>2015 Contract Revenue Bonds</i>				
2015A Canyon Regional Water Authority	\$ 3,960,000	11/15/2015	0.38-2.41%	2035
2015B City of Kyle	3,530,000	11/15/2015	0.45-3.21%	2045
<i>2017 Contract Revenue Bonds</i>				
2017A Canyon Regional Water Authority	9,865,000	11/22/2017	0.77-3.08%	2047
2017B City of Kyle	8,995,000	11/22/2017	0.77-3.08%	2047
2017C City of San Marcos	11,450,000	11/22/2017	0.63-2.29%	2037
2017D City of Buda	1,625,000	11/22/2017	0.63-2.29%	2037
<i>2019 Contract Revenue Bonds</i>				
2019A Canyon Regional Water Authority	26,530,000	11/20/2019	1.02-2.70%	2049
2019B City of Kyle	24,200,000	11/20/2019	1.02-2.70%	2049
2019C City of San Marcos	30,800,000	11/20/2019	0.84-1.94%	2039
2019D City of Buda	4,370,000	11/20/2019	0.84-1.94%	2039
<i>2020 Contract Revenue Bonds</i>				
2020A Canyon Regional Water Authority	37,865,000	11/20/2020	0.14%-2.48%	2050
2020B City of Kyle	34,530,000	11/20/2020	0.14%-2.48%	2050
2020C City of San Marcos	43,955,000	11/20/2020	0.12%-1.55%	2040
2020D City of Buda	6,225,000	11/20/2020	0.12%-1.55%	2040

All of the Authority's bonds are private placements without subjective acceleration clauses or significant events of default with finance related consequences.

ALLIANCE REGIONAL WATER AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE D -- LONG-TERM DEBT (Continued)

The Authority's long-term debt activity as of and for the year ending September 30, 2022 is as follows:

Bond Series	Balance			Balance Outstanding 9/30/2022	Due Within One Year
	Outstanding 10/1/2021	Additions	Retirements		
2015A	\$ 3,030,000	\$ -	\$ (190,000)	\$ 2,840,000	\$ 195,000
2015B	3,075,000	-	(95,000)	2,980,000	95,000
2017A	9,075,000	-	(270,000)	8,805,000	270,000
2017B	8,275,000	-	(245,000)	8,030,000	245,000
2017C	9,815,000	-	(550,000)	9,265,000	555,000
2017D	1,395,000	-	(80,000)	1,315,000	80,000
2019A	25,790,000	-	(750,000)	25,040,000	755,000
2019B	23,525,000	-	(680,000)	22,845,000	690,000
2019C	29,315,000	-	(1,500,000)	27,815,000	1,510,000
2019D	4,160,000	-	(215,000)	3,945,000	215,000
2020A	37,865,000	-	(1,110,000)	36,755,000	1,110,000
2020B	34,530,000	-	(1,010,000)	33,520,000	1,015,000
2020C	43,955,000	-	(2,190,000)	41,765,000	2,190,000
2020D	6,225,000	-	(310,000)	5,915,000	310,000
Totals	<u>\$ 240,030,000</u>	<u>\$ -</u>	<u>\$ (9,195,000)</u>	<u>\$ 230,835,000</u>	<u>\$ 9,235,000</u>

The annual requirements to amortize all debt outstanding as of September 30, 2022, including interest payments, are as follows:

Year End September 30,	Principal Payments	Interest Payments	Total
2023	\$ 9,235,000	\$ 3,850,242	\$ 13,085,242
2024	9,285,000	3,796,032	13,081,032
2025	9,335,000	3,736,821	13,071,821
2026	9,400,000	3,673,073	13,073,073
2027	9,475,000	3,600,382	13,075,382
2028-2032	48,735,000	16,561,252	65,296,252
2033-2037	51,940,000	12,814,216	64,754,216
2038-2042	39,610,000	8,052,325	47,662,325
2043-2047	29,770,000	4,157,739	33,927,739
2048-2050	14,050,000	659,903	14,709,903
Total	<u>\$ 230,835,000</u>	<u>\$ 60,901,985</u>	<u>\$ 291,736,985</u>

ALLIANCE REGIONAL WATER AUTHORITY
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2022

NOTE E -- GROUNDWATER LEASES

The Authority has contracted to purchase water from several landowners. Each contract stipulates an initial term with extensions for as long as the Authority makes the lease payments. Initial costs to acquire these leases are amortized over the initial term. The Authority intends to maintain these leases in perpetuity. Future minimum lease payments under current conditions are \$1.3 million per year.

NOTE F -- SPONSORING GOVERNMENTS

The sponsoring governments have pledged revenues to support the budgeted operating costs and debt service of the Authority based on their anticipated usage of the resulting water produced from the project. Because the Authority is still constructing its plant, no water has been sold other than non-potable water. Contributions from the sponsoring governments are broken down as follows:

Sponsoring Government	Share
City of San Marcos	35.86%
Canyon Regional Water Authority	30.89%
City of Kyle	28.17%
City of Buda	5.08%
Total	100%

NOTE G -- TRANSMISSION AND TREATMENT INTERLOCAL AGREEMENT

In 2018, the Authority reached an agreement with Guadalupe Blanco River Authority (GBRA) for the use of Authority plant pipelines and treatment facilities. The agreement involves increasing the capacity of the Authority's system to treat and transmit GBRA water. In exchange, GBRA has agreed to fund a portion of the construction costs and ongoing operational costs once in production. A portion of the plant capacity will be reserved for GBRA's use. GBRA is billed their pro-rata share of construction costs as they are incurred. Any payments in excess of these costs are shown as a liability on the statement of net position.

NOTE H -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

Plan Description

The Authority participates as one of 800 plans in the nontraditional, defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). TCDRS is an agency created by the state of Texas and administered in accordance with the TCDRS Act as an agent multiple-employer retirement system for County and District employees in the State of Texas. The Board of Trustees of TCDRS is responsible for the administration and management of the system. TCDRS in the aggregate issues a annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at PO Box 2034, Austin, Texas 78768-2034.

ALLIANCE REGIONAL WATER AUTHORITY
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2022

NOTE H -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (Cont.)

The plan provisions are adopted by the governing body of the Authority, within the options available in the state statutes governing TCDRS. Members can retire at age 60 and above with 5 or more years of service or with 30 years regardless of age or when the sum of their age and years of service equals 80 or more. A member is vested after 5 years but must leave his accumulated contributions in the plan.

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

Contributions

The Authority has elected the annually determined contribution rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the Authority is actuarially determined annually. The Authority contributed using the actuarially determined rate of 6.82% and 8.40% for the calendar years of 2021 and 2022, respectively.

The contribution rate payable by the employee members is 5% and the Authority matches 2 to 1 as adopted by the governing body of the Authority. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Benefits Provided

TCDRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the Authority, within the options available in the state statutes governing TCDRS. At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the Authority-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

	12/31/2021
Inactive Employees Receiving Benefits	0
Inactive Employees	0
Active Employees	4
	4

ALLIANCE REGIONAL WATER AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE H -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (Cont.)

Net Pension Liability

The Authority's Net Pension Liability (NPL) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Real rate of return	5.00%
Inflation	2.50%
Long-term Investment return	7.50%

The long-term expected rate of return on pension plan investments is 7.5%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS. The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2021 information for a 10-year time horizon. Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a long-term time horizon; the most recent analysis was performed in March 2021. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return (Geometric)
US Equities	11.5%	3.80%
Global Equities	2.5%	4.10%
International Equities - Developed	5.0%	3.80%
International Equities - Emerging	6.0%	4.30%
Investment-Grade Bonds	3.0%	-0.85%
Strategic Credit	9.0%	1.77%
Direct Lending	16.0%	6.25%
Distressed Debt	4.0%	4.50%
REIT Equities	2.0%	3.10%
Master Limited Partnerships (MLPs)	2.0%	3.85%
Private Real Estate Partnerships	6.0%	5.10%
Private Equity	25.0%	6.80%
Hedge Funds	6.0%	1.55%
Cash Equivalents	2.0%	-1.05%
	100.0%	

ALLIANCE REGIONAL WATER AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE H -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (Cont.)

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

The following presents the net pension liability of the Authority, calculated using the discount rate of 7.60%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate 6.60%	Discount Rate 7.60%	Discount Rate 8.60%
Net Pension Liability (Asset)	\$ 29,733	\$ (16,518)	\$ (54,734)

Changes in Net Pension Liability

The below schedule presents the changes in the Net Pension Liability (Asset) as of December 31, 2021:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2020	\$ 177,794	\$ 168,727	\$ 9,067
Changes for the year:			
Service Cost	39,887	-	39,887
Interest on total pension liability	16,544	-	16,544
Change of Benefit Terms	-	-	-
Economic/Demographic gains or losses	545	-	545
Changes of Assumptions	629	-	629
Refund of Contributions	-	-	-
Benefit Payments	-	-	-
Administrative Expense	-	(136)	136
Member Contributions	-	16,913	(16,913)
Net Investment Income	-	41,708	(41,708)
Employer Contributions	-	23,513	(23,513)
Other	-	1,192	(1,192)
Net Changes	57,605	83,190	(25,585)
Balance at December 31, 2021	\$ 235,399	\$ 251,917	\$ (16,518)

ALLIANCE REGIONAL WATER AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE H -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (Cont.)

Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. That report may be obtained at www.tcdrs.com.

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

For the year ended September 30, 2022, the Authority recognized pension expense of \$19,672. Also as of September 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Outflows of of Resources	Deferred Inflows Inflows of of Resources
Differences between Expected and Actual Economic Experience	\$ 11,008	\$ 377
Changes in Actuarial Assumptions	14,579	42
Net difference between projected and Actual Earnings	-	23,486
Contributions Subsequent to the Measurement Date	22,627	-
	\$ 48,214	\$ 23,905

Deferred outflows of resources in the amount of \$22,627 result from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ending December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year ended December 31,	
2022	\$ (4,065)
2023	(5,312)
2024	(4,269)
2025	(4,012)
2026	1,457
Thereafter	17,883
	\$ 1,682

NOTE I -- LITIGATION

The Authority acquires a significant amount of easements and real property to support pipelines. Legal proceedings are required in certain cases of condemnation. However, management and legal counsel are not aware of any litigation that will have a material effect on the Authority's financial position.

ALLIANCE REGIONAL WATER AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE J -- COMMITMENTS

As of September 30, 2022, the Authority had several contracts in place as follows:

	Total <u>Commitment</u>	Expended to Date	Estimated <u>Remaining</u>
Engineering & Right of Way	\$ 23,644,633	\$ 10,426,634	\$ 13,217,999
Construction	<u>112,358,550</u>	<u>42,789,669</u>	<u>69,568,881</u>
	<u>\$ 136,003,183</u>	<u>\$ 53,216,303</u>	<u>\$ 82,786,880</u>

NOTE K -- SUBSEQUENT EVENT

In October 2022, the Authority issued \$48 million in contract revenue bonds for system improvements. The bonds bear interest at rates ranging from 2.78% to 4.17% and mature serially through August 2052. The bonds are secured by the water supply contracts of the participating entities.

REQUIRED SUPPLEMENTARY INFORMATION

ALLIANCE REGIONAL WATER AUTHORITY
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Budget Amounts</u>		Actual	Variance With
	<u>Original</u>	<u>Final</u>	Results (Budgetary Basis)	Final Budget- Positive (Negative)
Operating Revenues:				
Water Sales	\$ 31,600	\$ 31,600	\$ 41,314	\$ 9,714
Total Operating Revenues	<u>31,600</u>	<u>31,600</u>	<u>41,314</u>	<u>9,714</u>
Operating Expenses:				
Groundwater Reservation Leases	1,355,600	1,355,600	1,269,053	86,547
Professional Fees	250,000	250,000	214,119	35,881
Personnel Costs	525,040	525,040	426,170	98,870
Permits and Fees	82,000	82,000	81,900	100
Administrative Expenses	51,300	51,300	55,614	(4,314)
Plant Operations & Maintenance	28,510	28,510	13,622	14,888
Total Operating Expenses	<u>2,292,450</u>	<u>2,292,450</u>	<u>2,060,478</u>	<u>231,972</u>
Operating Income (Loss)	<u>(2,260,850)</u>	<u>(2,260,850)</u>	<u>(2,019,164)</u>	<u>241,686</u>
Non-Operating Revenues (Expenses)				
Participating Government Contributions	15,695,520	15,695,520	15,695,520	-
Interest Income	13,500	13,500	1,036,488	1,022,988
Other Income	-	-	5,543	5,543
Debt Service	(13,095,520)	(13,095,520)	(13,095,518)	2
Non-Operating Revenues	<u>2,613,500</u>	<u>2,613,500</u>	<u>3,642,033</u>	<u>1,028,533</u>
Net Income (Budgetary Basis)	<u>\$ 352,650</u>	<u>\$ 352,650</u>	1,622,869	<u>\$ 1,270,219</u>
Transmission and Treatment Agreement			42,433,428	
Change in Compensated Absences Accrual			18,675	
Bond Issuance Costs			(30,940)	
Bond Principal Payments			9,195,000	
Change in Accrued Interest			<u>6,641</u>	
Net Income (GAAP Basis)			<u>\$ 53,245,673</u>	

ALLIANCE REGIONAL WATER AUTHORITY
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2022

The Authority budgets on a basis of accounting similar to cash basis. Thus, certain items are presented as reconciling items between the budgetary comparison schedule and the statement of revenues, expenses and changes in net position.

ALLIANCE REGIONAL WATER AUTHORITY
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST EIGHT CALENDAR YEARS

Total Pension Liability				
	2014	2015	2016	2017
Service Cost	\$ 1,883	\$ 12,694	\$ 14,034	\$ 15,763
Interest (on the Total Pension Liability)	75	624	1,903	4,235
Changes of Benefit Terms	-	(1,079)	793	-
Difference between Expected and Actual Experience	2	1,923	3,569	(35)
Change of Assumptions	-	102	-	(56)
Benefit Payments, Including Refunds of Employee Contributions	-	-	-	-
Net Change in Total Pension Liability	1,960	14,264	20,299	19,907
Total Pension Liability - Beginning	-	1,960	16,224	36,523
Total Pension Liability - Ending	<u>\$ 1,960</u>	<u>\$ 16,224</u>	<u>\$ 36,523</u>	<u>\$ 56,430</u>
Plan Fiduciary Net Position				
	2014	2015	2016	2017
Contributions - Employer	\$ 1,132	\$ 7,763	\$ 7,697	\$ 9,785
Contributions - Employee	1,038	7,123	7,088	7,366
Net Investment Income	9	(151)	1,291	5,198
Benefit Payments, Including Refunds of Employee Contributions	-	-	-	-
Administrative Expense	(1)	(7)	(15)	(37)
Other	-	(1)	756	229
Net Change	2,178	14,727	16,817	22,541
Beginning Plan Fiduciary Net Position	-	2,178	16,905	33,722
Ending Plan Fiduciary Net Position	<u>\$ 2,178</u>	<u>\$ 16,905</u>	<u>\$ 33,722</u>	<u>\$ 56,263</u>
Net Pension Liability (Asset) - Ending	\$ (218)	\$ (681)	\$ 2,801	\$ 167
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	111.12%	104.20%	92.33%	99.70%
Covered Payroll	\$ 124,618	\$ 142,452	\$ 141,750	\$ 147,311
Net Pension Liability as a Percentage of Covered Payroll	-0.17%	-0.48%	1.98%	0.11%

Information in this schedule is being accumulated until ten years are presented.
See Independent Auditor's Report.

Total Pension Liability			
2018	2019	2020	2021
\$ 16,759	\$ 27,060	\$ 28,296	\$ 39,887
5,928	8,833	11,806	16,544
-	-	-	-
-	(424)	4,777	545
2,867	-	15,462	629
-	-	-	-
25,554	35,469	60,341	57,605
56,430	81,984	117,453	177,794
<u>\$ 81,984</u>	<u>\$ 117,453</u>	<u>\$ 177,794</u>	<u>\$ 235,399</u>

Plan Fiduciary Net Position			
2018	2019	2020	2021
\$ 12,131	\$ 16,531	\$ 20,545	\$ 23,513
9,107	12,411	15,009	16,913
(811)	12,659	12,447	41,708
-	-	-	-
(62)	(91)	(123)	(136)
638	1,009	1,064	1,192
21,003	42,519	48,942	83,190
56,263	77,266	119,785	168,727
<u>\$ 77,266</u>	<u>\$ 119,785</u>	<u>\$ 168,727</u>	<u>\$ 251,917</u>

\$ 4,718	\$ (2,332)	\$ 9,067	\$ (16,518)
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94.25%	101.99%	94.90%	107.02%
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\$ 182,150	\$ 248,222	\$ 300,185	\$ 338,269
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2.59%	-0.94%	3.02%	-4.88%
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ALLIANCE REGIONAL WATER AUTHORITY
SCHEDULE OF EMPLOYER CONTRIBUTIONS – PENSION PLAN-
LAST EIGHT FISCAL YEARS

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions As Percent of Payroll
2022	\$ 28,221	\$ 28,221	-	\$ 351,382	8.03%
2021	20,503	22,586	(2,083)	332,916	6.78%
2020	19,107	19,107	-	283,824	6.73%
2019	16,336	16,336	-	245,291	6.66%
2018	10,369	10,372	(3)	155,797	6.66%
2017	9,260	9,260	-	145,921	6.35%
2016	7,714	7,714	-	141,926	5.44%
2015	6,954	6,954	-	127,609	5.45%

Valuation Timing:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	19.0 years (based on contribution rate calculated in 12/31/21 valuation)
Asset Valuation Method	5 Year Smoothed Market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation
Investment Rate of Return	7.50%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the RP-2014 Healthy Annuitant Mortality Table for males and 120% of the RP-2014 Health Annuitant Mortality Table for females, both projected with 100% of the MP-2021 Ultimate Scale after 2010.
Changes in Assumptions	2015: New inflation, mortality and other assumptions 2017: New mortality assumptions were reflected 2019: New inflation, mortality and other assumptions
Changes in Plan Provisions	2017: Employer contributions reflect that the current service matching rate was increased to 200% for future benefits. Also, new Annuity Purchase Rates were reflected for benefits earned after 2017.

SUPPLEMENTARY INFORMATION

ALLIANCE REGIONAL WATER AUTHORITY
TSI-1 SERVICES AND RATES
YEAR ENDING SEPTEMBER 30, 2022

1. Services Provided by the District during the Fiscal Year

Not Yet in Production

2. Retail Service Providers

Not Applicable

3. Total Water Consumption during the Fiscal Year

Not Yet in Production

4. Standby Fees

Not Applicable

5. Location of District

Counties: Hays, Guadalupe, Caldwell, Comal

Cities: Buda, Kyle, San Marcos, Cibolo, Converse, Niederwald, Staples,
Uhland, Martindale

Board Members Board members are appointed by each participating government
(City of San Marcos, City of Kyle, City of Buda, Canyon Regional
Water Authority)

ALLIANCE REGIONAL WATER AUTHORITY
 TSI-2 EXPENSES
 FOR THE YEAR ENDING SEPTEMBER 30, 2022

Personnel Expenditures (including benefits)		\$	407,495
Professional Fees:			
Legal			111,031
Accounting and Audit			10,930
Other			92,158
Water and Transmission Costs			1,269,053
Administrative Expenses			137,514
Plant Operations & Maintenance			13,622
Interest and Debt Related Costs			<u>3,924,817</u>
Total Expenses		\$	<u><u>5,966,620</u></u>
Total number of persons employed by the District			
	Full-Time		<u>3</u>
	Part-Time		<u>1</u>

TSI-3 TEMPORARY INVESTMENTS
 TSI-4 TAXES LEVIED AND RECEIVABLE

OMITTED AS NOT APPLICABLE
 OMITTED AS NOT APPLICABLE

ALLIANCE REGIONAL WATER AUTHORITY
TSI-5 LONG-TERM BONDED DEBT

Contract Revenue Bonds 2015A			
Fiscal Year Ending September 30,	Principal Due Each Year	Interest Due Each Year	Total
2023	\$ 195,000	\$ 56,854	\$ 251,854
2024	195,000	54,319	249,319
2025	200,000	51,609	251,609
2026	205,000	48,669	253,669
2027	210,000	45,307	255,307
2028	210,000	41,506	251,506
2029	215,000	37,390	252,390
2030	220,000	32,875	252,875
2031	225,000	28,035	253,035
2032	230,000	22,905	252,905
2033	240,000	17,569	257,569
2034	245,000	11,881	256,881
2035	250,000	6,025	256,025
	\$ 2,840,000	\$ 454,944	\$ 3,294,944

ALLIANCE REGIONAL WATER AUTHORITY
TSI-5 LONG-TERM BONDED DEBT (CONTINUED)

Contract Revenue Bonds 2015B			
Fiscal Year Ending September 30,	Principal Due Each Year	Interest Due Each Year	Total
2023	\$ 95,000	\$ 83,607	\$ 178,607
2024	100,000	82,117	182,117
2025	100,000	80,437	180,437
2026	100,000	78,677	178,677
2027	105,000	76,707	181,707
2028	105,000	74,407	179,407
2029	110,000	71,929	181,929
2030	110,000	69,135	179,135
2031	115,000	66,220	181,220
2032	120,000	63,058	183,058
2033	120,000	59,698	179,698
2034	125,000	56,266	181,266
2035	130,000	52,666	182,666
2036	135,000	48,883	183,883
2037	140,000	44,684	184,684
2038	140,000	40,330	180,330
2039	145,000	35,976	180,976
2040	150,000	31,452	181,452
2041	155,000	26,772	181,772
2042	160,000	21,812	181,812
2043	165,000	16,692	181,692
2044	175,000	11,396	186,396
2045	180,000	5,778	185,778
	\$ 2,980,000	\$ 1,198,699	\$ 4,178,699

ALLIANCE REGIONAL WATER AUTHORITY
TSI-5 LONG-TERM BONDED DEBT (CONTINUED)

Contract Revenue Bonds 2017A			
Fiscal Year Ending September 30,	Principal Due Each Year	Interest Due Each Year	Total
2023	\$ 270,000	\$ 228,048	\$ 498,048
2024	275,000	224,727	499,727
2025	275,000	221,042	496,042
2026	280,000	216,972	496,972
2027	285,000	212,548	497,548
2028	290,000	207,760	497,760
2029	295,000	202,395	497,395
2030	300,000	196,318	496,318
2031	310,000	189,568	499,568
2032	315,000	182,035	497,035
2033	325,000	174,065	499,065
2034	330,000	165,583	495,583
2035	340,000	156,739	496,739
2036	350,000	147,457	497,457
2037	360,000	137,762	497,762
2038	370,000	127,646	497,646
2039	380,000	117,064	497,064
2040	390,000	105,702	495,702
2041	400,000	93,963	493,963
2042	415,000	81,923	496,923
2043	425,000	69,431	494,431
2044	435,000	56,299	491,299
2045	450,000	42,857	492,857
2046	465,000	28,952	493,952
2047	475,000	14,630	489,630
	\$ 8,805,000	\$ 3,601,486	\$ 12,406,486

ALLIANCE REGIONAL WATER AUTHORITY
TSI-5 LONG-TERM BONDED DEBT (CONTINUED)

Contract Revenue Bonds 2017B			
Fiscal Year Ending September 30,	Principal Due Each Year	Interest Due Each Year	Total
2023	\$ 245,000	\$ 207,997	\$ 452,997
2024	250,000	204,983	454,983
2025	250,000	201,633	451,633
2026	255,000	197,933	452,933
2027	260,000	193,904	453,904
2028	265,000	189,536	454,536
2029	270,000	184,634	454,634
2030	275,000	179,072	454,072
2031	280,000	172,884	452,884
2032	290,000	166,080	456,080
2033	295,000	158,743	453,743
2034	305,000	151,044	456,044
2035	310,000	142,870	452,870
2036	320,000	134,407	454,407
2037	330,000	125,543	455,543
2038	335,000	116,270	451,270
2039	345,000	106,689	451,689
2040	355,000	96,373	451,373
2041	365,000	85,688	450,688
2042	375,000	74,701	449,701
2043	385,000	63,414	448,414
2044	400,000	51,517	451,517
2045	410,000	39,157	449,157
2046	425,000	26,488	451,488
2047	435,000	13,398	448,398
	\$ 8,030,000	\$ 3,284,958	\$ 11,314,958

ALLIANCE REGIONAL WATER AUTHORITY
TSI-5 LONG-TERM BONDED DEBT (CONTINUED)

Contract Revenue Bonds 2017C			
Fiscal Year Ending September 30,	Principal Due Each Year	Interest Due Each Year	Total
2023	\$ 555,000	\$ 164,282	\$ 719,282
2024	560,000	158,677	718,677
2025	570,000	152,517	722,517
2026	575,000	145,620	720,620
2027	580,000	138,202	718,202
2028	590,000	130,256	720,256
2029	600,000	121,347	721,347
2030	610,000	111,267	721,267
2031	620,000	100,104	720,104
2032	630,000	87,828	717,828
2033	645,000	74,850	719,850
2034	660,000	61,112	721,112
2035	675,000	46,724	721,724
2036	690,000	31,739	721,739
2037	705,000	16,145	721,145
	\$ 9,265,000	\$ 1,540,670	\$ 10,805,670

ALLIANCE REGIONAL WATER AUTHORITY
TSI-5 LONG-TERM BONDED DEBT (CONTINUED)

Contract Revenue Bonds 2017D			
Fiscal Year Ending September 30,	Principal Due Each Year	Interest Due Each Year	Total
2023	\$ 80,000	\$ 23,334	\$ 103,334
2024	80,000	22,526	102,526
2025	80,000	21,646	101,646
2026	80,000	20,678	100,678
2027	80,000	19,646	99,646
2028	85,000	18,550	103,550
2029	85,000	17,267	102,267
2030	85,000	15,839	100,839
2031	90,000	14,283	104,283
2032	90,000	12,501	102,501
2033	90,000	10,647	100,647
2034	95,000	8,730	103,730
2035	95,000	6,659	101,659
2036	100,000	4,550	104,550
2037	100,000	2,290	102,290
	\$ 1,315,000	\$ 219,146	\$ 1,534,146

ALLIANCE REGIONAL WATER AUTHORITY
TSI-5 LONG-TERM BONDED DEBT (CONTINUED)

Contract Revenue Bonds 2019A			
Fiscal Year Ending September 30,	Principal Due Each Year	Interest Due Each Year	Total
2023	\$ 755,000	\$ 532,131	\$ 1,287,131
2024	760,000	524,128	1,284,128
2025	770,000	515,844	1,285,844
2026	775,000	507,374	1,282,374
2027	785,000	498,461	1,283,461
2028	790,000	488,963	1,278,963
2029	800,000	479,167	1,279,167
2030	810,000	468,927	1,278,927
2031	820,000	457,263	1,277,263
2032	830,000	443,733	1,273,733
2033	845,000	428,627	1,273,627
2034	860,000	411,389	1,271,389
2035	875,000	393,415	1,268,415
2036	895,000	374,777	1,269,777
2037	915,000	354,461	1,269,461
2038	930,000	333,141	1,263,141
2039	950,000	311,007	1,261,007
2040	970,000	289,537	1,259,537
2041	995,000	264,123	1,259,123
2042	1,020,000	238,054	1,258,054
2043	1,050,000	211,330	1,261,330
2044	1,075,000	183,820	1,258,820
2045	1,100,000	155,655	1,255,655
2046	1,125,000	125,955	1,250,955
2047	1,155,000	95,580	1,250,580
2048	1,180,000	64,395	1,244,395
2049	1,205,000	32,535	1,237,535
	\$ 25,040,000	\$ 9,183,792	\$ 34,223,792

ALLIANCE REGIONAL WATER AUTHORITY
TSI-5 LONG-TERM BONDED DEBT (CONTINUED)

Contract Revenue Bonds 2019B			
Fiscal Year Ending September 30,	Principal Due Each Year	Interest Due Each Year	Total
2023	\$ 690,000	\$ 485,575	\$ 1,175,575
2024	695,000	478,261	1,173,261
2025	700,000	470,685	1,170,685
2026	705,000	462,985	1,167,985
2027	715,000	454,878	1,169,878
2028	720,000	446,226	1,166,226
2029	730,000	437,298	1,167,298
2030	735,000	427,954	1,162,954
2031	745,000	417,370	1,162,370
2032	760,000	405,078	1,165,078
2033	770,000	391,246	1,161,246
2034	785,000	375,538	1,160,538
2035	800,000	359,131	1,159,131
2036	815,000	342,091	1,157,091
2037	835,000	323,591	1,158,591
2038	850,000	304,135	1,154,135
2039	870,000	283,905	1,153,905
2040	885,000	264,243	1,149,243
2041	910,000	241,056	1,151,056
2042	935,000	217,214	1,152,214
2043	955,000	192,717	1,147,717
2044	980,000	167,696	1,147,696
2045	1,005,000	142,020	1,147,020
2046	1,030,000	114,885	1,144,885
2047	1,050,000	87,075	1,137,075
2048	1,075,000	58,725	1,133,725
2049	1,100,000	29,700	1,129,700
	\$ 22,845,000	\$ 8,381,278	\$ 31,226,278

ALLIANCE REGIONAL WATER AUTHORITY
TSI-5 LONG-TERM BONDED DEBT (CONTINUED)

Contract Revenue Bonds 2019C			
Fiscal Year Ending September 30,	Principal Due Each Year	Interest Due Each Year	Total
2023	\$ 1,510,000	\$ 387,081	\$ 1,897,081
2024	1,520,000	373,944	1,893,944
2025	1,530,000	360,416	1,890,416
2026	1,540,000	346,646	1,886,646
2027	1,555,000	332,170	1,887,170
2028	1,570,000	316,776	1,886,776
2029	1,580,000	300,919	1,880,919
2030	1,595,000	284,487	1,879,487
2031	1,615,000	265,825	1,880,825
2032	1,635,000	244,184	1,879,184
2033	1,655,000	219,823	1,874,823
2034	1,680,000	192,350	1,872,350
2035	1,710,000	163,790	1,873,790
2036	1,735,000	134,036	1,869,036
2037	1,765,000	101,938	1,866,938
2038	1,795,000	68,403	1,863,403
2039	1,825,000	33,580	1,858,580
	\$ 27,815,000	\$ 4,126,368	\$ 31,941,368

ALLIANCE REGIONAL WATER AUTHORITY
TSI-5 LONG-TERM BONDED DEBT (CONTINUED)

Contract Revenue Bonds 2019D			
Fiscal Year Ending September 30,	Principal Due Each Year	Interest Due Each Year	Total
2023	\$ 215,000	\$ 54,890	\$ 269,890
2024	215,000	53,019	268,019
2025	215,000	51,106	266,106
2026	220,000	49,171	269,171
2027	220,000	47,103	267,103
2028	225,000	44,925	269,925
2029	225,000	42,652	267,652
2030	225,000	40,312	265,312
2031	230,000	37,680	267,680
2032	230,000	34,598	264,598
2033	235,000	31,171	266,171
2034	240,000	27,270	267,270
2035	240,000	23,190	263,190
2036	245,000	19,014	264,014
2037	250,000	14,481	264,481
2038	255,000	9,731	264,731
2039	260,000	4,784	264,784
	\$ 3,945,000	\$ 585,097	\$ 4,530,097

ALLIANCE REGIONAL WATER AUTHORITY
TSI-5 LONG-TERM BONDED DEBT (CONTINUED)

Contract Revenue Bonds 2020A			
Fiscal Year Ending September 30,	Principal Due Each Year	Interest Due Each Year	Total
2023	\$ 1,110,000	\$ 616,816	\$ 1,726,816
2024	1,115,000	614,929	1,729,929
2025	1,115,000	612,476	1,727,476
2026	1,120,000	609,465	1,729,465
2027	1,125,000	604,985	1,729,985
2028	1,130,000	599,023	1,729,023
2029	1,140,000	591,904	1,731,904
2030	1,145,000	583,240	1,728,240
2031	1,155,000	573,622	1,728,622
2032	1,170,000	560,801	1,730,801
2033	1,185,000	545,240	1,730,240
2034	1,205,000	527,347	1,732,347
2035	1,225,000	508,308	1,733,308
2036	1,245,000	487,973	1,732,973
2037	1,270,000	466,434	1,736,434
2038	1,300,000	443,828	1,743,828
2039	1,325,000	420,168	1,745,168
2040	1,360,000	395,523	1,755,523
2041	1,390,000	369,683	1,759,683
2042	1,420,000	337,157	1,757,157
2043	1,445,000	303,929	1,748,929
2044	1,475,000	270,116	1,745,116
2045	1,505,000	235,601	1,740,601
2046	1,540,000	200,384	1,740,384
2047	1,575,000	162,192	1,737,192
2048	1,615,000	123,132	1,738,132
2049	1,655,000	83,080	1,738,080
2050	1,695,000	42,036	1,737,036
	\$ 36,755,000	\$ 11,889,387	\$ 48,644,387

ALLIANCE REGIONAL WATER AUTHORITY
TSI-5 LONG-TERM BONDED DEBT (CONTINUED)

Contract Revenue Bonds 2020B			
Fiscal Year Ending September 30,	Principal Due Each Year	Interest Due Each Year	Total
2023	\$ 1,015,000	\$ 562,477	\$ 1,577,477
2024	1,015,000	560,751	1,575,751
2025	1,020,000	558,518	1,578,518
2026	1,020,000	555,764	1,575,764
2027	1,025,000	551,684	1,576,684
2028	1,030,000	546,252	1,576,252
2029	1,040,000	539,763	1,579,763
2030	1,045,000	531,859	1,576,859
2031	1,055,000	523,081	1,578,081
2032	1,065,000	511,370	1,576,370
2033	1,080,000	497,206	1,577,206
2034	1,100,000	480,898	1,580,898
2035	1,115,000	463,518	1,578,518
2036	1,135,000	445,009	1,580,009
2037	1,160,000	425,373	1,585,373
2038	1,185,000	404,725	1,589,725
2039	1,210,000	383,158	1,593,158
2040	1,240,000	360,652	1,600,652
2041	1,265,000	337,092	1,602,092
2042	1,295,000	307,491	1,602,491
2043	1,320,000	277,188	1,597,188
2044	1,345,000	246,300	1,591,300
2045	1,375,000	214,827	1,589,827
2046	1,405,000	182,652	1,587,652
2047	1,435,000	147,808	1,582,808
2048	1,470,000	112,220	1,582,220
2049	1,510,000	75,764	1,585,764
2050	1,545,000	38,316	1,583,316
	\$ 33,520,000	\$ 10,841,712	\$ 44,361,712

ALLIANCE REGIONAL WATER AUTHORITY
TSI-5 LONG-TERM BONDED DEBT (CONTINUED)

Contract Revenue Bonds 2020C			
Fiscal Year Ending September 30,	Principal Due Each Year	Interest Due Each Year	Total
2023	\$ 2,190,000	\$ 391,683	\$ 2,581,683
2024	2,195,000	388,617	2,583,617
2025	2,200,000	384,446	2,584,446
2026	2,210,000	379,386	2,589,386
2027	2,215,000	372,093	2,587,093
2028	2,225,000	362,347	2,587,347
2029	2,235,000	350,777	2,585,777
2030	2,250,000	336,920	2,586,920
2031	2,265,000	321,395	2,586,395
2032	2,285,000	300,784	2,585,784
2033	2,310,000	276,106	2,586,106
2034	2,340,000	247,693	2,587,693
2035	2,375,000	217,507	2,592,507
2036	2,410,000	185,207	2,595,207
2037	2,450,000	151,226	2,601,226
2038	2,490,000	115,701	2,605,701
2039	2,535,000	78,600	2,613,600
2040	2,585,000	40,068	2,625,068
	\$ 41,765,000	\$ 4,900,551	\$ 46,665,551

ALLIANCE REGIONAL WATER AUTHORITY
TSI-5 LONG-TERM BONDED DEBT (CONTINUED)

Contract Revenue Bonds 2020D			
Fiscal Year Ending September 30,	Principal Due Each Year	Interest Due Each Year	Total
2023	\$ 310,000	\$ 55,470	\$ 365,470
2024	310,000	55,036	365,036
2025	310,000	54,447	364,447
2026	315,000	53,734	368,734
2027	315,000	52,695	367,695
2028	315,000	51,309	366,309
2029	315,000	49,671	364,671
2030	320,000	47,718	367,718
2031	320,000	45,510	365,510
2032	325,000	42,598	367,598
2033	330,000	39,088	369,088
2034	330,000	35,029	365,029
2035	335,000	30,772	365,772
2036	340,000	26,216	366,216
2037	345,000	21,422	366,422
2038	355,000	16,419	371,419
2039	360,000	11,130	371,130
2040	365,000	5,658	370,658
	\$ 5,915,000	\$ 693,916	\$ 6,608,916



ALLIANCE WATER

ALLIANCE REGIONAL WATER AUTHORITY
TSI-5 LONG-TERM BONDED DEBT (CONTINUED)

Total Requirements for All Series			
Fiscal Year Ending September 30,	Principal Due Each Year	Interest Due Each Year	Total
2023	\$ 9,235,000	\$ 3,850,244	\$ 13,085,244
2024	9,285,000	3,796,033	13,081,033
2025	9,335,000	3,736,822	13,071,822
2026	9,400,000	3,673,074	13,073,074
2027	9,475,000	3,600,383	13,075,383
2028	9,550,000	3,517,835	13,067,835
2029	9,640,000	3,427,112	13,067,112
2030	9,725,000	3,325,922	13,050,922
2031	9,845,000	3,212,839	13,057,839
2032	9,975,000	3,077,552	13,052,552
2033	10,125,000	2,924,078	13,049,078
2034	10,300,000	2,752,128	13,052,128
2035	10,475,000	2,571,312	13,046,312
2036	10,415,000	2,381,357	12,796,357
2037	10,625,000	2,185,349	12,810,349
2038	10,005,000	1,980,329	11,985,329
2039	10,205,000	1,786,060	11,991,060
2040	8,300,000	1,589,207	9,889,207
2041	5,480,000	1,418,377	6,898,377
2042	5,620,000	1,278,352	6,898,352
2043	5,745,000	1,134,701	6,879,701
2044	5,885,000	987,144	6,872,144
2045	6,025,000	835,895	6,860,895
2046	5,990,000	679,316	6,669,316
2047	6,125,000	520,683	6,645,683
2048	5,340,000	358,472	5,698,472
2049	5,470,000	221,061	5,691,061
2050	3,240,000	80,352	3,320,352
	\$ 230,835,000	\$ 60,901,985	\$ 291,736,985

ALLIANCE REGIONAL WATER AUTHORITY
TSI-6 CHANGES IN LONG-TERM BONDED DEBT

	Contract Revenue Bonds Series 2015A	Contract Revenue Bonds Series 2015B	Contract Revenue Bonds Series 2017A	Contract Revenue Bonds Series 2017B	Contract Revenue Bonds Series 2017C
Interest Rate	0.38-2.41%	0.45-3.21%	0.77-3.08%	0.77-3.08%	0.63-2.29%
Dates Interest Payable Maturity Dates	Feb 15, Aug 15 August 2035	Feb 15, Aug 15 August 2045	Feb 15, Aug 15 August 2047	Feb 15, Aug 15 August 2047	Feb 15, Aug 15 August 2037
Beginning Bonds Outstanding	\$ 3,030,000	\$ 3,075,000	\$ 9,075,000	\$ 8,275,000	\$ 9,815,000
Bonds Sold During The Fiscal Year	-	-	-	-	-
Bonds Retired During The Fiscal Year	(190,000)	(95,000)	(270,000)	(245,000)	(550,000)
Ending Bonds Outstanding	<u>\$ 2,840,000</u>	<u>\$ 2,980,000</u>	<u>\$ 8,805,000</u>	<u>\$ 8,030,000</u>	<u>\$ 9,265,000</u>
Interest Paid During The Fiscal Year	<u>\$ 59,058</u>	<u>\$ 84,929</u>	<u>\$ 231,018</u>	<u>\$ 210,692</u>	<u>\$ 169,232</u>
Paying Agent's Name and City	BOKF, NA Dallas, TX	BOKF, NA Dallas, TX	BOKF, NA Dallas, TX	BOKF, NA Dallas, TX	BOKF, NA Dallas, TX
<i>Bond Authority</i> Amount Authorized by The Board of Trustees	\$ 3,960,000	\$ 3,530,000	\$ 9,865,000	\$ 8,995,000	\$ 11,450,000
Amount Issued	<u>3,960,000</u>	<u>3,530,000</u>	<u>9,865,000</u>	<u>8,995,000</u>	<u>11,450,000</u>
Remaining to be Issued	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report.

Contract Revenue Bonds Series 2017D	Contract Revenue Bonds Series 2019A	Contract Revenue Bonds Series 2019B	Contract Revenue Bonds Series 2019C	Contract Revenue Bonds Series 2019D	Contract Revenue Bonds Series 2020A
0.63-2.29% Feb 15, Aug 15 August 2037	1.02-2.70% Feb 15, Aug 15 August 2049	1.02-2.70% Feb 15, Aug 15 August 2049	0.84-1.94% Feb 15, Aug 15 August 2039	0.84-1.94% Feb 15, Aug 15 August 2039	0.14%-2.48% Feb 15, Aug 15 August 2039
\$ 1,395,000	\$ 25,790,000	\$ 23,525,000	\$ 29,315,000	\$ 4,160,000	\$ 37,865,000
-	-	-	-	-	-
<u>(80,000)</u>	<u>(750,000)</u>	<u>(680,000)</u>	<u>(1,500,000)</u>	<u>(215,000)</u>	<u>(1,110,000)</u>
<u>\$ 1,315,000</u>	<u>\$ 25,040,000</u>	<u>\$ 22,845,000</u>	<u>\$ 27,815,000</u>	<u>\$ 3,945,000</u>	<u>\$ 36,755,000</u>
<u>\$ 24,054</u>	<u>\$ 539,931</u>	<u>\$ 492,647</u>	<u>\$ 399,831</u>	<u>\$ 56,717</u>	<u>\$ 618,370</u>
BOKF, NA Dallas, TX	BOKF, NA Dallas, TX	BOKF, NA Dallas, TX	BOKF, NA Dallas, TX	BOKF, NA Dallas, TX	BOKF, NA Dallas, TX
\$ 1,625,000 1,625,000	\$ 26,530,000 26,530,000	\$ 24,200,000 24,200,000	\$ 30,800,000 30,800,000	\$ 4,370,000 4,370,000	\$ 37,865,000 37,865,000
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report.



ALLIANCE WATER

ALLIANCE REGIONAL WATER AUTHORITY
TSI-6 CHANGES IN LONG-TERM BONDED DEBT (CONT.)

	Contract Revenue Bonds Series 2020B	Contract Revenue Bonds Series 2020C	Contract Revenue Bonds Series 2020D	Total
Interest Rate	0.14%-2.48%	0.12%-1.55%	0.12%-1.55%	
Dates Interest Payable	Feb 15, Aug 15	Feb 15, Aug 15	Feb 15, Aug 15	
Maturity Dates	August 2039	August 2039	August 2039	
Beginning Bonds				
Outstanding	\$ 34,530,000	\$ 43,955,000	\$ 6,225,000	\$ 240,030,000
Bonds Sold During				
The Fiscal Year	-	-	-	-
Bonds Retired During				
The Fiscal Year	(1,010,000)	(2,190,000)	(310,000)	(9,195,000)
Ending Bonds				
Outstanding	<u>\$ 33,520,000</u>	<u>\$ 41,765,000</u>	<u>\$ 5,915,000</u>	<u>\$ 230,835,000</u>
Interest Paid During				
The Fiscal Year	<u>\$ 563,891</u>	<u>\$ 394,311</u>	<u>\$ 55,837</u>	<u>\$ 3,900,518</u>
Paying Agent's	BOKF, NA	BOKF, NA	BOKF, NA	
Name and City	Dallas, TX	Dallas, TX	Dallas, TX	
<i>Bond Authority</i>				
Amount Authorized by				
The Board of Trustees	\$ 34,530,000	\$ 43,955,000	\$ 6,225,000	\$ 247,900,000
Amount Issued	<u>34,530,000</u>	<u>43,955,000</u>	<u>6,225,000</u>	<u>247,900,000</u>
Remaining to be				
Issued	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Debt Service Fund Cash and Temporary Investments as of September 30				<u>\$ 1,646,372</u>
Average Annual Debt Service Payment (principal & interest) for Remaining Term of Debt				<u>\$ 10,419,178</u>

See Independent Auditor's Report.

ALLIANCE REGIONAL WATER AUTHORITY
 TSI-7 COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 LAST FIVE FISCAL YEARS

	2018	2019	2020	2021	2022
Operating Revenues:					
Water Sales	\$ -	\$ 28,526	\$ 35,003	\$ 41,482	\$ 41,314
Total Operating Revenues	-	28,526	35,003	41,482	41,314
Operating Expenses:					
Groundwater Reservation Leases	1,240,976	1,192,172	1,336,205	1,390,615	1,269,053
Amortization of Initial Lease Costs	204,810	204,810	43,937	-	-
Professional Fees	220,963	230,066	202,542	255,833	214,119
Personnel Costs	194,334	332,814	356,522	414,021	407,495
Permits and Fees	62,878	71,311	75,538	74,454	81,900
Administrative Expenses	26,695	31,790	40,328	44,018	55,614
Plant Operations & Maintenance	-	-	-	37,428	13,622
Total Operating Expenses	1,950,656	2,062,963	2,055,072	2,216,369	2,041,803
Operating Income (Loss)	(1,950,656)	(2,034,437)	(2,020,069)	(2,174,887)	(2,000,489)
Non-Operating Revenues (Expenses)					
Participating Government Contributions	4,221,926	6,476,552	8,037,206	11,064,619	15,695,520
Transmission and Treatment Agreement	736,853	3,887,232	6,362,088	5,363,527	42,433,428
Interest Income	4,579	568,877	462,865	38,457	1,036,488
Miscellaneous Income	6,500	-	-	-	5,543
Bond Issue Costs	(798,270)	-	(1,237,824)	(1,545,582)	(30,940)
Interest Expense	-	(811,610)	(2,108,361)	(3,708,431)	(3,893,877)
Total Non-Operating Revenues (Expenses)	4,171,588	10,121,051	11,515,974	11,212,590	55,246,162
Change in Net Position	<u>\$ 2,220,932</u>	<u>\$ 8,086,614</u>	<u>\$ 9,495,905</u>	<u>\$ 9,037,703</u>	<u>\$ 53,245,673</u>

See Independent Auditor's Report.

Percent of Fund Total Revenues				
2018	2019	2020	2021	2022
0%	100%	100%	100%	100%
0%	100%	100%	100%	100%
0%	4179%	3817%	3352%	3072%
0%	718%	126%	0%	0%
0%	807%	579%	617%	518%
0%	1167%	1019%	998%	986%
0%	250%	216%	179%	198%
0%	111%	115%	106%	135%
0%	0%	0%	90%	33%
0%	7232%	5871%	5343%	4942%
0%	-7132%	-5771%	-5243%	-4842%
0%	22704%	22961%	26673%	37991%
0%	13627%	18176%	12930%	102710%
0%	1994%	1322%	93%	2509%
0%	0%	0%	0%	13%
0%	0%	-3536%	-3726%	-75%
0%	-2845%	-6023%	-8940%	-9425%
0%	35480%	32900%	27030%	133723%
0%	28348%	27129%	21787%	128880%

See Independent Auditor's Report.

ALLIANCE REGIONAL WATER AUTHORITY
 TSI-8 BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
 FOR THE YEAR ENDING SEPTEMBER 30, 2022

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid 9/30/22	Expense Reimbursements 9/30/22	Title at Year End
Board of Trustees:				
Regina Franke	9/21-4/23	---	---	Director
Humberto Ramos	4/21-4/24	---	---	Vice-Chair
Chris Betz	6/17-4/25	---	---	Chair
Pat Allen	6/17-4/23	---	---	Director
Mark Gleason	1/21-4/25	---	---	Director
Jane Hughson	6/17-4/23	---	---	Director
Paul Kite	1/21-4/25	---	---	Director
Tyler Hjorth	4/21-4/24	---	---	Director
Tim Samford	4/21-4/24	---	---	Director
Derrick Turley	4/21-4/24	---	---	Director
Shaun Condor	4/22-4/25	---	---	Director
Amber Lewis	8/22-4/24	---	---	Secretary
Blake Neffendorf	4/20-4/23	---	---	Treasurer
Key Administrative Personnel:				
Graham Moore	6/15/2017	\$ 181,756	\$ 278	Exec. Director

ALLIANCE REGIONAL WATER AUTHORITY
 TSI-8 BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (CONT.)
 FOR THE YEAR ENDING SEPTEMBER 30, 2022

Consultants:

Alan Plummer & Associates, Inc.	\$ 241,870	Engineer
Armstrong, Vaughan & Associates, P.C.	\$ 10,930	Auditor
BGE, Inc.	\$ 85,035	Engineer
Blanton & Associates	\$ 835,414	Engineer
CBRE	\$ 865,920	Appraiser
CD & P	\$ 64,053	Public Relations Advisor
CP&Y	\$ 579,883	Surveyor
Davidson, Troilo, Ream & Garza	\$ 1,940,136	Attorney
Freese & Nichols	\$ 642,382	Engineer
HVJ, Inc	\$ 287,939	Engineer
Hicks & Co.	\$ 8,367	Hydrogeology
Hydro Resources Mid Continent, Inc.	\$ 312,483	Engineer
James R. Tolles, Jr	\$ 229,789	Construction Observer
K Friese & Associates	\$ 182,165	Engineer
Kimley-Horn & Associates	\$ 2,126,376	Engineer
Law Offices of Patricia Carls	\$ 1,613	Attorney
Lloyd Gosselink	\$ 125,543	Attorney
LNV, Inc. dba. Ardurra	\$ 32,074	Engineer
Lockwood, Andrews & Newnam	\$ 632,293	Engineer
Pape-Dawson Engineer, Inc.	\$ 3,397,808	Engineer
R.W. Harden & Associates, Inc.	\$ 57,553	Hydrogeology
Walker Partners	\$ 885,368	Engineer



ALLIANCE WATER