



**EDWARDS AQUIFER  
AUTHORITY**

**MANAGE • ENHANCE • PROTECT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

For the Fiscal Years Ended

December 31, 2023 & December 31, 2022

**SAN ANTONIO, TEXAS**



**EDWARDS AQUIFER  
AUTHORITY**

**San Antonio, Texas**

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Years Ended December 31, 2023 and December 31, 2022**

**(Prepared by the Edwards Aquifer Authority Administration & Financial Services Team)**

# TABLE OF CONTENTS

INTRODUCTORY SECTION .....	1
ACFR Award Certificate .....	3
Strategic Plan Summary .....	5
The Edwards Aquifer Authority Act .....	7
Transmittal Letter .....	9
Board of Directors .....	17
Organizational Team Structure .....	18
The Edwards Aquifer Region .....	19
FINANCIAL SECTION .....	21
Independent Auditor's Report .....	23
Management's Discussion and Analysis .....	26
Basic Financial Statements .....	38
Statements of Net Position .....	39
Statements of Revenues, Expenses, and Changes in Net Position .....	42
Statements of Cash Flows .....	43
Notes to Basic Financial Statements .....	46
Required Supplementary Information .....	73
Schedules of Changes in Net Pension Liability .....	74
Schedule of the EAA's Pension Contribution .....	75
Notes to Required Supplementary Information .....	76
Other Information .....	77
Schedule of Expenses – Budget and Actual (General Operations) – Non GAAP Basis .....	78
Schedule of Expenses – Budget and Actual (Habitat Conservation Plan) – Non GAAP Basis .....	80

STATISTICAL SECTION (Unaudited) .....	83
Table of Contents .....	85
I.    Financial Trend Information	
Table 1 – Net Position by Component .....	87
Table 2 – Changes in Net Position .....	88
II.   Revenue Capacity Information	
Table 3 – Aquifer Management Fee Rates .....	89
Table 4 – Principal Aquifer Management Fee Payers .....	90
III.  Demographic and Economic Information	
Table 5 – Demographic Statistics .....	91
Table 6 – Principal Employers .....	92
IV.   Operating Information	
Table 7 – Cash & Investment Balances .....	93
Table 8 – Number of Employees .....	94
Table 9 – Operating Indicators for Demand or Level of Service .....	95
Table 10 – Revenues by Source .....	96
Table 11 – Expenses by Function .....	97
V.    Debt Capacity	
Table 12 – Outstanding Debt .....	98
Table 13 – Pledged Revenue Coverage .....	99
VI.   Miscellaneous Information	
Table 14 – Miscellaneous Statistics .....	100

Navigating the Document: Bookmarks are added to the PDF document to assist in section navigation  
Page numbers at the bottom of the a page navigates to the “Table of Contents”

# Introductory Section

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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Edwards Aquifer Authority  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2022

*Christopher P. Morill*

Executive Director/CEO

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## STRATEGIC PLAN SUMMARY

### MISSION

The Edwards Aquifer Authority manages, enhances, and protects the Edwards Aquifer system.

### VISION

The Edwards Aquifer Authority is a regional water management agency that regulates with integrity, transparency, respect, and commitment to sustainability of the aquifer.

### GUIDING PRINCIPLES

Inclusion • Imagination • Innovation

### CORE VALUES

Collaboration • Creativity • Integrity • Professionalism • Science-Based • Stewardship

### THEMATIC GOALS

Sustainability • Credibility

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# THE EDWARDS AQUIFER AUTHORITY ACT

**The Edwards Aquifer Authority Act<sup>1</sup>, as adopted by the Texas Legislature in 1993, created the Edwards Aquifer Authority (the “EAA”) to preserve and protect the Edwards Aquifer as a unique groundwater resource. However, legal challenges related to the passage of the act prevented the EAA from operating until June 1996. The Act created a 17-member board of directors, including 15 directors elected from single-member districts across the region, and two non-voting appointed directors. The board carries out its duties, as prescribed by the Act, by setting policy aimed at fulfilling the mission of managing, enhancing and protecting the aquifer.**

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<sup>1</sup> Act of May 30, 1993, 73rd Leg., R.S., ch. 626, 1993 Tex. Gen. Laws 2350; as amended by Act of May 16, 1995, 74th Leg., R.S., ch. 524, 1995 Tex. Gen. Laws 3280; Act of May 29, 1995, 74th Leg., R.S., ch. 261, 1995 Tex. Gen. Laws 2505; Act of May 6, 1999, 76th Leg., R.S., ch. 163, 1999 Tex. Gen. Laws 634; Act of May 25, 2001, 77th Leg., R.S., ch. 1192, 2001 Tex. Gen. Laws 2696; Act of May 28, 2001, 77th Leg., R.S., ch. 966, §§ 2.60–2.62 and 6.01–6.05, 2001 Tex. Gen. Laws 1991, 2021-22 and 2075-76; Act of June 1, 2003, 78th Leg., R.S., ch. 1112, § 6.01(4), 2003 Tex. Gen. Laws 3188, 3193; Act of May 23, 2007, 80th Leg., R.S., ch. 510, 2007 Tex. Gen. Laws 900; Act of May 28, 2007, 80th Leg., R.S., ch. 1351, §§ 2.01–2.12, 2007 Tex. Gen. Laws 4612, 4627; Act of May 28, 2007, 80th Leg., R.S., ch. 1430, §§ 12.01–12.12, 2007 Tex. Gen. Laws 5848, 5901; and Act of May 21, 2009, 81st Leg., R.S., ch. 1080, 2009 Tex. Gen. Laws 2818; Act of May 20, 2013, 83rd Leg., R.S., ch. 783, 2013 Tex. Gen. Laws 1998; Act of May 20, 2019, 86th Leg., R.S., ch. 904 Tex. Gen. Laws; Act of May 22, 2019, 86th Leg., R.S., ch. 1135 Tex. Gen. Laws; Act of May 23, 2019, 86th Leg., R.S., ch. 1135, §§ 1-16, secs. 1.03(20), 1.07, 1.08(a), 1.09(d), (i)-(k), 1.11(d), 1.21, 1.211, 1.25(b), 1.26(a), 1.29(b), (f), 1.361, 1.37(j), (n), (r), 1.38, 1.46, 3.01(d), 2019 Tex. Gen. Laws 3213-18; Act of May 24, 2019, 86th Leg., R.S., ch. 904, §§ 1-4, sec. 1.34(a)-(f), 2019 Tex. Gen. Laws 2415-17; Act of May 25, 2019, 86th Leg., R.S., ch 585, §§ 1, 3, sec. 1.44(c), (c-1), (e), (e-1), 2019 Tex. Gen. Laws 1633-34; and Act of May 31, 2021, 87th Leg., R.S., ch. 946, § 2, Sec. 1.33(e), (f), (g), 2021 Tex. Gen. Laws 2443.

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June 17, 2024

To Chairman Enrique Valdivia, the Edwards Aquifer Authority (EAA) Board of Directors, and the citizens of Texas within the jurisdictional region of the EAA:

We are pleased to present the annual comprehensive financial report of the EAA for the fiscal years ended December 31, 2023, and December 31, 2022. The EAA is responsible for the accuracy and completeness of the information included in this report. To the best of our knowledge, all information in this report is accurate in all respects and is presented in a manner designed to enable the reader to gain an understanding of the EAA's financial and operational activities.

This annual comprehensive financial report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the EAA's organizational chart, and a list of the board of directors.

The financial section includes the basic financial statements, the required supplementary information, and other information, as well as the auditor's report on the basic financial statements. In the independent auditor's report, the firm RSM US LLP, issued an unqualified opinion on the financial statements for the year ended December 31, 2023. The independent auditor's report is located at the front of the Financial Section of this report. Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The statistical section includes selected financial and demographic information. This information is presented in both single-year and multi-year formats. Multi-year information dates back to 2014.

### ***Profile of the EAA***

The southern segment of the Edwards Aquifer is one of the world's unique groundwater resources, spanning about 180 miles of south-central Texas. It is the primary water resource for a region of more than two million people and for an ecological system of aquatic life, including several federally-listed threatened and endangered species. Cities, towns, rural communities, businesses, and farms all depend on the aquifer's water for household, agricultural, industrial, and recreational purposes. The diversity of uses illustrates the importance of the aquifer to the lives and livelihoods of residents in the Edwards Aquifer region.

The EAA, created by the Texas Legislature to preserve and protect this unique groundwater resource, is governed by a board of directors that sets policy to manage, enhance, and protect the aquifer system. The 17-member board consists of 15 elected members from the region and 2 non-voting appointed members which carry out the duties set forth in the EAA Act.

### **Economic Conditions**

The EAA’s jurisdiction includes all or portions of eight counties — Atascosa, Bexar, Caldwell, Comal, Guadalupe, Hays, Medina, and Uvalde. According to the U.S. Census Bureau, all but one county experienced growth between 2014 and 2023 as evident in the table below.

<b>County</b>	<b>2014 Population Total</b>	<b>2023 Population Estimate</b>	<b>2014-2023 Population Change</b>	<b>2014-2023 % Population Change</b>
Atascosa	47,774	48,977	1,203	2.5%
Bexar	1,855,866	2,009,316	153,450	8.3%
Caldwell	39,810	45,880	6,070	15.2%
Comal	123,694	161,493	37,799	30.6%
Guadalupe	147,250	172,711	25,461	17.3%
Hays	185,025	241,057	56,032	30.3%
Medina	47,894	50,746	2,852	6.0%
Uvalde	27,117	24,575	-2,542	-9.4%
<b>Total – EAA Jurisdiction</b>	<b>2,474,430</b>	<b>2,754,755</b>	<b>280,325</b>	<b>11.3%</b>

Source: U.S. Census Bureau

In terms of percentage population change, Comal County experienced the most significant growth, gaining 37,799 residents (30.6%) since 2014. San Antonio, the county seat of Bexar County and home to approximately 2.0 million people according to the 2020 – 2023 U.S. Census Bureau population estimate, is the nation's seventh largest city. Comal, Hays and Guadalupe counties, located in or near the rapidly growing corridor between San Antonio and Austin, also experienced significant percentage population increases since 2014. A regional map is available on page 19.

Bexar County represents about 72.9% of the total population of the EAA’s region. The average unemployment rate in Bexar County for 2023, according to the Texas Workforce Commission, remained the same at 3.7% as compared to 2022. The local unemployment rate was below the 2023 state-wide average of 3.9% and slightly higher than the national average of 3.6%.

As noted in the January 25, 2024 publication of the Federal Reserve Bank of Dallas “San Antonio Economic Indicators” report, economic growth in the San Antonio Metro area increased an annualized 6.3% from November to December 2023. In the same time period, payrolls in the San Antonio area increased an annualized 6.2% with job growth led by leisure and hospitality, education and health services. All other sectors experienced positive job growth except manufacturing and information.

According to data published by the Texas A&M Texas Real Estate Research Center, there was approximately a 9% decrease in San Antonio home sales from 2022 to 2023. Additionally, the median home price in San Antonio decreased 2.5% to \$311,294 in 2023 from \$319,122 in 2022. Comparing San Antonio's median 2023 home price to statewide and national figures, the median home price in San Antonio was 7% lower than the Texas median of \$334,753 and 26.5% lower than the national median of \$423,750.

The Edwards Aquifer plays a critical role in the continued viability of the entire region as a home for citizens and businesses. As the primary source of water for all uses, the quantity and quality of water provided by the Edwards Aquifer are vital to the region's economic sustainability.

### ***Financial Policies and Long-Term Financial Planning***

The EAA's management is responsible for administering the internal control structure designed to protect the EAA's assets from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements conforming with accounting principles generally accepted in the United States of America. The EAA's accounting system and purchasing process serves to safeguard assets and provides reasonable assurance that financial transactions are executed properly and efficiently. However, due to inherent limitations, a control system, regardless of how well designed and operated, can provide only reasonable, not absolute, assurance that objectives of the control system are met.

**Budgeting controls.** The EAA's bylaws adopted by the board of directors require the General Manager to prepare an annual budget prior to the start of each fiscal year. The budget includes estimated funds available from all sources and includes appropriations for expenses anticipated in that year to conduct the activities of the EAA. The General Manager is authorized to expend funds in amounts up to, but not exceeding, the amounts included in the budget adopted by the board. In addition, the bylaws require board approval of any individual EAA expenditure or budget adjustment exceeding \$50,000. The board receives regular monthly reports comparing the EAA's actual expenses to the budget.

**General government functions.** Funding for the EAA's general government programs comes primarily from an aquifer management fee charged to non-agricultural (municipal and industrial) and agricultural users of Edwards Aquifer groundwater. Beginning in 2012, a "program aquifer management fee" was assessed to non-agricultural users to fund the Edwards Aquifer Habitat Conservation Plan (EAHCP) activities in addition to general operating costs. Aquifer management fees and program aquifer management fees are charged to non-agricultural permit holders based on the amount of groundwater authorized under a permit, whereas the aquifer management fee for agricultural users is charged on groundwater used (or pumped) during the preceding year. While the agricultural fee rate of \$2.00 per acre-foot is set in statute (the EAA Act), non-agricultural fee rates are set by the board of directors and may fluctuate from year to year based on the annual budget needs of the EAA. However, since 2012, the combined rate of \$84.00 per acre-foot for non-agricultural users has remained unchanged. Nonetheless,

in 2019, the Texas Legislature amended the EAA Act to limit increases to the non-agricultural fee rate to no more than eight percent (8%) per year.

For more information on the EAA's revenue and expense activity in 2023, please refer to the MD&A included in the financial section of this report.

**Strategic Plan.** In May 2021, the board of directors adopted the Strategic Plan for years 2021-2030, called "The Edwards Aquifer: The Next Generation and Beyond." The 10-year planning horizon presented within the Strategic Plan builds on the initial 25 years of the EAA's successful implementation of the EAA Act, the legislative statute from which the EAA derives its legal authority to operate and which provides the premise and purpose of the EAA's mission. The EAA vision for the future, however, looks far beyond the next decade and imagines a legacy of sustainability for the Edwards Aquifer that can lead to unprecedented certainty in the quantity and quality of water available from this resource for future generations to come.

The EAA is committed to furthering the long-term sustainability of the Edwards Aquifer through a responsible balance of regulatory, education and conservation-focused programming and partnerships that perpetuate shared value in the aquifer among all uses and needs. This comprehensive and collaborative approach to resource management, enhancement, and protection undergirds the mission and vision of the agency's work and is demonstrated in thematic goals of "Sustainability and Credibility" in the Strategic Plan, supported by achievement of key objectives using the guiding principles and core values included in the Strategic Plan.

Underscoring the significance of these goals is the region's anticipated population growth over the next 50 years. This increased demand for water reinforces the importance of the EAA's role in effectively managing withdrawals from the aquifer, as mandated by statute, and the requirement to maintain compliance with the Incidental Take Permit issued by the U.S. Fish and Wildlife Service to address the needs of natural habitats of federally protected species. Likewise, as the population grows, protecting the quality and quantity of water entering the aquifer will remain critical to the region over the coming generations.

To accomplish the EAA's strategic goals, there must be an infrastructure of professional staff and resources that complement these efforts. Underlying this concept is the idea that effective policy and regulation requires accurate and timely information, focusing on providing knowledge of the aquifer and awareness of the EAA mission to the public. Lastly, maintaining stability in the fee rate structure while appropriately funding the EAHCP will contribute to the long-term financial stability of the EAA.

The Strategic Plan and the annual operating and capital budgets are vital components of the EAA's long-range financial plan.



## Major Initiatives

As provided for in the Edwards Aquifer Authority Act, the EAA is vested with the powers, rights, and privileges necessary to manage, conserve, preserve, and protect the aquifer and to increase the recharge of, and prevent the waste or pollution of water in the aquifer. The below actions and initiatives further this directive.

**Drought Management.** In times of declining groundwater levels, the EAA implements a Critical Period Management (CPM) Plan to help sustain aquifer and Springflow levels. This program helps slow the rate of decline in aquifer levels and spring discharges during periods of little or no rain by reducing the amount of groundwater permit holders may withdraw from the aquifer. The charts below provide the aquifer level triggers for CPM stages and the corresponding amount of withdrawal reduction required. In 2023, the San Antonio Pool was in Stage 2 (44 days), Stage 3 (218 days), and Stage 4 (103 days) resulting in a 35.81% annual withdrawal reduction. In 2022, the San Antonio Pool was in Stage 1 (33 days), Stage 2 (63 days), Stage 3 (177 days), and Stage 4 (24 days) resulting in a 26.59% annual withdrawal reduction. The Uvalde pool was in Stage 2 (160 days), Stage 3 (111 days), and Stage 4 (94 days) in 2023 resulting in a 17.29% annual withdrawal reduction. In 2022, the Uvalde pool was in Stage 2 (148 days) and Stage 3 (45 days), resulting in a 4.49% annual withdrawal reduction.

### San Antonio Pool

TRIGGER (based on 10-day average)	CRITICAL PERIOD STAGE I	CRITICAL PERIOD STAGE II	CRITICAL PERIOD STAGE III	CRITICAL PERIOD STAGE IV	CRITICAL PERIOD STAGE V
Index Well J-17 Level (MSL)	<660	<650	<640	<630	<625
San Marcos Springs Flow (CFS)	<96	<80	N/A	N/A	N/A
Comal Springs Flow (CFS)	<225	<200	<150	<100	<45/40*
Withdrawal Reduction	20%	30%	35%	40%	44%

### Uvalde Pool

TRIGGER (based on 10-day average)	CRITICAL PERIOD STAGE I	CRITICAL PERIOD STAGE II	CRITICAL PERIOD STAGE III	CRITICAL PERIOD STAGE IV	CRITICAL PERIOD STAGE V
Index Well J-27 Level (MSL)	N/A	<850	<845	<842	<840
San Marcos Springs Flow (CFS)	N/A	N/A	N/A	N/A	N/A
Comal Springs Flow (CFS)	N/A	N/A	N/A	N/A	N/A
Withdrawal Reduction	N/A	5%	20%	35%	44%

**Field Research Park.** In late 2019, the Edwards Aquifer Conservancy (a 501(c)(3) supporting organization for the EAA) was gifted a 151-acre property from the City of San Antonio. This property, located on the Edwards Aquifer Recharge Zone, is recognized as the EAA Field Research Park (FRP) and is the focal point for conducting long-term data collection and research related to groundwater sustainability. The FRP also provides a demonstration site for nature-based land management solutions that may improve the infiltration of surface runoff for enhanced recharge to the aquifer. For the foreseeable future, research at the FRP will focus on these practices with the goal of quantifying any positive effects on the infiltration of surface water into the ground and understanding soil

water-holding capacity improvements that may result from them. Other potential benefits related to the practices include potential reductions in sediment loading into surface streams and carbon sequestration. Site-specific groundwater levels and chemistry, weather metrics, soil moisture, evapotranspiration, and stream flow data have been monitored since early 2021, while soil hydraulic conductivity have been monitored since 2022. In 2023, the EAA partnered with the Texas Water Development Board (TWDB) for the installation of a TWDB TexMesonet Weather Station to reside at the FRP. A mesonet (mesoscale network) is a set of weather stations that detect and monitor mesoscale weather events, like thunderstorms, flooding, drought, and fronts. TexMesonet is a statewide earth observation data collection network capturing real-time data on soil conditions and mesoscale meteorological events. Since its inception in 2016, the network has grown to include 100 TWDB stations and more than 3,000 partner stations. The mission of the FRP is to facilitate the development and implementation of science-based programs and policies that will further enable sustainable management of the Edwards Aquifer through research, demonstration, and collaboration.

**Conservation Grant Program.** The EAA's Groundwater Conservation Grant program has helped users of Edwards groundwater develop and implement water-saving projects since the program's inception in 2009. The EAA solicits proposals from Edwards groundwater permit holders for projects that improve the efficiency of their water usage while at the same time successfully implementing practices that support the EAA's Groundwater Conservation Plan. In 2023, the EAA awarded \$400,000 in conservation grants to EAA irrigation permit holders. These projects, covering a total of 785 acres and saving an estimated 283 acre-feet of water annually, included five projects replacing aging overhead sprinkler systems with new center pivot sprinkler systems.

**Edwards Aquifer Habitat Conservation Plan.** In 2012, the EAA board approved the EAHCP start-up funding with anticipation of approval of the EAHCP by the U.S. Fish & Wildlife Service (USFWS). With the approval of the EAHCP, the USFWS issued an Incidental Take Permit (ITP) on March 18, 2013 which will expire on March 31, 2028.

The EAHCP identifies springflow and habitat conservation measures along with supporting program activities designed to protect the aquatic habitats of populations of Covered Species in the event of limited recharge. The Refugia program is one of those supporting measures with the goal to preserve the capacity of these species to be re-established in the event of the loss of populations due to a catastrophic event such as an unexpected loss of springflow or a chemical spill and to allow research on those species. Establishing off-site Refugia for the Covered Species is necessary to provide backup populations that can be used to re-establish endemic populations in case of extirpation from the wild.

Calendar year 2023 marked the 11th year of EAHCP implementation. There were several programmatic highlights that occurred in 2023. As part of the ITP renewal process, the EAHCP approved memoranda with recommendations for changes to proposed Covered Activities, Covered Species, and Existing Conditions. Also, the construction of Phase I of the ongoing Sessom Creek restoration project was completed in May 2023. Lastly, construction of a bioretention basin was completed at the Landa Park Aquatics Complex parking lot near Comal Springs.

## Other Information

**Independent audit.** Section 49.191 of the Texas Water Code requires an annual audit to be conducted by an independent certified public accountant or an auditor licensed by the Texas Board of Public Accountancy within 120 days after the fiscal year-end. Following selection by the board of directors, the accounting firm of RSM US LLP conducted the 2023 audit. The independent auditor's report on the basic financial statements is included in the financial section of this report.

**Awards.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the EAA for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2022. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report.

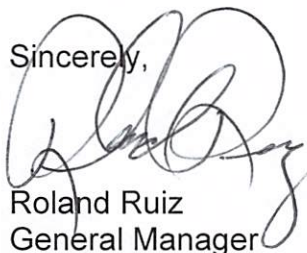
A Certificate of Achievement is valid for a period of one year only. We expect that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.


## Acknowledgments

The employees of the EAA, in carrying out the mission to manage, enhance, and protect the Edwards Aquifer system, continue to provide a valuable service to citizens within the EAA's jurisdiction. Their professionalism and dedication undergird the effectiveness and efficiency of our work.

In particular, the preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Administration and Financial Services Team. We wish to express our appreciation to all members who assisted and contributed to this effort.

Finally, we thank the EAA Board of Directors, for demonstrating leadership, support, and dedication to the highest standards of professionalism and transparency in the governance of the EAA.

Sincerely,  
  
Roland Ruiz  
General Manager

  
Felix Marquez  
Assistant to the Treasurer &  
Executive Director – Administration and  
Financial Services

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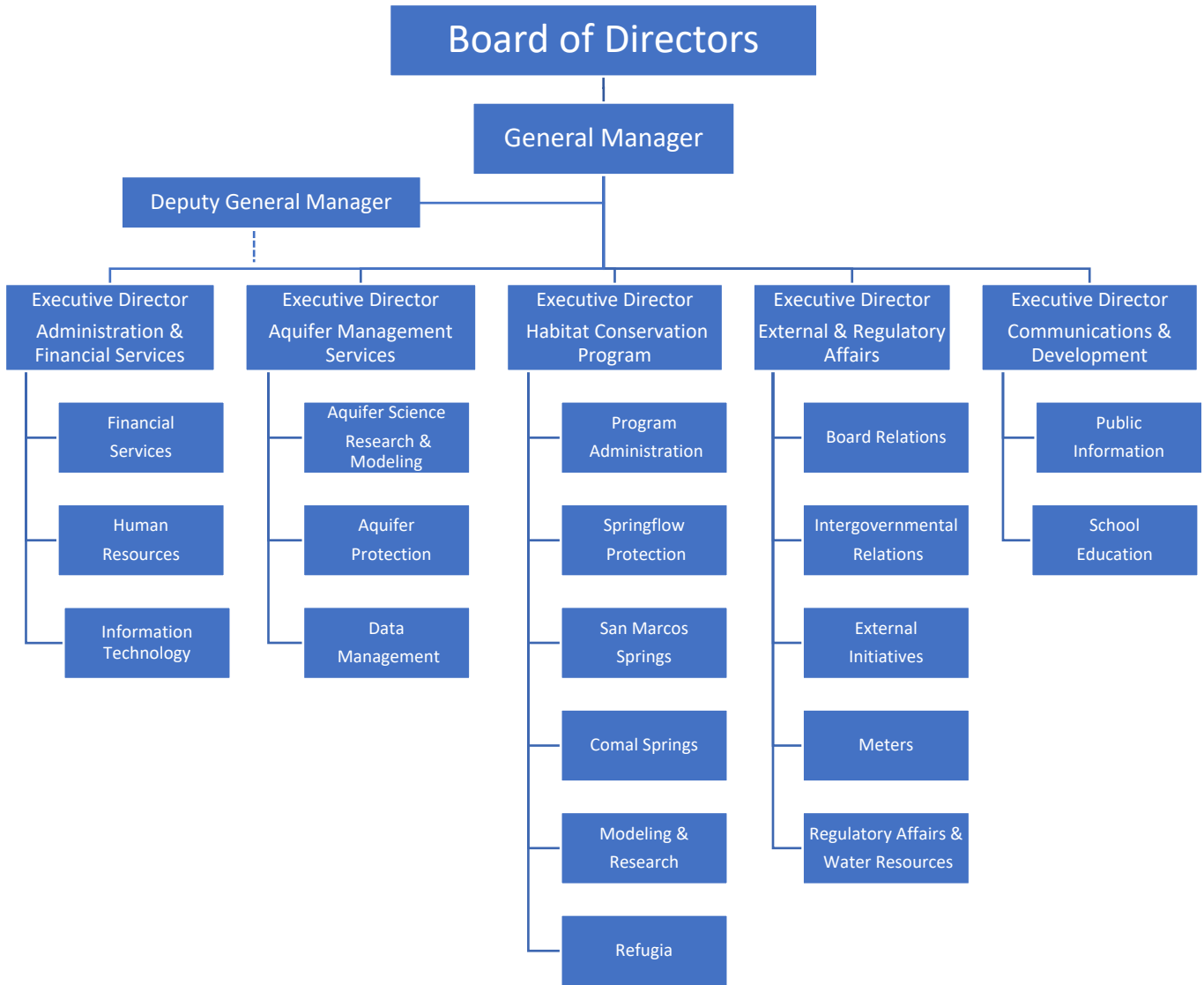


## Board of Directors

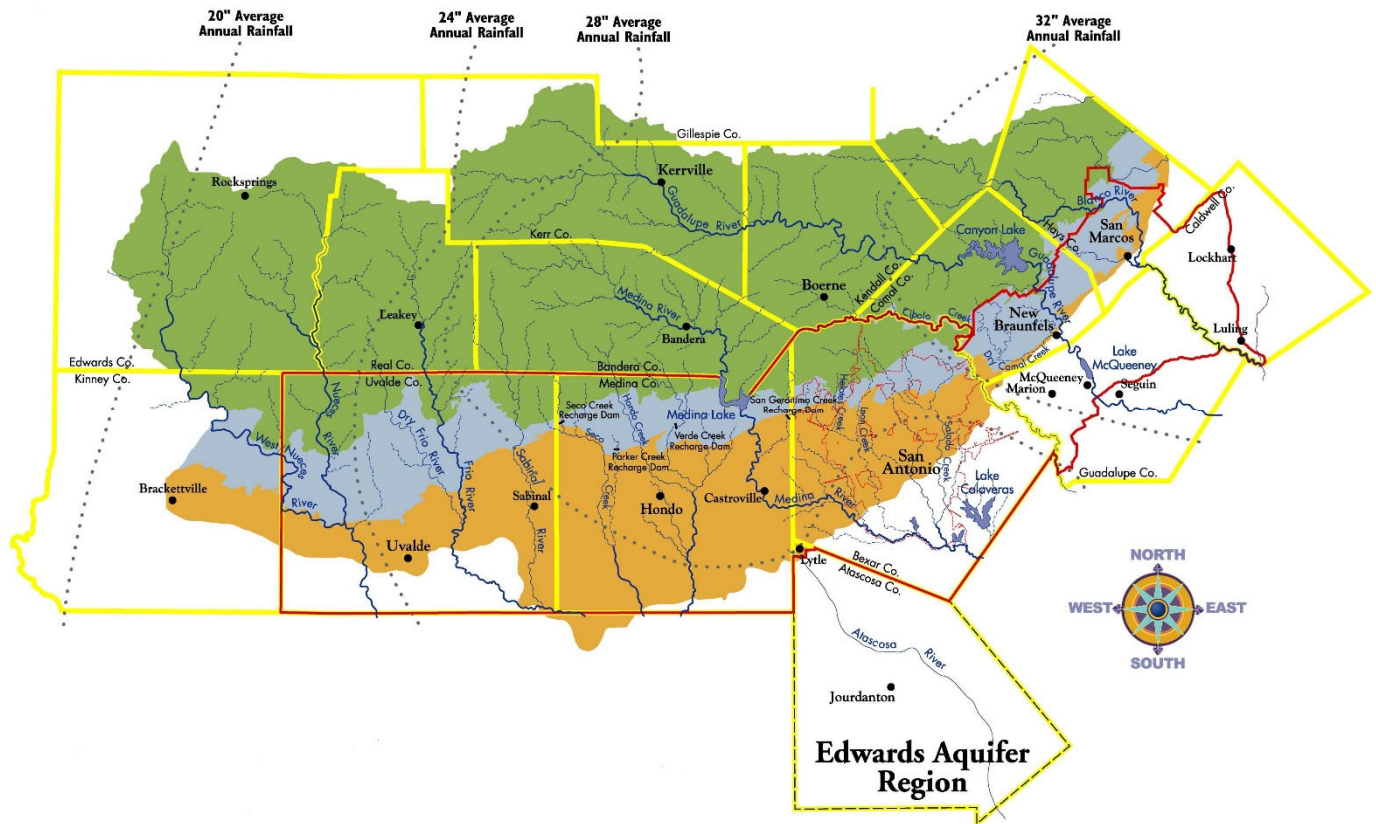
<u>County/District No.</u>	<u>Director</u>	<u>Term Expires</u>
<b>Bexar County</b>		
District 1	Carol Patterson	December 1, 2026
District 2	Byron Miller, Treasurer	December 1, 2024
District 3	Abelardo A. Salinas, III	December 1, 2026
District 4	Benjamin F. Youngblood, Secretary	December 1, 2024
District 5	Randall Perkins	December 1, 2026
District 6	Deborah Carington	December 1, 2024
District 7	Enrique Valdivia, Chair	December 1, 2026
<b>Comal County</b>		
District 8	Kathleen Tobin Krueger	December 1, 2024
<b>Comal &amp; Guadalupe Counties</b>		
District 9	Matthew Hoyt	December 1, 2026
<b>Hays County</b>		
District 10	Maggie Hutchins	December 1, 2024
<b>Hays &amp; Caldwell Counties</b>		
District 11	Rachel Allyn Sanborn, Vice-Chair	December 1, 2026
<b>Medina County</b>		
District 12	Scott Yanta	December 1, 2024
<b>Medina &amp; Atascosa Counties</b>		
District 13	Russell Persyn	December 1, 2026
<b>Uvalde County</b>		
District 14	Don Baker	December 1, 2024
District 15	Rader Gilleland	December 1, 2026
<b>South Central Texas Water Advisory Committee Representative</b>		
	Gary Middleton	December 1, 2024
<b>Medina/Uvalde County Representative (appointed by Commissioner's Court)</b>		
	Bruce Alexander	December 1, 2024

# THE EDWARDS AQUIFER AUTHORITY

## ORGANIZATIONAL TEAM STRUCTURE



# THE EDWARDS AQUIFER REGION



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# Financial Section

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## Independent Auditor's Report

Board of Directors  
Edwards Aquifer Authority

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the financial statements of Edwards Aquifer Authority (EAA), as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the EAA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Edwards Aquifer Authority, as of December 31, 2023 and 2022, and the changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audits 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 EAA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Emphasis of Matter**

As discussed in Notes 1, 3 and 5 to the basic financial statements, the EAA adopted the provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the EAA'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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the EAA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the EAA'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, Schedule of Changes in Net Pension Liability, Schedule of the EAA's Pension Contribution and Notes to Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Expenses—Budget and Actual (general operations and Habitat Conservation Plan)—Non-GAAP Basis and the Introductory and Statistical Sections, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

*RSM US LLP*

San Antonio, Texas  
April 9, 2024

## Edwards Aquifer Authority

### Management's Discussion and Analysis

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This discussion and analysis serves as an introduction to the Edwards Aquifer Authority (EAA) basic financial statements and provides an overview and analysis of financial activities for the year ended December 31, 2023, and identifies changes in its financial position for the year. The discussion and analysis provides summary level financial information; therefore, it should be read in conjunction with the accompanying financial statements including the notes to the basic financial statements, which follow this section.

Condensed financial data is presented for the three years ended December 31, 2023, 2022, and 2021, as required by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

#### FINANCIAL HIGHLIGHTS

- The nonagricultural permit holder combined \$84 per acre-foot aquifer management fee was maintained for a twelfth consecutive year in primary support of the two programmatic areas of the EAA: EAA general operations and the Edwards Aquifer Habitat Conservation Plan (EAHCP).
- The agricultural permit holder rate of \$2 per acre-foot remained unchanged, as set forth in the EAA Act.
- Nonagricultural revenue and agricultural permit holder fee revenue increased \$1,324,054 or 4.1% from 2022 and increased \$1,041,994, or 3.4% from 2021 to 2022.
- A conservation grant for \$100,000 was received in 2023 and 2022 to supplement EAA funds provided to permit holders for conservation initiatives.
- The Edwards Aquifer Conservancy (EAC), a nonprofit, supporting organization of the EAA reported as a blended component unit in the EAA's financial statements, received a donation of two conservation easements and used \$850,000 of funds received in 2021 for the acquisition of a third conservation easement. In total, \$17,483,208 was recorded in 2023 for conservation easements.
- The assets and deferred outflows of resources of the EAA exceeded liabilities and deferred inflows of resources as of December 31, 2023 by \$72,477,680 (*net position*). Of this amount, \$13,918,434 is reported as *restricted*, obligated to the EAHCP, with an *unrestricted* amount of \$24,167,286 available to meet ongoing EAA general operating obligations. The remaining balance of \$34,391,960 consists of the EAA's net investment in capital assets.
- EAA total net position increased \$15,812,269, or 27.9%, from 2022, of which an increase of \$17,695,363 is related to net investment in capital assets, a decrease of \$8,783,716 is related to EAHCP and an increase of \$6,900,622 is related to EAA General Operations.
- An EAHCP Voluntary Irrigation Suspension Program Option (VISPO) springflow conservation measure commitment of \$6,684,849 was accrued as of December 31, 2023 for payment to permit holders for forbearance of pumping enrolled water in 2024. Note 12 to the financial statements provides details of the commitment.
- In 2023, the EAA repaid \$240,000 towards the principal portion of its General Improvement Revenue Note, issued in 2011. No additional debt was issued during 2023. Note 5 to the financial statements provides details of the long-term debt obligation.
- In 2023, the EAA implemented GASB 96, Subscription-Based Information Technology Arrangements (SBITAs).

## Edwards Aquifer Authority

### Management's Discussion and Analysis

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#### USING THIS ANNUAL REPORT

Since all activities of the EAA are financed primarily by fees charged to external parties, it is reported as an enterprise fund and considered a "business-type activity" in accordance with the requirements of GASB Statement No. 34. In addition, because the EAA is engaged only in business-type activities, it is required to present only the financial statements required for enterprise funds. Three financial statements are presented: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows.

One of the most important questions asked about EAA finances is whether its financial position has improved as a result of the year's activities. The Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; and Statement of Cash Flows present information that is useful in addressing this question and in assessing the financial health of the EAA.

#### Statement of Net Position

The Statement of Net Position presents EAA assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of the end of the fiscal year. This statement is prepared under the accrual basis of accounting in which revenues and assets are recognized when earned or acquired, and expenses and liabilities are recognized when incurred regardless of when cash is received or paid. The information presented is useful in determining the assets available for EAA operations, as well as how much the EAA owes to vendors, debt holders and other entities at the end of the year. Net position—the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources—can be a factor in assessing the financial position of the EAA. Over time, increases or decreases in net position are one indicator of whether the EAA's financial health is improving or deteriorating when considered with other factors such as debt activity and investment in capital assets.

Assets and liabilities are classified based on liquidity and longevity. Current liabilities are generally those liabilities which are due within one year, and current assets are those assets which are available to satisfy current liabilities. Noncurrent assets include capital assets and long-term notes receivable.

Deferred outflows or inflows of resources related to pension obligations, are reflected on the Statement of Net Position and adjusted each year in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Net position is presented in three major categories. Amounts presented as "Net Investment in Capital Assets" represent the EAA's investment in land, buildings and improvements, furniture and equipment and vehicles, net of accumulated depreciation and debt. Restricted net position reflects those assets on which constraints are placed by creditors (such as through debt covenants), grantors, contributors or laws and regulations of other governments; or by law through constitutional provisions or enabling legislation of the government itself. The EAA currently has restricted assets related to the EAHCP. Unrestricted net position is available for any lawful purpose. Further detail concerning assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position is presented in the Statement of Net Position and the notes to the basic financial statements.

## Edwards Aquifer Authority

### Management's Discussion and Analysis

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#### **Statement of Revenues, Expenses and Changes in Net Position**

Changes in total net position, as presented in the Statement of Net Position, are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. Principal operating revenues of the EAA are generated from aquifer management fees and program aquifer management fees charged to EAA groundwater withdrawal permit holders. Operating expenses are incurred in administering the activities of the EAA and the EAHCP, respectively. The utilization of long-lived assets is also included in operating expenses as depreciation, which amortizes the cost of an asset over its expected useful life. All other activity is classified as nonoperating revenues and expenses. Total revenues, total expenses, operating income (loss) and the change in net position are all important factors when assessing the change in the EAA's financial position. Further detail is presented in the Statement of Revenues, Expenses and Changes in Net Position and notes to the basic financial statements.

#### **Statements of Cash Flows**

The Statement of Cash Flows provides information about the cash receipts and cash payments of the EAA during a period. The Statement of Cash Flows also helps users assess (1) the ability of the EAA to meet its obligations as they come due and (2) the need for external financing.

This statement presents information related to cash inflows/outflows summarized by operating, noncapital financing, capital and related financing and investing activities. For additional detail concerning these classifications see the Statement of Cash Flows and notes to the basic financial statements.

#### **CONDENSED FINANCIAL INFORMATION**

At the close of the fiscal year 2023, the EAA reports positive balances in all three categories of net position. Total net position as of December 31, 2023 was \$72,477,680 of which \$34,391,960 is represented by the EAA's net investment in capital assets (land, buildings, vehicles, software, hardware, equipment, right-to-use lease assets and subscription-based information technology arrangements).

Total net position increased \$15,812,269 in 2023 and decreased \$1,576,066 from 2021 to 2022. The increase in 2023 is primarily related to increases in the EAC's capital asset balances offset by EAHCP Springflow Protection increases and the decrease in 2022 is primarily related to EAHCP Springflow Protection increases offset by the gain from the sale of capital assets.

The following table depicts total comparative condensed financial information on assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.



## Edwards Aquifer Authority

### Management's Discussion and Analysis

The following table compares total comparative condensed financial information on assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position:

	December 31		
	2023	2022	2021
<b>Assets:</b>			
Current assets	\$ 28,816,516	\$ 23,304,667	\$ 18,441,320
Restricted current assets—EAHCP	26,580,044	36,414,266	35,303,877
Capital assets, net of accumulated depreciation	38,733,066	21,298,406	21,010,787
Long-term assets	-	1,251,409	-
Total assets	<u>94,129,626</u>	<u>82,268,748</u>	<u>74,755,984</u>
<b>Deferred outflows of resources:</b>			
Deferred outflows related to pension	2,777,772	2,207,301	2,432,630
Total assets and deferred outflows of resources	<u>\$ 96,907,398</u>	<u>\$ 84,476,049</u>	<u>\$ 77,188,614</u>
<b>Liabilities:</b>			
Current liabilities	\$ 16,507,359	\$ 17,598,589	\$ 9,318,963
Noncurrent liabilities	7,802,281	6,682,913	8,792,204
Total liabilities	<u>24,309,640</u>	<u>24,281,502</u>	<u>18,111,167</u>
<b>Deferred inflows of resources:</b>			
Deferred inflows related to pension	120,078	3,529,136	835,970
<b>Net position:</b>			
Net investment in capital assets	34,391,960	16,696,597	16,143,386
Restricted—Habitat Conservation Plan	13,918,434	22,702,150	29,099,665
Unrestricted	24,167,286	17,266,664	12,998,426
Total net position	<u>72,477,680</u>	<u>56,665,411</u>	<u>58,241,477</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 96,907,398</u>	<u>\$ 84,476,049</u>	<u>\$ 77,188,614</u>

## Edwards Aquifer Authority

### Management's Discussion and Analysis

The following table compares condensed financial information on revenues, expenses and changes in net position and related detailed presentation of the key factors influencing the current-year activity:

	Years Ended December 31		
	2023	2022	2021
Total operating revenues	\$ 34,911,380	\$ 32,370,792	\$ 31,344,992
Total operating expenses	37,778,914	35,963,268	27,917,078
Operating (loss) income	(2,867,534)	(3,592,476)	3,427,914
Nonoperating revenue (expenses):			
Interest income	2,206,152	667,542	161,466
Interest expense	(170,572)	(179,763)	(159,159)
Gain on sale and disposal of capital assets	11,015	1,416,841	582
Loss before capital contributions	2,046,595	1,904,620	2,889
Contributions	16,633,208	111,790	-
Total nonoperating revenues (expenses), net	18,679,803	2,016,410	2,889
Change in net position	15,812,269	(1,576,066)	3,430,803
Net position at beginning of year	56,665,411	58,241,477	54,810,674
Net position at end of year	\$ 72,477,680	\$ 56,665,411	\$ 58,241,477

### OPERATING REVENUES

Operating revenues supported two programmatic areas: EAA General Operations and the EAHCP. The below operating revenue information is provided for each of the program areas independently. The overall combined per acre-foot fee of \$84 for nonagricultural permit holders was maintained for a twelfth consecutive year in primary support of these two programmatic areas. The combined rate, bifurcated based on budgetary needs, is set for each programmatic area in the annual budget adoption process. In 2023, the aquifer management fee rate for EAA General Operations was \$54 per acre-foot, an increase of \$1 from the prior year, and \$30 per acre-foot, a decrease of \$1 per acre-foot from the prior year, for the EAHCP.

Overall operating revenues increased \$2,595,610 (8.0%) from 2022 to 2023 and increased \$1,025,800 (3.3%) from 2021 to 2022. The increase in 2023 revenue is related to increases in aquifer management fee revenue (\$1,360,655), enforcement settlements (\$161,641), grant revenue (\$192,689), conservation easement revenue (\$850,000), contributions (\$13,605) and gala fundraising revenue (\$56,545) offset by decreases in agricultural revenue (\$36,601) and other charges. The increase in 2022 revenue is related to increases in aquifer management fee revenue (\$988,175) and agricultural revenue (\$53,818) offset by decreases in enforcement settlements (\$13,504) and other charges.

## Edwards Aquifer Authority

### Management's Discussion and Analysis

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#### EAA General Operations

The aquifer management fee supports the general operating activities of the EAA. Of the overall operating revenue, the aquifer management fee assessed to nonagricultural permit holders represents \$20,013,808 (57.2%) in 2023, \$19,552,417 (60.4%) in 2022. The aquifer management fee charged to agricultural users, as set by the EAA Act, is \$2 per acre-foot. Agricultural fee revenue represents \$160,612 (0.5%) and \$197,213 (0.6%) of overall operating revenues for years 2023 and 2022, respectively. Revenues from leasing EAA-controlled groundwater permits represents \$1,598,415 (4.6%) and \$437,075 (1.4%) of overall operating revenues for years 2023 and 2022, respectively. The aquifer management fee charged to nonagricultural permit holders for general operations increased from \$53 per acre-foot in 2022 to \$54 per acre-foot in 2023.

#### EAHCP

Assessed for the first time in 2012, the EAHCP program aquifer management fee supports EAHCP activities. It is assessed to nonagricultural permit holders. Of the overall operating revenue, the program aquifer management fee represents \$11,117,855 (31.8%) in 2023 and \$11,434,953 (35.3%) in 2022. The program aquifer management fee charged to nonagricultural permit holders in 2023 decreased from the 2022 rate of \$31 per acre-foot to a rate of \$30 per acre-foot. EAHCP program other funding sources of \$486,000 remained the same for 2023 and 2022 and represents 1.4% and 1.5% of overall operating revenues for 2023 and 2022, respectively. In 2021, this amount decreased from \$736,000 to \$486,000.

Net aquifer management fee and program aquifer management fee revenue, as a percentage of total operating revenue, was 95.6% and 99.2% in 2023 and 2022, respectively. Compromise and Settlements revenue are for settlements paid by various entities for EAA rules violations or judgements and represents 0.6% and 0.1% in 2023 and 2022, respectively, of total operating revenues. Other charges come from such sources as well registration fees, transfer application fees, well construction application fees, reimbursement for public information requests and conservation grant/easement revenue representing 3.8% in 2023 and .7% in 2022.

The following information depicts the components of operating revenues, for both program areas, for the fiscal years-ended December 31, 2023, 2022, and 2021.

	2023	Percent of Total	2022	Percent of Total	2021	Percent of Total
Operating revenues:						
Aquifer management fees	\$ 21,772,835	62.4%	\$ 20,186,705	62.4%	\$ 18,260,032	58.3%
Program aquifer management fees	11,603,855	33.2%	11,920,953	36.8%	12,805,633	40.9%
Enforcement settlements	208,421	0.6%	46,780	0.1%	60,284	0.2%
Other charges	1,326,269	3.8%	216,354	0.7%	219,043	0.7%
Total	<u>\$ 34,911,380</u>	<u>100.0%</u>	<u>\$ 32,370,792</u>	<u>100.0%</u>	<u>\$ 31,344,992</u>	<u>100.0%</u>

## Edwards Aquifer Authority

### Management's Discussion and Analysis

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#### OPERATING EXPENSES

Total EAA operating expenses increased \$1,815,646 (5.0%) in 2023 and \$8,046,190 (28.8%) in 2022. These changes year over year are the result of several factors as discussed below. Operating expenses are presented by the "natural classification" method, a format in which the expense is shown by type of expense rather than its functional or programmatic classification.

#### EAA General Operations and EAHCP Operating Expenses

	2023	Percent of Total	2022	Percent of Total	2021	Percent of Total
Salaries and wages	\$ 8,628,095	22.8%	\$ 8,536,557	23.7%	\$ 8,335,357	29.9%
Employee benefits	2,436,676	6.4%	1,796,867	5.0%	2,417,793	8.7%
Professional and technical services	22,434,832	59.5%	21,859,080	60.9%	13,826,046	49.6%
Property services	1,720,213	4.6%	1,414,690	3.9%	1,400,134	5.0%
Other services	1,009,176	2.7%	872,189	2.4%	755,227	2.7%
Supplies	417,150	1.1%	460,989	1.3%	372,570	1.3%
Depreciation and amortization	1,132,772	2.9%	1,022,896	2.8%	809,951	2.9%
Total	<u>\$ 37,778,914</u>	<u>100.0%</u>	<u>\$ 35,963,268</u>	<u>100.0%</u>	<u>\$ 27,917,078</u>	<u>100.0%</u>

Consistent with the presentation of operating revenues, total operating expenses are broken down separately by programmatic area below for EAA General Operations and EAHCP.

#### EAA General Operations

**Salaries and Wages:** Salaries and wages increased \$159,669 (2.0%) in 2023 and \$202,960 (2.6%) in 2022 related to cost of living and merit increases.

**Employee Benefits:** Employee benefits increased \$631,052 (37.1%) in 2023 and decreased \$588,359 (25.7%) in 2022. An increase of \$568,804 in 2023 and decrease of \$490,195 in 2022 were due to the recording of the actuarially determined pension expense for each year and other related reclassification entries to deferred outflow/inflow of resources related to pension expense in accordance with GASB Statement No. 68. Further detail concerning the change in contributions and continuation of GASB Statements is presented in the notes to the basic financial statements. Increases of \$62,248 in 2023 relate primarily to increases in employee insurance costs and employer federal taxes offset by decreases in employee tuition/student loan reimbursements, contributions to employee 401a programs, and allowances. Decreases of \$98,164 in 2022 relate primarily to lower employee insurance costs and a lower state unemployment tax rate offset by increased employer federal related taxes, contributions to employee 401a programs, and allowances.

## Edwards Aquifer Authority

### Management's Discussion and Analysis

**Professional and Technical Services:** Professional and technical services increased \$281,465 (10.1%) in 2023 and \$56,250 (2.1%) in 2022. The increases in 2023 related to replacement/upgrades to above ground storage tanks for permit holders (\$425,419) and legal services (\$8,322) offset by decreases in general professional services (\$80,810), precipitation enhancement services (\$25,065), various aquifer hydrologic related studies/advisory services and EA model changes (\$21,598), mapping services (\$14,600), and lab services (\$10,203). The increases in 2022 related to increases in various aquifer hydrologic related studies and EA model changes (\$177,293), precipitation enhancement services (\$11,408) and general professional services (\$145,970) offset by decreases in replacement/upgrades to above ground storage tanks for permit holders (\$116,388), lab services (\$51,115), legal services (\$28,004), interlocal support (\$11,773) and reimbursements related to an ILA with the City of San Antonio for geologic evaluations and conservation easement monitoring as part of the Edwards Aquifer Protection Program (\$71,141).

**Property Services, Other Services and Supplies:** Property services, other services and supplies had a combined total of \$3,092,986 in 2023, representing a \$403,071 increase from 2022, and \$2,689,915 in 2022, representing a \$187,581 increase from 2021. The increase in 2023 is primarily related to increases in general facilities/equipment/vehicle maintenance, non-capital asset purchases, conservation initiatives, telecommunications/utility services, training/memberships/ uniform costs for staff, facility/event rental expense, and bad debt expense offset by decreases in meeting/event sponsorships, promotional/general/field supplies, subscriptions/publications and fuel for vehicles. The increase in 2022 is related to increases in support/subscription-based services, promotional supplies/printing, meeting/event sponsorships, property/casualty insurance, utility costs, and conservation initiatives offset by decreases in general facilities/equipment/vehicle maintenance, non-capital asset purchases, clothing and bad debt expense.

**Depreciation expense:** Depreciation expense increased \$110,852 (12.2%) in 2023 and \$146,180 (19.2%) in 2022. The increases in 2023 and 2022 are related to the addition of capital assets.

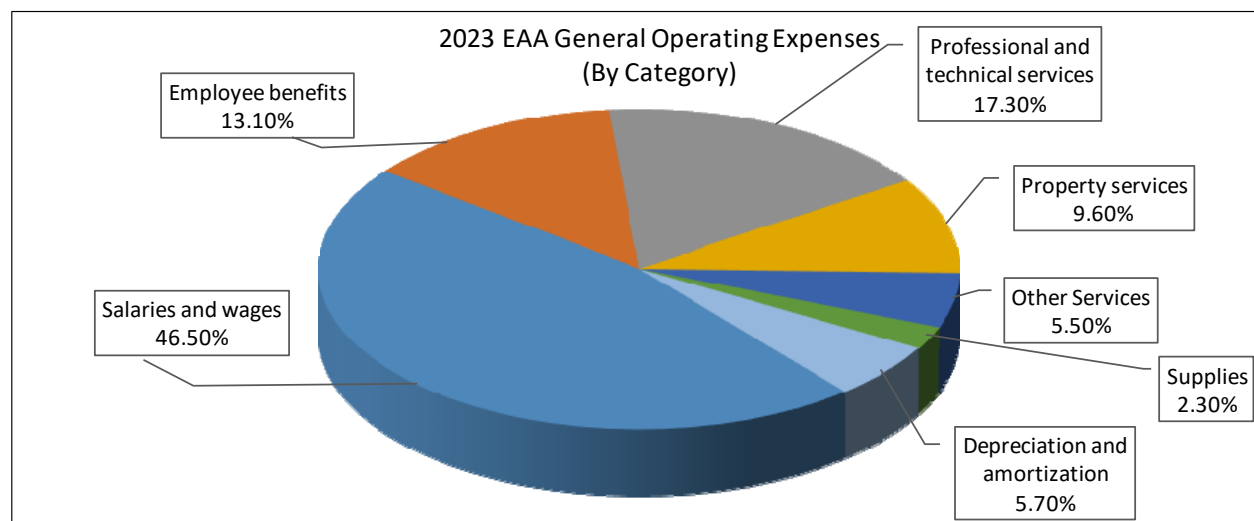
The following information, also depicted in table and graphic form, summarizes EAA general operations operating expenses for the fiscal years-ended December 31, 2023, 2022, and 2021.

#### EAA General Operations—Operating Expenses

	2023	Percent of Total	2022	Percent of Total	2021	Percent of Total
Salaries and wages	\$ 8,247,800	46.5%	\$ 8,088,131	50.0%	\$ 7,885,171	48.7%
Employee benefits	2,332,209	13.1%	1,701,157	10.5%	2,289,516	14.1%
Professional and technical services	3,081,027	17.3%	2,799,562	17.2%	2,743,312	16.9%
Property services	1,706,614	9.6%	1,401,185	8.7%	1,395,566	8.6%
Other services	977,694	5.5%	839,512	5.2%	740,313	4.6%
Supplies	408,678	2.3%	449,218	2.8%	366,455	2.3%
Depreciation and amortization	1,019,360	5.7%	908,508	5.6%	762,328	4.8%
<b>Total</b>	<b>\$ 17,773,382</b>	<b>100.0%</b>	<b>\$ 16,187,273</b>	<b>100.0%</b>	<b>\$ 16,182,661</b>	<b>100.0%</b>

## Edwards Aquifer Authority

### Management's Discussion and Analysis



### EAHCP

In 2013, the EAA began full implementation of the EAHCP. Several programs are functional parts of the EAHCP implementation, including Program Administration, Springflow Protection, San Marcos Springs, Comal Springs, Modeling and Research and NFHTC Refugia. With the exception of program administration expenses, the vast majority of EAHCP expenditures are associated with contractual obligations and are categorized as "Professional and Technical Services."

**Salaries and Wages:** Salaries and wages decreased \$68,131 (15.2%) in 2023 and \$1,760 (0.4%) in 2022. The decreases in 2023 and 2022 related to employee cost of living and merit increases offset by decreases resulting from two vacant positions.

**Employee Benefits:** Employee benefits increased \$8,757 (9.1%) in 2023 and decreased \$32,567 (25.4%) in 2022. An increase of \$32,729 in 2023 and decrease of \$25,948 in 2022 primarily related to the recording of actuarially determined pension expense in accordance with GASB Statement No. 68 (as discussed earlier in this document). Further detail concerning the change in contributions and continuation of GASB statements is presented in the notes to the basic financial statements. Offsets to the 2023 increase related to lower employer related taxes, lower employee related insurance costs and allowances. The remaining decreases in 2022 related to lower employee insurance costs, allowances, and a lower state unemployment tax rate.

**Professional and Technical Services:** Professional and technical services increased \$306,787 in 2023 and \$7,964,284 (71.9%) in 2022. The increase in 2023 was primarily related to increases in San Marcos Springs maintenance tasks (\$573,555), Comal Springs maintenance tasks (\$386,400), program administration consulting services (\$246,836), NFHTC Refugia expenses (\$103,427), modeling and research (\$40,178), water quality monitoring expenses (\$29,322), and biological monitoring services (\$10,844) offset by decreases related to the accrual of VISPO forbearance commitments (\$1,050,607) and ASR Leasing and Forbearance (\$33,168). The increase in 2022 was primarily related to the accrual of VISPO forbearance commitments (\$7,477,558), increases in NFHTC Refugia expenses (\$272,408), biological monitoring services (\$210,799), San Marcos Springs maintenance tasks (\$160,441), program administration consulting services (\$118,694), and modeling and research (\$30,615). These increases were offset by decreases in ASR Leasing and Forbearance (\$189,038), Comal Springs maintenance tasks (\$85,190), and water quality monitoring expenses (\$32,003).

**Edwards Aquifer Authority**

**Management’s Discussion and Analysis**

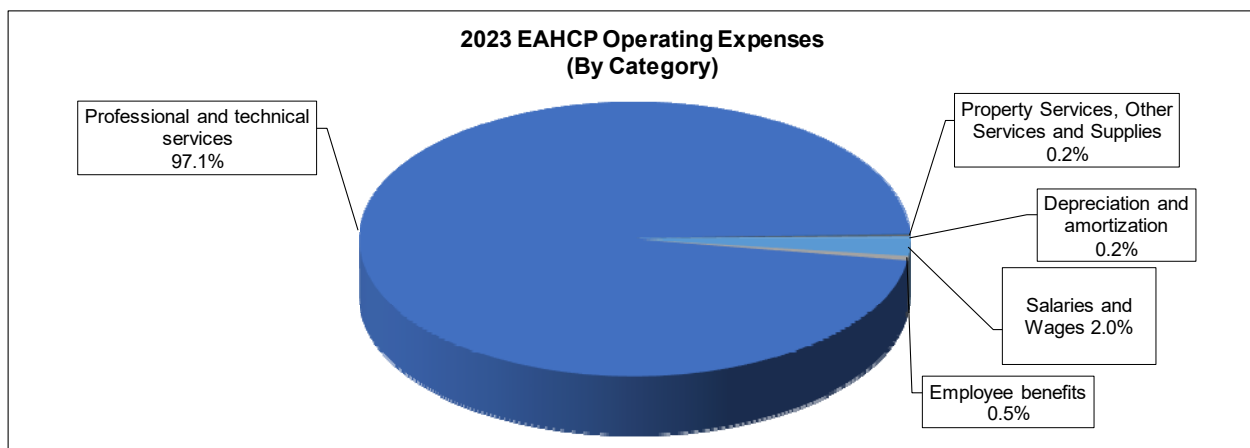
The following table depicts 2023, 2022, and 2021 professional and technical service expenses for each of the programmatic areas.

	2023	Percent of Total	2022	Percent of Total	2021	Percent of Total
Program Administration	\$ 610,369	3.2%	\$ 363,533	1.9%	\$ 244,835	2.2%
Springflow Protection	14,702,251	76.0%	15,786,025	82.9%	8,497,505	76.7%
San Marcos Springs	1,452,967	7.5%	859,005	4.5%	657,319	5.9%
Comal Springs	1,208,296	6.2%	802,138	4.2%	749,777	6.8%
Modeling and Research	80,776	0.4%	40,598	0.2%	9,984	0.1%
NHFTC Refugia	1,299,146	6.7%	1,195,719	6.3%	923,314	8.3%
<b>Total</b>	<b>\$ 19,353,805</b>	<b>100.0%</b>	<b>\$ 19,047,018</b>	<b>100.0%</b>	<b>\$ 11,082,734</b>	<b>100.0%</b>

The following information, also depicted in table and graphic form, summarizes EAHCP operating expenses for the fiscal years ended December 31, 2023, 2022, and 2021.

**EAHCP—Operating Expenses**

	2023	Percent of Total	2022	Percent of Total	2021	Percent of Total
Salaries and wages	\$ 380,295	2.0%	\$ 448,426	2.3%	\$ 450,186	3.8%
Employee benefits	104,467	0.5%	95,710	0.5%	128,277	1.1%
Professional and technical services	19,353,805	97.1%	19,047,018	96.6%	11,082,734	94.5%
Property services	13,599	0.1%	13,505	0.1%	4,568	0.0%
Other services	29,459	0.1%	31,347	0.2%	14,156	0.1%
Supplies	8,472	0.0%	11,771	0.1%	6,111	0.1%
Depreciation and amortization	40,458	0.2%	41,435	0.2%	44,670	0.4%
<b>Total</b>	<b>\$ 19,930,555</b>	<b>100.0%</b>	<b>\$ 19,689,212</b>	<b>100.0%</b>	<b>\$ 11,730,702</b>	<b>100.0%</b>



## Edwards Aquifer Authority

### Management's Discussion and Analysis

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#### NONOPERATING REVENUES AND EXPENSES

**Nonoperating revenues and expenses:** Nonoperating revenues and expenses are comprised of investment income and expense, gain (loss) on sale of capital assets, and capital contributions.

**Interest income:** Interest income increased \$1,538,610 (230.5%) in 2023 and \$506,076 (313.4%) in 2022. Interest rates began to increase throughout 2022 and 2023. The average yield on NOW/MMA accounts were 5.08% and 3.97% for 2023 and 2022, respectively. The average yield on CDs was 5.29% and .65% for 2023 and 2022, respectively. In 2023, balances in NOW/MMA accounts decreased \$3,342,363 (8.4%) and increased \$6,643,496 (19.9%) in 2022. Investments in CDs increased \$260,550 (1.5%) in 2023 and decreased \$2,899,422 (14.5%) in 2022.

**Interest expense:** Interest expense related to the 2011 issued *General Improvement Revenue Note, Series 2011*, decreased each year as payments were made to the principal balance of the note. In 2021, the Morgan's Wonderland Camp – Education Outreach Center capital lease commenced and included interest expense as of the inception date of May 1, 2021. In 2022, equipment leases were recorded as of January 1, 2022 and interest expense commenced at that time. In 2023, subscription-based information technology arrangements were recorded as of January 1, 2023 and interest expense commenced at that time. Interest expense amounted to \$170,572 and \$179,763 for years 2023 and 2022, respectively.

**Gain/loss on sale of capital assets:** Gain on sale of capital assets totaled \$11,015 in 2023 and \$1,416,841 in 2022. This category includes the sale of property and the disposal and/or surplus sales of obsolete equipment such as vehicles, computers, furniture, and water flow meters, as well as other noncapital assets.

#### CAPITAL ASSETS

EAA investment in capital assets, net of accumulated depreciation, is \$38,733,066 at December 31, 2023, a net increase of \$17,434,660 from the December 31, 2022 balance of \$21,298,406. The net increase in 2023 is primarily related to additions of various building improvements, conservation easements, hardware, vehicles, septic system, equipment under capital lease and subscription-based information technology arrangements. The increase from 2021 to 2022 is primarily related to additions of various building improvements, a conservation easement, education/outreach exhibits and visitor electric shuttle, groundwater lease, hardware, an off-road vehicle, equipment under capital lease and construction in progress related to a septic system offset by the sale of land.

	December 31		
	2023	2022	2021
Land	\$ 25,096,410	\$ 7,613,202	\$ 7,570,092
Groundwater lease	700,000	700,000	-
Buildings and improvements	11,255,223	11,131,839	11,054,674
Furniture and equipment	7,488,903	6,887,197	5,601,166
Vehicles	998,438	741,415	728,667
Construction in progress	-	148,465	1,030,044
Right-of-use lease assets	2,198,862	2,181,708	2,156,714
Subscription-based information technology arrangements	76,741	-	-
Total capital assets	47,814,577	29,403,826	28,141,357
Less accumulated depreciation and amortization	9,081,511	8,105,420	7,130,570
Total capital assets, net of accumulated depreciation	\$ 38,733,066	\$ 21,298,406	\$ 21,010,787



## **Edwards Aquifer Authority**

### **Management's Discussion and Analysis**

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The EAA does not record the cost of capital assets as an expense at the time of acquisition of the asset, but rather shows the expense systematically over the expected life of the asset as depreciation expense. The amount shown in the accounting records for the value of the asset will decrease each year until the asset is fully depreciated or removed from service. As a result, the amount of capital assets reflected in the statement of net position may decrease from one year to another even though new assets have been acquired during the year. Capital assets subject to depreciation include buildings, equipment, furniture, and vehicles. Land and work/construction/development in progress are not depreciated.

Additional information concerning the EAA capital assets can be found in Note 3.

#### **LONG-TERM DEBT**

In 2011, the EAA issued \$3,370,000 in General Improvement Revenue Note. No debt has been issued in 2023 or 2022. The long-term debt balance at December 31, 2023 is \$2,275,000 (\$2,515,000 at December 31, 2022). In 2019, the EAA entered into a capital lease obligation for the Morgan's Wonderland Camp—Education Outreach Center. The lease commenced on May 1, 2021. The lease obligation at December 31, 2023 is \$2,012,376 (\$2,069,294 at December 31, 2022). In 2022, the EAA recorded equipment lease obligations in accordance with the implementation of GASB 87, Leases. The equipment lease obligation at December 31, 2023 is \$35,240 (\$17,515 at December 31, 2022). In 2023, the EAA recorded subscription liabilities in accordance with the implementation of GASB 96, Subscription-based Information Technology Arrangements. The SBITA obligation at December 31, 2023 is \$18,489.

Additional information concerning the EAA long-term debt can be found in Note 5.

#### **ECONOMIC FACTORS AFFECTING THE FUTURE**

The EAA plays a critical role in managing and protecting the Edwards Aquifer, which contributes to the continued economic viability of the entire region. As the primary source of water for all uses, the sustainability of the Edwards Aquifer is vital to continued economic growth for a significant portion of south-central Texas.

#### **CONTACTING THE EAA FINANCIAL MANAGEMENT TEAM**

This financial report is designed to provide EAA citizens, customers and creditors with a general overview of finances and to demonstrate accountability for the receipts it collects and the expenses it makes for the services provided. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Felix Marquez, Executive Director—Financial and Administrative Services at (210) 477-5104 or via electronic mail to [fmarquez@edwardsaquifer.org](mailto:fmarquez@edwardsaquifer.org).

Information is also available on the EAA website at [www.edwardsaquifer.org](http://www.edwardsaquifer.org).

## **Basic Financial Statements**

**Edwards Aquifer Authority**

**Statements of Net Position  
December 31, 2023 and 2022**

	2023	2022
Current assets:		
Cash and cash equivalents	\$ 16,957,451	\$ 14,904,125
Investments	10,778,899	6,624,396
Restricted assets (Habitat Conservation Plan):		
Cash and cash equivalents	19,647,862	25,043,551
Investments	6,618,654	10,512,607
Program fees receivable, net	313,528	858,108
Aquifer management fees receivable, net	663,823	1,645,345
Property taxes receivable, net	526	656
Miscellaneous receivable	388,415	126,049
Prepaid expenses	27,402	4,096
<b>Total current assets</b>	<b>55,396,560</b>	<b>59,718,933</b>
Noncurrent assets:		
Net pension asset	-	1,251,409
Capital assets		
Capital assets, net of accumulated depreciation	36,774,917	19,303,375
Right-to-use leased assets, net of accumulated amortization	1,904,736	1,995,031
Subscription-based information technology arrangements, net of accumulated amortization	53,413	-
Total capital assets, net of accumulated depreciation/amortization	38,733,066	21,298,406
<b>Total noncurrent assets</b>	<b>38,733,066</b>	<b>22,549,815</b>
<b>Total assets</b>	<b>94,129,626</b>	<b>82,268,748</b>
Deferred outflows of resources—pension	2,777,772	2,207,301
<b>Total assets and deferred outflows of resources</b>	<b>\$ 96,907,398</b>	<b>\$ 84,476,049</b>

The accompanying notes are an integral part of these statements.

Edwards Aquifer Authority

Statements of Net Position (Continued)  
December 31, 2023 and 2022

	2023	2022
Current liabilities:		
Accounts payable	\$ 2,265,256	\$ 2,510,988
VISPO liabilities (payable from restricted assets)	8,936,926	9,987,533
ASR liabilities (payable from restricted assets)	3,724,684	3,724,583
Compensated absences	938,977	838,811
Accrued liabilities	311,329	233,815
Lease liabilities	69,890	62,859
Subscription-based information technology arrangement liabilities	10,297	-
Note payable	250,000	240,000
<b>Total current liabilities</b>	<b>16,507,359</b>	<b>17,598,589</b>
Noncurrent liabilities:		
Net pension liability	2,485,016	-
Compensated absences	746,346	821,979
Accrued liabilities	-	81,984
Lease liabilities	1,977,726	2,023,950
Subscription-based information technology arrangement liabilities	8,193	-
Note payable	2,025,000	2,275,000
Unearned revenue	560,000	1,480,000
<b>Total noncurrent liabilities</b>	<b>7,802,281</b>	<b>6,682,913</b>
<b>Total liabilities</b>	<b>24,309,640</b>	<b>24,281,502</b>
Deferred inflows of resources—pension	120,078	3,529,136
<b>Total liabilities and deferred inflows of resources</b>	<b>\$ 24,429,718</b>	<b>\$ 27,810,638</b>
Net position:		
Net investment in capital assets	\$ 34,391,960	\$ 16,696,597
Restricted—Habitat Conservation Plan	13,918,434	22,702,150
Unrestricted	24,167,286	17,266,664
<b>Total net position</b>	<b>\$ 72,477,680</b>	<b>\$ 56,665,411</b>

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## Edwards Aquifer Authority

### Statements of Revenues, Expenses and Changes in Net Position Years Ended December 31, 2023 and 2022

	2023	2022
Operating revenues:		
Aquifer management fees:		
Nonagricultural users (net of rebates)	\$ 21,612,223	\$ 19,989,492
Agricultural users	160,612	197,213
Program fees—Habitat Conservation Plan	11,603,855	11,920,953
Enforcement settlements	208,421	46,780
Other charges	1,326,269	216,354
<b>Total operating revenues</b>	<b>34,911,380</b>	<b>32,370,792</b>
Operating expenses:		
Salaries and wages	8,628,095	8,536,557
Employee benefits	2,436,676	1,796,867
Professional and technical services	22,434,832	21,859,080
Property services	1,720,213	1,414,690
Other services	1,009,176	872,189
Supplies	417,150	460,989
Depreciation and amortization	1,132,772	1,022,896
<b>Total operating expenses</b>	<b>37,778,914</b>	<b>35,963,268</b>
<b>Operating loss</b>	<b>(2,867,534)</b>	<b>(3,592,476)</b>
Nonoperating revenues (expenses):		
Interest income	2,206,152	667,542
Interest expense	(170,572)	(179,763)
Gain on sale and disposal of capital assets	11,015	1,416,841
<b>Total nonoperating revenues, net</b>	<b>2,046,595</b>	<b>1,904,620</b>
<b>Loss before capital contributions</b>	<b>(820,939)</b>	<b>(1,687,856)</b>
Capital contributions	16,633,208	111,790
<b>Change in net position</b>	<b>15,812,269</b>	<b>(1,576,066)</b>
Net position at beginning of year	56,665,411	58,241,477
Net position at end of year	<b>\$ 72,477,680</b>	<b>\$ 56,665,411</b>

The accompanying notes are an integral part of these statements.

**Edwards Aquifer Authority**

**Statements of Cash Flows  
Years Ended December 31, 2023 and 2022**

	2023	2022
Cash flows from operating activities:		
Receipts from customers	\$ 35,236,137	\$ 30,748,524
Payments to suppliers	(26,888,873)	(16,391,301)
Payments to employees	(11,280,745)	(11,073,125)
<b>Net cash provided by (used in) operating activities</b>	<b>(2,933,481)</b>	<b>3,284,098</b>
Cash flows from noncapital financing activities:		
Collections on note receivable	-	22,557
<b>Net cash provided by noncapital financing activities</b>	<b>-</b>	<b>22,557</b>
Cash flows from capital and related financing activities:		
Payments on long-term note payable	(240,000)	(230,000)
Purchases of capital assets	(1,962,683)	(1,437,476)
Proceeds from sale of capital assets	28,344	1,655,592
Payments on Subscription-Based Information Technology Arrangements	(27,093)	-
Payments on lease liabilities	(153,052)	(60,228)
<b>Net cash used in capital and related financing activities</b>	<b>(2,354,484)</b>	<b>(72,112)</b>
Cash flows from investing activities:		
Purchase of investments	(17,348,307)	(4,283,292)
Sale of investments	17,087,757	7,024,704
Interest received	2,206,152	667,542
<b>Net cash provided by investing activities</b>	<b>1,945,602</b>	<b>3,408,954</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(3,342,363)</b>	<b>6,643,497</b>
Cash and cash equivalents at beginning of the year	<b>39,947,676</b>	<b>33,304,179</b>
Cash and cash equivalents at end of the year	<b>\$ 36,605,313</b>	<b>\$ 39,947,676</b>
Reconciliation to statement of net position:		
Cash and cash equivalents	\$ 16,957,451	\$ 14,904,125
Restricted—cash and cash equivalents (Habitat Conservation Plan)	19,647,862	25,043,551
	<b>\$ 36,605,313</b>	<b>\$ 39,947,676</b>
Noncash—capital and related financing activities		
Land conservation easements - contributed capital	\$ 16,633,208	\$ -
Lease obligations incurred for new SBITA assets	76,741	-
Lease obligations incurred for new right-to-use lease assets	26,058	24,994
	<b>\$ 16,736,007</b>	<b>\$ 24,994</b>

(Continued)

**Edwards Aquifer Authority**

**Statements of Cash Flows (Continued)  
Years Ended December 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	<b>\$ (2,867,534)</b>	\$ (3,592,476)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	<b>1,132,772</b>	1,022,896
Change in operating assets, deferred inflows, liabilities, and deferred outflows:		
Program fees receivable, net—Habit Conservation Plan	<b>544,580</b>	(798,132)
Aquifer management fees receivable, net	<b>981,522</b>	(1,441,397)
Property taxes receivable, net	<b>130</b>	318
Miscellaneous receivables	<b>(262,366)</b>	(13,007)
Prepaid expenses	<b>(23,306)</b>	10,352
Unearned revenue	<b>(920,000)</b>	630,000
Deferred outflows of resources—pension	<b>(570,471)</b>	225,329
Accounts payable	<b>(245,732)</b>	695,537
VISPO liabilities (payable from restricted assets)	<b>(1,050,607)</b>	7,477,558
ASR liabilities (payable from restricted assets)	<b>101</b>	30,346
Accrued liabilities	<b>(4,470)</b>	15,414
Compensated absences	<b>24,533</b>	81,587
Net pension liability and net pension asset	<b>3,736,425</b>	(3,753,393)
Deferred inflows of resources—pension	<b>(3,409,058)</b>	2,693,166
	<b>\$ (2,933,481)</b>	<b>\$ 3,284,098</b>

The accompanying notes are an integral part of these statements.



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## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies

**Reporting entity:** Edwards Aquifer Authority (EAA) was created in 1993 by the Edwards Aquifer Authority Act (the Act) of the 73rd Legislature of the State of Texas to manage and protect the Edwards Aquifer. EAA covers all of Uvalde, Medina and Bexar counties and portions of Atascosa, Comal, Guadalupe, Caldwell and Hays counties.

EAA is governed by a 17-member Board of Directors (the Board). Fifteen voting members are elected from single-member election districts and two nonvoting members are appointed. One nonvoting director is appointed by the Advisory Committee from the members of the committee, and the second is appointed by the commissioners' court of Medina or Uvalde County. The Board has EAA adopt and enforce reasonable rules and orders to manage and protect the Edwards Aquifer. Therefore, EAA is a financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Codification, *The Financial Reporting Entity*, and is not included in any other governmental reporting entity.

The Act also created the South Central Texas Water Advisory Committee (SCTWAC), which advises the EAA Board on downstream water rights and issues. Appointed SCTWAC members, like EAA directors, are not entitled to compensation by EAA, but are entitled to reimbursement for actual and necessary expenses incurred to perform their duties.

**Blended component unit:** The Edwards Aquifer Conservancy (EAC), formed on June 23, 2014, is a nonprofit, supporting organization set up exclusively for the benefit of EAA. As a supporting organization, it is intended that the EAC be operated, supervised and controlled by EAA as a Type I supporting organization in accordance with Internal Revenue Code §509(a)(3)(B)(i). Board members of the EAC are appointed by the Board of EAA in accordance with Treasury Regulation §1.509(a)-4(g); any director may be re-appointed to serve consecutive terms on the EAC Board. Funds raised by the EAC enhance the resources available for all aquifer users in areas such as public education, professional training aimed at collaborative measures for securing EAA's water quality, community science initiatives and as a resource/partner providing community support for aquifer protection initiatives (such as hazardous materials collection in rural areas). Although the EAC is a legally separate entity, it is, in substance, part of EAA's operation; therefore, it is reported as a blended component unit in EAA's financial statements.

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

The following table presents comparative condensed financial information on assets, deferred outflows of resources, liabilities, deferred inflows of resources and of EAC:

	December 31	
	2023	2022
Assets:		
Current assets	\$ 308,101	\$ 1,058,111
Capital assets, net	23,505,575	6,095,322
Total assets	<u>\$ 23,813,676</u>	<u>\$ 7,153,433</u>
Liabilities:		
Current liabilities	\$ 146	\$ 206
Noncurrent liabilities	560,000	1,480,000
Total liabilities	<u>560,146</u>	<u>1,480,206</u>
Net position:		
Investment in capital assets	23,505,575	6,095,322
Unrestricted (deficit)	(252,045)	(422,095)
Total net position	<u>23,253,530</u>	<u>5,673,227</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 23,813,676</u>	<u>\$ 7,153,433</u>

The following table presents comparative condensed financial information on revenues, expenses and changes in net position of EAC:

	Years Ended December 31	
	2023	2022
Total operating revenues	\$ 1,000,859	\$ 192,000
Total operating expenses	74,977	86,784
Operating income	<u>925,882</u>	<u>105,216</u>
Nonoperating revenue:		
Interest income	21,213	15,501
Total nonoperating revenues	<u>21,213</u>	<u>15,501</u>
Capital contributions	16,633,208	-
Change in net position	17,580,303	120,717
Net position at beginning of year	5,673,227	5,552,510
Net position at end of year	<u>\$ 23,253,530</u>	<u>\$ 5,673,227</u>

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

#### Note 1. Summary of Significant Accounting Policies (Continued)

The following table presents comparative condensed financial information on cash flows of EAC:

	Years Ended December 31	
	2023	2022
Net cash provided by operating activities	\$ 76,776	\$ 808,170
Net cash (used in) provided by investing activities	(828,786)	(796,084)
Net increase (decrease) in cash and cash equivalents	(752,010)	12,086
Cash and cash equivalents at beginning of the year	946,321	934,235
Cash and cash equivalents at end of the year	\$ 194,311	\$ 946,321
Reconciliation to statement of net position:		
Cash and cash equivalents	\$ 194,311	\$ 946,321
	Years Ended December 31	
	2023	2022
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 925,882	\$ 105,216
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	72,954	72,954
Change in operating assets, deferred inflows, liabilities and deferred outflows		
Miscellaneous receivable	(1,000)	-
Prepaid expenses	(1,000)	-
Accounts payable	(60)	-
Unearned revenue	(920,000)	630,000
Net cash provided by operating activities	\$ 76,776	\$ 808,170

**Measurement focus, basis of accounting and financial statement presentation:** For financial reporting purpose, EAA is considered a special-purpose government engaged solely in business-type activities. Accordingly, EAA distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of EAA are aquifer management fees charged to users of the aquifer based on per acre foot of water. Nonagricultural aquifer management fees are invoiced annually based on permitted water rights authorized to be used in the calendar year, regardless of actual water used. The nonagricultural aquifer management fee per acre foot of water is \$84, made up of \$54 (\$53) AMF and \$30 (\$31) Program HCP for the years ended December 31, 2023 and 2022, respectively. Agricultural users of the aquifer submit annual reports of actual groundwater used and remit aquifer management fees annually based on that use. The agricultural aquifer management fee per acre foot of water is \$2. EAA also recognizes other fees such as transfer application, well construction and registration fees as operating revenues.

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

In 2012, EAA established the Edwards Aquifer Habitat Conservation Plan (EAHCP) for the purpose of lawfully removing potentially endangered species and relocating them to an equally habitable environment in order to continue performing the task of regulating and pumping groundwater from the Edwards Aquifer. EAA bills EAHCP fees to nonagricultural users of the aquifer to build a reserve for future program expenses. As of December 31, 2023 and 2022 the Program HCP totaled \$30 and \$31, respectively. These fees are recognized as operating revenue and reported as restricted for use towards program expenses.

Operating expenses include the cost of services, administrative expenses and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**Estimates:** The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Cash and cash equivalents:** Cash and cash equivalents include cash on hand, demand deposits, money market funds and highly liquid investments with maturities of three months or less at the time of purchase.

**Restricted cash and cash equivalents:** Restricted cash and cash equivalents include money market funds restricted for use on specific program expenses. EAA has restricted cash and equivalents for use on the EAHCP.

**Restricted and unrestricted investments:** Investments are reported at fair value. Investments in nonparticipating interest-earning contracts, such as certificates of deposit, are reported at amortized cost.

**Aquifer management fees receivable:** Aquifer management fees receivable consist of fees due from agriculture and non-agriculture users of the aquifer. The related allowance for uncollectible accounts is evaluated by management on a periodic basis. As of December 31, 2023 and 2022, the allowance for doubtful accounts related to aquifer management fees receivable totaled \$36,973 and \$16,300, respectively.

**Program fees receivable—Habitat Conservation Plan:** Program fees receivable consist of fees due from non-agriculture users of the aquifer for the purpose of funding the EAHCP and related program expenses. The related allowance for uncollectible accounts is evaluated by management on a periodic basis. As of December 31, 2023 and 2022, the allowance for doubtful accounts related to program fees receivable—Habitat Conservation Plan totaled \$5,103 and \$8,536, respectively.

**Property taxes receivable:** Effective July 28, 1996, legislation abolished any taxing power of EAA. However, EAA does collect delinquent taxes owed to the EAA predecessor agency, the Edwards Underground Water District. Delinquent taxes receivable have been reported in the financial statements, net of the allowance for uncollectible taxes. As of December 31, 2023 and 2022, the allowance for doubtful accounts related to property taxes receivable totaled \$16,860 and \$16,861, respectively.

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**Leases:** EAA is a lessee for various noncancellable leases of land, buildings, and equipment. For leases with a maximum possible term of 12 months or less at commencement (short-term), EAA recognizes lease expense based on the provisions of the lease agreement. For all other leases, EAA recognizes a lease liability and an intangible right-to-use leased asset.

At the commencement of the lease, EAA initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured at the amount of the lease liability, and as applicable, less lease payments made on or before the lease commencement date, plus any initial direct costs ancillary to the placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the leased asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. A full month of amortization is calculated in the month the leased asset is placed in service.

EAA uses the effective interest rate as the discount rate to calculate the present value of the expected lease payments unless the rate that the lessor charges is known. EAA monitors changes in circumstances that may require a remeasurement of a lease arrangement. When certain changes occur that are expected to significantly affect the amount of the lease liability, the liability is remeasured, and a corresponding adjustment is made to the lease asset.

**Subscription Based Information Technology Arrangements (SBITA):** The Authority recognizes the liabilities and assets based on the terms of the agreement. At commencement of the subscription, the Authority measures the liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the commencement date, plus certain initial direct costs to place the asset into service (data migration, installation, implementation costs). Subsequently, the subscription asset is amortized on a straight-line basis over the life of the subscription.

Key estimates and judgments related to IT subscription arrangements include how the Authority determined the discount rate it uses to discount the expected payments to present value, term and payments. The Authority uses the interest rate charged by the IT subscription vendor as the discount rate. When the interest rate charged by the vendor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate.

The IT subscription term includes the noncancellable periods of the subscription. Payments included in the measurement of the liability are composed of fixed payments. The Authority monitors changes in circumstances that would require remeasurement of its IT subscription and will remeasure the right-of-use IT subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

**Capital assets:** Capital assets having a unit cost equal to or greater than \$5,000 are recorded at cost, if purchased or constructed, or, if donated, at acquisition value at the date of donation. Amortization of assets acquired under groundwater leases is included with depreciation and amortization expense on owned assets.

Normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, but are charged as an operating expense as incurred. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

When assets are retired or otherwise disposed, the related costs are removed. Buildings, improvements, furniture and equipment and vehicles of EAA are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings and improvements	20-50 years
Furniture and equipment	5-20 years
Vehicles	8-10 years
Groundwater lease	10 years

**Impairment of long-lived assets:** EAA reviews the carrying value of assets for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results; trends and prospects; and effects of obsolescence, demand, competition and other economic factors. As of December 31, 2023 and 2022, there were no impairments of long-lived assets.

**Compensated absences:** It is EAA's policy to permit employees to accumulate earned, but unused personal and sick leave benefits. Personal leave is accrued when earned by the employee and reported as a liability. Employees may accumulate 10 to 15 hours a month of personal leave depending on their length of employment, and up to 320 hours of unused personal leave may be carried over from one year to the next. Upon termination, employees are paid for unused personal leave. As of December 31, 2023 and 2022, accrued personal leave payable totaled \$851,220 and \$897,227, respectively. Accumulated sick leave is payable to the employee's retirement health savings account upon termination when certain conditions are met. As of December 31, 2023 and 2022, the accrued sick leave payable totaled \$834,103 and \$763,562, respectively. For financial statement purposes, both accrued personal leave and accrued sick leave are reported as compensated absences. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive separation payments and other employees who are expected to become eligible in the future to receive such payments upon separation are included. The amount of unpaid personal and sick leave is charged to expense during the period earned if probability of payout, and a corresponding liability is established.

**Annual budget:** The original budget adopted by the Board in November of each year and any amendments made during the year are approved by the Board.

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

**Restricted and unrestricted resources:** It is EAA's policy to use restricted resources first when an allowable restricted expense is made for purposes for which both restricted and unrestricted resources are available.

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**Retirement plan—pension:** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of EAA's participation in the Texas County and District Retirement System (TCDRS), an agent plan and additions to/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 refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Deferred outflows of resources/deferred inflows of resources:** In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represent a consumption of net assets that applies to future periods. The deferred credit for pension consists of differences between the expected and actual experience, changes of assumptions, net difference between projected and actual earnings and contributions made subsequent to measurement date.

In addition to liabilities, the statements of net position will sometime report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net assets that applies to future periods. The deferred charge for pension consists of differences between expected and actual experience and net difference between projected and actual earnings.

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

If the assessment of a contingency indicates it is probable that a material loss has been incurred, and the amount of the liability can be estimated, then the estimated liability would be accrued in EAA's financial statements. If the assessment indicates a potentially material loss contingency is not probable, but is reasonably possible, or is probable, but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed. There were no loss contingencies recognized in the years ended December 31, 2023 and 2022.

**Adopted Accounting Pronouncements:** GASB Statement No. 91, *Conduit Debt Obligations*, will provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement was effective for the Authority beginning with its fiscal year as of January 1, 2022. There was no impact on the financial statements as the Authority does not have any conduit debt arrangements.



## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, will improve financial reporting by addressing issues related to public-private and public-public partnership and provides guidance for accounting and reporting for availability payment arrangements. This statement was effective for the Authority beginning with its fiscal year ending December 31, 2022. There was no impact on the financial statements as the Authority does not have any Public-Private and Public-Public Partnerships and Availability Payment Arrangements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITA's) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosure regarding a SBITA. The Authority disclosed its policy for recording SBITAs in Note 1, 3 and 5. The adoption of this statement did not result in a restatement of net position, long-term liabilities and capital assets.

GASB Statement No. 99, *Omnibus 2022*, will enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. This statement was effective for the Authority beginning with its fiscal year ending December 31, 2023. The changes incorporated for leases and SBITA's were implemented as of December 31, 2023.

**Upcoming Accounting Pronouncements:** GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*, will enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement will be effective for the Authority beginning with its fiscal year ending December 31, 2024. The EAA is reviewing the pronouncement and will implement, if applicable, by the stated effective date.

GASB Statement No. 101, *Compensated Absences*, will better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This statement will be effective for the Authority beginning with its fiscal year ending December 31, 2024. The EAA is reviewing the pronouncement and will implement, if applicable, by the stated effective date.

GASB Statement No. 102, *Certain Risk Disclosures*, will provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. This statement will be effective for the Authority beginning with its fiscal year ending December 31, 2025. The EAA is reviewing the pronouncement and will implement, if applicable, by the stated effective date.

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 2. Deposits and Investments

Cash and investments classified in the accompanying financial statements are as follows:

	December 31	
	2023	2022
Petty cash	\$ 948	\$ 1,433
Money market and checking account	36,604,365	39,946,243
US Government Agency Securities	3,996,700	1,994,098
Oil and mineral rights	111,790	111,790
Certificates of deposit (non-participating)	13,289,063	15,031,115
Total cash and investments	<u>\$ 54,002,866</u>	<u>\$ 57,084,679</u>

**Cash deposits:** At December 31, 2023, the carrying amount of EAA's cash on hand and deposits, including CDs, totaled \$51,896,978 (\$54,978,791 at December 31, 2022) and the bank balance totaled \$53,810,606 (\$57,059,186 at December 31, 2022). All deposits are insured by federal depository insurance and/or collateralized with securities held in EAA's name.

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

The Act determines the types of investments which are allowable for EAA. These include, with certain restrictions, (1) obligations of the United States Treasury, certain United States agencies and the state of Texas; (2) CDs; (3) certain municipal securities; (4) money market savings accounts; (5) repurchase agreements; (6) bankers acceptances; (7) mutual funds; (8) investment pools; (9) guaranteed investment contracts and (10) common trust funds.

As of December 31, 2022, EAA invested in US government agency securities and oil and mineral rights. The investment in oil and mineral rights was obtained through a contribution and was not a purchase completed by EAA. As such, although the investment is outside of EAA's policy, it is not considered a violation of EAA's policy.

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to EAA. A primary stated objective of the EAA adopted investment policy is the safety of principal and avoidance of principal loss. Credit risk within EAA's portfolio is minimized by:

1. Limiting investments to the safest types of securities,
2. Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors within who EAA will do business, and
3. Diversifying the investment portfolio so that potential losses on individual investments will be minimized.

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 2. Deposits and Investments (Continued)

Securities are primarily rated by Standard & Poor's or Moody's. As of December 31, 2023 and 2022:

- US government agency securities were rated A-1+

**Concentration of Credit Risk:** Concentration of credit risk is the risk of loss attributable to the magnitude of EAA's investments in a single issuer.

The EAA recognizes over-concentration of assets by market sector or maturity as a risk to the portfolio. EAA's adopted Investment Policy establishes diversification as a major objective of the investment program and sets diversification limits for all authorized investment types which are monitored on a quarterly basis. Market cycle risk will be reduced by diversifying the appropriate maturity structure out over 2 years. As of December 31, 2023 and 2022, all parameters and limits of the diversification policy were met.

**Interest Rate Risk:** Interest rate risk is the risk that the changes in interest rates will adversely affect the fair value of an investment.

In order to limit interest and market rate risk from changes in interest rates, the EAA adopted Investment Policy minimizes risk by:

1. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and
2. Investing shorter-term operating funds primarily in liquid financial institution deposits, shorter-term securities, money market mutual funds or similar investment pools.

In addition, all investment funds shall be placed directly with authorized investment providers. EAA will not deposit or invest funds through third parties or money brokers.

As of December 31, 2023, the portfolio held the following investments:

Investment Type	Balance	% of Portfolio	Investment Maturity in Years
US Government Agency securities	\$ 3,996,700	23.0%	1-3 years
Oil and mineral rights	111,790	0.6%	Indefinite
Certificates of deposit	13,289,063	76.4%	3 years
Total portfolio	<u>\$ 17,397,553</u>	<u>100.0%</u>	

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 2. Deposits and Investments (Continued)

As of December 31, 2022, the portfolio held the following investments:

Investment Type	Balance	% of Portfolio	Investment Maturity in Years
US Government Agency securities	\$ 1,994,098	11.6%	1-3 years
Oil and mineral rights	111,790	0.7%	Indefinite
Certificates of deposit	15,031,115	87.7%	3 years
Total portfolio	<u>\$ 17,137,003</u>	<u>100.0%</u>	

**Custodial Credit Risk:** In the case of deposits, this is the risk that in the event of a bank failure, EAA's deposits may not be returned to it. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of EAA and are held by the counterparty, its trust or agent and not in EAA's name.

EAA's investment securities are not exposed to custodial risk because all securities held by EAA's custodial banks are in EAA's name. To control custody and safekeeping risk state law and EAA's adopted Investment Policy requires full collateralization of all EAA funds on deposit with a depository bank. The policy specifies the specific types of acceptable types of collateral and collateral is reviewed on a monthly basis to ensure the market value of the pledged securities is adequate. The result of such valuations are reported to the EAA's Finance/Administrative Committee on a quarterly basis.

**Fair Value Measurement:** EAA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles in the United States of America (GAAP). GASB Statement No. 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices within Level 1 that observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement. EAA utilizes and its investment advisor utilizes an independent pricing service to obtain recurring fair value measurements using quoted prices for similar assets to determine the fair value.

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 2. Deposits and Investments (Continued)

As of December 21, 2023 and 2022, EAA has the recurring fair value measurements for US agency bonds of \$3,996,700 and \$1,994,098, respectively, valued using quoted prices for similar assets in active markets. Investments in oil and mineral rights are valued using forecasted cash flows attributed to the leased acreage and ownership and related data of oil and gas exploration and productive activities in a similar area.

As of December 31, 2023, the securities to be priced in the portfolio were:

Investment Type	Level	Total
Investments measured at fair value:		
US Government Agency securities	Level 2	\$ 3,996,700
Oil and mineral rights	Level 3	111,790
Investments measured at amortized cost:		
Certificates of deposit		13,289,063
Total investments		<u>\$ 17,397,553</u>

As of December 31, 2022, the securities to be priced in the portfolio were:

Investment Type	Level	Total
Investments measured at fair value:		
US Government Agency securities	Level 2	\$ 1,994,098
Oil and mineral rights	Level 3	111,790
Investments measured at amortized cost:		
Certificates of deposit		15,031,115
Total investments		<u>\$ 17,137,003</u>

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

#### Note 3. Capital Assets

Capital asset activity for the year ended December 31, 2023, was as follows:

	Balance at December 31, 2022		Additions	Retirements	Transfers	Balance at December 31, 2023	
Capital assets not being depreciated:							
Land	\$ 7,613,202	\$ 17,483,208	\$ -	\$ -	\$ -	\$ 25,096,410	
Construction in progress	148,465	-	-	-	(148,465)	-	
	<u>7,761,667</u>	<u>17,483,208</u>	<u>-</u>	<u>-</u>	<u>(148,465)</u>	<u>25,096,410</u>	
Capital assets being depreciated:							
Capital Assets							
Buildings and improvements	11,131,839	128,884	(5,500)	-	-	11,255,223	
Furniture and equipment	6,887,197	504,808	(51,567)	148,465	-	7,488,903	
Vehicles	741,415	365,064	(108,041)	-	-	998,438	
Other intangible asset	700,000	-	-	-	-	700,000	
Capital assets, total	<u>19,460,451</u>	<u>998,756</u>	<u>(165,108)</u>	<u>148,465</u>	<u>-</u>	<u>20,442,564</u>	
Right-to-use leased assets	<u>2,181,708</u>	<u>26,058</u>	<u>(8,904)</u>	<u>-</u>	<u>-</u>	<u>2,198,862</u>	
Subscription-Based Information Technology Arrangements	-	76,741	-	-	-	76,741	
Capital assets, total	<u>21,642,159</u>	<u>1,101,555</u>	<u>(174,012)</u>	<u>148,465</u>	<u>-</u>	<u>22,718,167</u>	
Accumulated depreciation/amortization:							
Capital assets							
Buildings and improvements	(3,096,000)	(266,296)	1,558	-	-	(3,360,738)	
Furniture and equipment	(4,236,275)	(588,536)	38,180	-	-	(4,786,631)	
Vehicles	(516,468)	(68,258)	108,038	-	-	(476,688)	
Other intangible asset	(70,000)	(70,000)	-	-	-	(140,000)	
Capital assets depreciation, total	<u>(7,918,743)</u>	<u>(993,090)</u>	<u>147,776</u>	<u>-</u>	<u>-</u>	<u>(8,764,057)</u>	
Right-to-use leased assets	<u>(186,677)</u>	<u>(116,353)</u>	<u>8,904</u>	<u>-</u>	<u>-</u>	<u>(294,126)</u>	
Subscription-Based Information Technology Arrangements	-	(23,328)	-	-	-	(23,328)	
Capital assets depreciation, total	<u>(8,105,420)</u>	<u>(1,132,771)</u>	<u>156,680</u>	<u>-</u>	<u>-</u>	<u>(9,081,511)</u>	
Total capital assets being depreciated, net	<u>13,536,739</u>	<u>(31,216)</u>	<u>(17,332)</u>	<u>148,465</u>	<u>-</u>	<u>13,636,656</u>	
Capital assets, net	<u>\$ 21,298,406</u>	<u>\$ 17,451,992</u>	<u>\$ (17,332)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,733,066</u>	

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

#### Note 3. Capital Assets (Continued)

Capital asset activity for the year ended December 31, 2022, was as follows:

	Balance at December 31, 2021	Additions	Retirements	Transfers	Balance at December 31, 2022
Capital assets not being depreciated:					
Land	\$ 7,570,092	\$ 250,000	\$ (206,890)	\$ -	\$ 7,613,202
Construction in progress	1,030,044	24,280	-	(905,859)	148,465
	<u>8,600,136</u>	<u>274,280</u>	<u>(206,890)</u>	<u>(905,859)</u>	<u>7,761,667</u>
Capital assets being depreciated:					
Capital Assets					
Buildings and improvements	11,054,674	77,165	-	-	11,131,839
Furniture and equipment	5,601,166	418,673	(38,501)	905,859	6,887,197
Vehicles	728,667	54,154	(41,406)	-	741,415
Other intangible asset	-	700,000	-	-	700,000
Capital assets, total	<u>17,384,507</u>	<u>1,249,992</u>	<u>(79,907)</u>	<u>905,859</u>	<u>19,460,451</u>
Right-to-use leased assets	<u>2,156,714</u>	<u>24,994</u>	<u>-</u>	<u>-</u>	<u>2,181,708</u>
Subscription-Based Information					
Technology Arrangements	-	-	-	-	-
Capital assets, total	<u>19,541,221</u>	<u>1,274,986</u>	<u>(79,907)</u>	<u>905,859</u>	<u>21,642,159</u>
Accumulated depreciation/amortization:					
Capital assets					
Buildings and improvements	(2,840,224)	(255,776)	-	-	(3,096,000)
Furniture and equipment	(3,708,907)	(534,008)	6,640	-	(4,236,275)
Vehicles	(509,549)	(48,325)	41,406	-	(516,468)
Other intangible asset	-	(70,000)	-	-	(70,000)
Capital assets depreciation, total	<u>(7,058,680)</u>	<u>(908,109)</u>	<u>48,046</u>	<u>-</u>	<u>(7,918,743)</u>
Right-to-use leased assets amortization	<u>(71,890)</u>	<u>(114,787)</u>	<u>-</u>	<u>-</u>	<u>(186,677)</u>
Subscription-Based Information					
Technology Arrangements amortization	-	-	-	-	-
Capital assets, total	<u>(7,130,570)</u>	<u>(1,022,896)</u>	<u>48,046</u>	<u>-</u>	<u>(8,105,420)</u>
Total capital assets					
being depreciated, net	12,410,651	252,090	(31,861)	905,859	13,536,739
Capital assets, net	<u>\$ 21,010,787</u>	<u>\$ 526,370</u>	<u>\$ (238,751)</u>	<u>\$ -</u>	<u>\$ 21,298,406</u>

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

#### Note 4. Accounts Payable

Accounts payable is comprised of the following:

	December 31	
	2023	2022
Health care reimbursement accounts	\$ 278,019	\$ 322,407
Travel reimbursements	80,321	83,052
Trade payables	1,906,916	2,105,529
Total accounts payable	\$ 2,265,256	\$ 2,510,988

#### Note 5. Long-Term Liabilities

A summary of changes in long-term liabilities at December 31, 2023, is as follows:

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
Business-type activities:					
Note payable:					
Revenue note	\$ 2,515,000	\$ -	\$ (240,000)	\$ 2,275,000	\$ 250,000
Lease liabilities	2,086,809	113,859	(153,052)	2,047,616	69,890
Subscription Liabilities	-	33,542	(15,053)	18,489	10,297
Compensated absences	1,660,790	209,491	(184,958)	1,685,323	938,977
Net pension liability (asset)	(1,251,409)	5,414,545	(1,678,120)	2,485,016	-
Total business-type activities long-term liabilities	\$ 5,011,190	\$ 5,771,437	\$ (2,271,183)	\$ 8,511,444	\$ 1,269,164

A summary of changes in long-term liabilities at December 31, 2022, is as follows:

	Balance at December 31, 2021	Additions	Reductions	Balance at December 31, 2022	Due Within One Year
Business-type activities:					
Note payable:					
Revenue note	\$ 2,745,000	\$ -	\$ (230,000)	\$ 2,515,000	\$ 240,000
Lease liabilities	2,122,401	24,635	(60,227)	2,086,809	62,859
Compensated absences	1,579,203	129,624	(48,037)	1,660,790	838,811
Net pension liability (asset)	2,501,984	3,158,487	(6,911,880)	(1,251,409)	-
Total business-type activities long-term liabilities	\$ 8,948,588	\$ 3,312,746	\$ (7,250,144)	\$ 5,011,190	\$ 1,141,670



## Edwards Aquifer Authority

### Notes to Basic Financial Statements

#### Note 5. Long-Term Liabilities (Continued)

In 2011, EAA issued a General Improvement Revenue Note, Series 2011. The issuance was for \$3,370,000 for the purpose of providing funds to renovate, expand and equip EAA's administrative headquarters. The note has an outstanding balance of \$2,515,000, is due in varying installments through September 1, 2031, and bears an interest rate of 3.76% with interest paid semiannually. The principal and interest on this note are payable as follows:

	Principal	Interest	Total
Years ending December 31:			
2024	\$ 250,000	\$ 82,407	\$ 332,407
2025	260,000	72,881	332,881
2026	270,000	62,980	332,980
2027	275,000	52,765	327,765
2028	290,000	42,238	332,238
2029-2031	930,000	59,032	989,032
	<u>\$ 2,275,000</u>	<u>\$ 372,303</u>	<u>\$ 2,647,303</u>

**Lease Liabilities:** The EAA entered into a lease obligation for the Morgan's Wonderland Camp—Educational Outreach Center, totaling \$2,156,714 for 240 months. The effective interest on this lease is 3.76% and is paid out on a monthly basis commencing May 1, 2021, at the inception of the lease.

The EAA has various equipment leases with inception dates from April 2022 to September 2023 and terms of 60 months. The effective interest on the leases is 3.76% and is paid on a quarterly basis. During the year ended December 31, 2023, principal and interest paid were \$8,333 and \$1,026, respectively.

The principal and interest payments on these lease liabilities are as follows:

	Principal	Interest	Total
Years ending December 31:			
2024	\$ 69,891	\$ 75,831	\$ 145,722
2025	75,341	73,109	148,450
2026	81,053	70,181	151,234
2027	85,259	67,041	152,300
2028	86,764	63,787	150,551
2029-2033	519,070	264,843	783,913
2034-2038	715,717	149,786	865,503
2039-2041	414,529	19,234	433,763
	<u>\$ 2,047,624</u>	<u>\$ 783,812</u>	<u>\$ 2,831,436</u>

**SBITA agreements:** The Authority has \$8,193 outstanding long-term SBITA agreements in place during the year ending December 31, 2023. The agreements are set to expire on October 1, 2026. The outstanding balance of the SBITA liability as of December 31, 2023 is \$18,489. The principal and interest paid on the liability during the year ending December 31, 2023 was \$15,053 and \$1,148, respectively. The amount of principal and interest to be paid during the year ending December 31, 2024 is \$10,297 and \$620, respectively.

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 6. Retirement Plans

**TCDRS:** EAA provides retirement, disability and death benefits for all its full-time employees through a nontraditional defined benefit pension plan in the statewide TCDRS. The board of trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 781 nontraditional defined benefit pension plans. TCDRS, in the aggregate, issues a Comprehensive Annual Financial Report (Annual Report) on a calendar basis. The TCDRS Annual Report can be downloaded at <http://www.tcdrs.org>.

The plan provisions are adopted and may be amended by the EAA Board, within the options available in the Texas state statutes governing TCDRS (the TCDRS Act). Members can retire at ages 60 and above with eight or more years of service, with 20 years of service regardless of age or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum and who are not eligible to retire are not entitled to any amounts contributed by their employer.

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

**Funding policy:** EAA has chosen a fixed rate plan under the provisions of the TCDRS Act. The plan is funded by monthly contributions from both employees and EAA based on the covered payroll of the employees. Under the TCDRS Act, the regular contribution rate for EAA's employees is a fixed percentage equal to the 7% contribution payable to the employee. The matching employer contribution adopted by the governing body of EAA was 180% of the required employee contribution. This regular contribution rate of EAA is not actuarially determined and is one of the rates that can be adopted in accordance with the TCDRS Act. However, the plan of benefits adopted by EAA at the time of plan inception or when benefit increases were adopted was limited by the TCDRS Act to what the actuary determined could be adequately financed by the commitment of EAA to contribute the same amount as the employees. The employee contribution rate and EAA contribution rate may be changed by the governing body of EAA within the options available in the TCDRS Act.

If a plan has had adverse experience, the TCDRS Act has provisions which allow the employer to contribute a fixed supplemental contribution rate determined by the TCDRS's actuary above the regular rate. During the year, EAA contributed a total rate of 11.09%.

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 6. Retirement Plans (Continued)

**Plan benefits:** Effective on the date of participation, EAA provides retirement, disability and death benefits. Based on the aforementioned funding policy, the employee's savings, by law, grow at a rate of 7%, compounded annually at retirement, the employee's account balance is combined with EAA's matching and converted into a lifetime monthly benefit. Employees receive a month of service time for each month they make a deposit into their account. The amount of service an employee needs to earn a future benefit is called the vesting requirement. When an employee is vested, he or she has the right to a monthly benefit, which includes the related employer matching contributions, at age 60 or older.

EAA adopted an eight year/Age 60 Retirement Eligibility described in Section 844.207 of the TCDRS Act, under which: (a) any TCDRS member who has eight or more years of service credit with EAA and other subdivisions that have adopted the provisions of Sections 844.207 or 844.210, is a vested member and shall have the right to retire and receive a service retirement annuity after attaining age 60.

Any TCDRS member who is a vested member may terminate employment with all participating subdivisions prior to attaining age 60 and remain eligible to retire and receive a service retirement annuity after attaining age 60 provided his or her membership is not terminated other than by retirement. Any TCDRS member who is a vested member under Section 844.207(d) may retire and receive a disability retirement annuity if he or she is certified as disabled, as defined by the Plan.

Any TCDRS member who has four or more years of service credit with EAA and other subdivisions is eligible for purpose of the Survivor Annuity Death Benefit.

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

**Employees covered by benefit terms:** At December 31, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	35
Inactive employees entitled to, but not yet receiving benefits	72
Active employees	90
Total	<u>197</u>

**Contributions:** The contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. EAA's contribution rate is based on the TCDRS funding policy adopted by the TCDRS board of trustees and must conform with the TCDRS Act. Plan members and EAA are required to contribute at a rate set by statute. The contribution requirements of plan members and EAA are established and may be amended. For 2023 and 2022, the contribution rate for the plan members was 7.00% of gross pay. EAA pays a matching portion to the pension plan totaling 11.09% of gross pay for 2023 (11.09% for 2022), which totaled \$934,516 for 2023 (\$921,105 for 2022).

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 6. Retirement Plans (Continued)

**Net pension liability:** EAA's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**Actuarial assumptions:** The actuarial assumptions that determined the total pension liability as of December 31, 2022 and 2021, were based on the results of an actuarial experience study for the period from January 1, 2017 through December 31, 2020, except where required to be different by GASB Statement No. 68.

The total pension liability at December 31, 2022, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Individual Entry Age Normal
Inflation	2.50%
Salary increases	4.70% average over career including inflation
Investment rate of return	7.60% (gross of administrative expenses)
COLA	None

Mortality rates were based on the following.

**Depositing members:** 135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010 for December 31, 2022 and 2021.

**Service retirees, beneficiaries and non-depositing members:** 135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010 for December 31, 2022 and 2021.

**Disabled retirees:** 160% of Pub-2010 General Disabled Retirees Amount Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010 for December 31, 2022 and 2021.

There were no changes to the methods or benefit terms that affected measurement of the total pension liability since the prior measurement period.

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

#### Note 6. Retirement Plans (Continued)

**Long-term expected rate of return on assets:** The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant. The numbers shown are based on January 2023 information for a 10-year time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2023 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice.

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected Minus Inflation) (2)
U.S. Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
International Equities—Developed	MSCI World Ex USA (net) Index	5.00%	4.95%
International Equities—Emerging	MSCI EM Standard (net) Index	6.00%	4.95%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	3.39%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distress Securities Index (3)	4.00%	7.60%
REIT Equities	67% FTSE NAREIT Equity REITs Index plus 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (4)	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (5)	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.20%
		100.00%	

- (1) Target asset allocation adopted at the March 2023 TCDRS Board meeting.
- (2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.3%, per the 2023 capital market assumptions.
- (3) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.
- (4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.
- (5) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

**Discount rate:** The discount rate used to measure the total pension liability was 7.6%. In order to determine the discount rate to be used by the employer, the TCDRS used an alternative method to determine the sufficiency of the fiduciary in all future years. The alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

#### Note 6. Retirement Plans (Continued)

TCDRS has a funding policy where the unfunded actuarial accrued liability shall be amortized as a level percent of pay over 20-year closed layered periods. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on these assumptions, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position, as a percentage of total pension liability, is projected to increase from its current level in future years. Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments, the municipal bond rate does not apply.

**Changes in net pension liability:** Based on the above, the following represents a schedule of changes in the net pension liability based on the measurement date of December 31, 2022:

Changes in Net Pension Liability			
Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances at beginning of year	\$ 28,870,276	\$ 30,121,685	\$ (1,251,409)
Changes for the year:			-
Service cost	961,396	-	961,396
Interest on total pension liability (1)	2,238,288	-	2,238,288
Effect of economic/demographic (gains) or losses	366,371	-	366,371
Effect of assumptions changes or inputs (2)	-	-	-
Refund of contributions	-	-	-
Benefit payments	(775,229)	(775,229)	-
Administrative expenses	-	(17,098)	17,098
Member contributions	-	623,518	(623,518)
Net investment income	-	(1,831,392)	1,831,392
Employer contributions	-	921,105	(921,105)
Other (3)	-	133,497	(133,497)
Balances at end of year	<u>\$ 31,661,102</u>	<u>\$ 29,176,086</u>	<u>\$ 2,485,016</u>

- (1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.
- (2) No plan changes valued.
- (3) Relates to allocation of system-wide items.

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

#### Note 6. Retirement Plans (Continued)

**Sensitivity analysis:** The following presents the net pension liability of EAA, calculated using the discount rate of 7.60%, as well as what EAA's net pension liability (asset) would be if it were calculated using a discount rate that is 1.0 percentage point lower (6.60%) or 1.0 percentage point higher (8.60%) than the current rate:

	1.00% Decrease	Current Discount Rate	1.00% Increase
	6.60%	7.60%	8.60%
Total pension liability	\$ 36,040,482	\$ 31,661,102	\$ 27,973,279
Fiduciary net position	29,176,086	29,176,086	29,176,086
Net pension liability (asset)	<u>\$ 6,864,396</u>	<u>\$ 2,485,016</u>	<u>\$ (1,202,807)</u>

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

**Pension expense:** For the year December 31, 2023, EAA recognized pension-related expense of \$691,411.

**Deferred inflows and outflows of resources related to pensions:** At December 31, 2023, the deferred inflows and outflows of resources related to pensions are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 448,688	\$ 120,078
Changes of assumptions	658,536	-
Net difference between projected and actual earnings	736,032	-
Subtotal of deferred outflows and inflows of resources	<u>1,843,256</u>	<u>120,078</u>
Contributions made subsequent to measurement date	934,516	-
Total outflows and inflows subject to amortization	<u>\$ 2,777,772</u>	<u>\$ 120,078</u>

The \$934,516 reported as deferred outflows of resources related to pensions resulting from EAA's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024.

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 6. Retirement Plans (Continued)

Other amounts reported as deferred outflows and deferred inflows related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Years ending December 31:	
2023	\$ (220,351)
2024	(480,384)
2025	(191,707)
2026	(830,736)
	<u>\$ (1,723,178)</u>

Deferred inflows and outflows of resources related to differences between expected and actual experience and changes of assumptions are amortized over the average expected remaining service life for all active, inactive and retired members. Deferred outflows of resources related to the difference between projected and actual earnings are amortized over a five-year period.

**Payables to the pension plan:** At December 31, 2023, EAA reported payables to TCDRS of \$109,744 (\$111,668 for 2022) for legally required employer contributions and \$69,270 (\$70,485 for 2022) for legally required employee contributions, which had been withheld from employee wages, but not yet remitted to TCDRS.

#### Note 7. Deferred Compensation Plan

EAA offers all full-time employees a deferred compensation plan created in accordance with section 457 of the Internal Revenue Code (IRC 457). The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to the employees until termination, retirement, death or unforeseen emergency. Government entities relying upon third parties to manage IRC 457 assets are not required to report such assets on their statements of net position as the Government does not control assets nor serve in a fiduciary capacity.

#### Note 8. Retirement Health Savings Plan

EAA offers all full-time employees a retirement health savings plan (RHS), a defined contribution plan. The plan allows deposits from EAA of unused sick leave at the employee rate of pay at termination or retirement when certain conditions are met. In addition, any excess health reimbursement arrangement funds over the rollforward maximum are carried over to the RHS plan. The deferred compensation is not available to the employees until termination, retirement, death or unforeseen emergency. As the RHS plan assets are held by a legally separate entity in a trust managed by a legally separate trustee, overseen by an independent board of directors, the RHS plan assets and related plan activity are not required to be reported on EAA's statements of net position.

#### Note 9. Risk Management

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



## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 9. Risk Management (Continued)

EAA contracts with the Texas Municipal League (TML) to provide workers' compensation insurance. This multiple-employer account provides for a combination of modified self-insurance and stop-loss coverage. Contributions are set annually by TML. Liability by EAA is generally limited to the contributed amounts.

#### Note 10. Major Customer

Of the EAA aquifer management fees and EAHCP program fees revenues for the years ended December 31, 2023 and 2022, \$23,266,215 and \$22,521,364, respectively, were earned from one customer. These revenues account for approximately 70% of the total EAA operating revenues for the years ended December 31, 2023 and 2022.

#### Note 11. Related-Party Transactions

EAA is responsible for reimbursing the SCTWAC members for actual and necessary expenses incurred while performing their duties on behalf of EAA. Accordingly, EAA reimbursed SCTWAC members \$0 and \$101, for each of the years ended December 31, 2023 and 2022, respectively.

#### Note 12. Commitments

**Long-Term Refugia Program:** Effective January 1, 2017, EAA and the U.S. Fish and Wildlife Service (USFWS) entered into an agreement for the Implementation of a Refugia Program under the Edwards Aquifer Habitat Conservation Plan (Refugia Contract). The Refugia Contract, in an amount not to exceed \$18,876,267, extends through March 31, 2028. In accordance with the Refugia Contract, an annual work plan is provided by the USFWS, and approved by EAA, for the services to be performed under the Refugia Contract each year. Payment to USFWS is based on performance of completion of tasks. Expenses under the contract for the years ended December 31, 2023 and 2022, totaled \$1,299,146 and \$1,195,719, respectively, with future commitments (subject to USFWS's future performance) of \$7,193,912 through the end of the contract term in 2028.

**VISPO Program:** In 2013, EAA implemented the EAHCP Voluntary Irrigation Suspension Program Option (VISPO). The program is governed by the VISPO Agreement (the Agreement) signed on a voluntary basis by permit holders, whereby permit holders will be compensated to forbear exercising their right under permits issued by EAA to make withdrawals from the aquifer during times of certain droughts, as defined within the Agreement. EAA currently has signed Agreements ranging from 5- to 10-year periods. EAA has options to terminate the Agreement if it is determined the VISPO be discontinued as a conservation measure by the Implementing Committee of the EAHCP under Subsection 7.12.4.f. of the Funding and Management Agreement, at its sole discretion, one of them being by providing advance written notice of termination to the permit holder by July 1 of any year during the term of the Agreement, in which case the Agreement terminates on December 31 of the same year in which the notice is timely given.

In accordance with the Agreement, permit holders receive two types of payments, Standby Fees and Forbearance Years payment.

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### Note 12. Commitments (Continued)

Forbearance Years payment is subject to well level at Well J-17, as defined in the Agreement on October 1 of each year. However, the permit holder may opt out of a Forbearance Year payment if the well level on the following January 1 increases (to a level defined within the Agreement) and the permit holder gives written notice to EAA by January 15. The Forbearance Year payment for 10-year agreements for years 1 through 5 are based on \$172.50 per acre-foot per annum and, for years 6 through 10, are based on \$210.60 per acre-foot per annum. The Forbearance Year payment for 5-year agreements, effective prior to January 1, 2019, begins at \$150 per acre foot with a 1.5% increase, compounded annually, per year, and 5-year agreements effective January 1, 2019, and later are based on \$160 per acre-foot per annum. EAA's Forbearance Year amounts owed in 2023 and 2022 were \$6,684,849 and \$7,477,562, respectively.

Assuming the Agreement is not terminated by July 1, as defined above, the Standby Fee payments are due and payable as of year-end with payments made by no later than March 1 of the following year, regardless of whether or not the permit holder is required to suspend water withdrawals that year (i.e., regardless of the well level at Well J-17). For 10-year agreements, the Standby Fee payment for years 1 through 5 are based on \$57.50 per acre-foot per annum and, for years 6 through 10, are based on \$70.20 per acre-foot per annum. For 5-year agreements effective before January 1, 2019, the Standby Fee payment begins at \$50 per acre-foot per annum with a 1.5% increase, compounded annually, per year and at \$54 per acre-foot per annum if effective January 1, 2019, or later. At December 31, 2023 and 2022, the Standby Fee payments owed to participants totaled \$2,252,077 and \$2,509,971, respectively.

**Springflow Protection—ASR Forbearance Program:** In 2018, EAA implemented a springflow protection forbearance program in support of the Aquifer Storage and Recovery (ASR) Program of the EAHCP (Springflow Protection Program, or Program). The Program is governed by the Springflow Protection Program Forbearance Agreement (the Agreement) signed on a voluntary basis by permit holders, whereby permit holders will be compensated to forbear exercising their right under permits issued by EAA to make withdrawals from the aquifer during times of certain droughts, as defined within the Agreement. EAA currently has signed 8, 9 and 10-year Agreements. EAA has options to terminate the Agreement if it is determined that the Program be discontinued as a conservation measure by the Implementing Committee of the EAHCP under Subsection 7.12.4.f. of the Funding and Management Agreement, at its sole discretion, one of them being by providing advance written notice of termination to the permit holder by July 1 of any year during the term of the Agreement, in which case the Agreement terminates on December 31 of the same year in which the notice is timely given. In accordance with the Agreement, permit holders receive a payment of \$100 per acre-foot per annum irrespective of whether the year is a forbearance or non-forbearance year. At December 31, 2023 and 2022, the payments owed to participants totaled \$3,724,684 and \$3,724,583, respectively.

Forbearance years are determined by the Ten-year Rolling Average of the Estimated Annual Recharge to the Aquifer determined from the annual USGS report on the Estimated Annual Recharge to the Aquifer. In a Forbearance Year, the permit holder agrees to forbear from making withdrawals of groundwater from the Aquifer in accordance with the Agreement. EAA did not pay any Forbearance Year payments in 2023 and 2022.

**EAHCP ASR Leasing Program:** EAA leases groundwater rights from various permit holders in support of the EAHCP ASR Leasing Program. During each year, EAA withdraws the water and delivers the water to the San Antonio Water System (SAWS) ASR facility for storage with the intention of minimizing the impacts of a future extended drought. Either party may terminate the purchase agreement by July 1 of any year during the term of the contract, in which case the contract would terminate on December 31 of that same year.

## Edwards Aquifer Authority

### Notes to Basic Financial Statements

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#### **Note 12. Commitments (Continued)**

The contract terms range from five to 15 years in length. Lease expense is reflected in the professional and technical services expense for the years ended December 31, 2023 and 2022, and totaled \$2,040,641 and \$2,073,910, respectively.

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## **Required Supplementary Information**

**Edwards Aquifer Authority**

**Schedules of Changes in Net Pension Liability  
Years Ended December 31,**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability (asset):									
Service cost	\$ 961,396	\$ 1,004,802	\$ 840,610	\$ 757,008	\$ 759,482	\$ 747,169	\$ 706,738	\$ 602,028	\$ 489,730
Interest on total pension liability	2,238,288	2,075,143	1,882,905	1,722,735	1,613,068	1,465,077	1,306,506	1,194,041	962,577
Effect of plan changes	-	-	-	-	-	-	-	(176,742)	508,666
Effect of assumption of changes or inputs	-	62,246	1,552,967	-	-	124,877	-	130,138	-
Effect of economic/demographic (gains) or losses	366,371	(200,130)	343,945	181,656	(256,411)	28,641	(51,936)	(59,429)	1,430,223
Benefit payments/refunds of contributions	(775,229)	(729,630)	(721,380)	(812,047)	(709,477)	(398,594)	(409,843)	(342,992)	(290,907)
<b>Net change in total pension liability</b>	<b>2,790,826</b>	<b>2,212,431</b>	<b>3,899,047</b>	<b>1,849,352</b>	<b>1,406,662</b>	<b>1,967,170</b>	<b>1,551,465</b>	<b>1,347,044</b>	<b>3,100,289</b>
Total pension liability at beginning of year	28,870,274	26,657,843	22,758,796	20,909,444	19,502,782	17,535,612	15,984,147	14,637,103	11,536,814
<b>Total pension liability at end of year (a)</b>	<b>\$ 31,661,100</b>	<b>\$ 28,870,274</b>	<b>\$ 26,657,843</b>	<b>\$ 22,758,796</b>	<b>\$ 20,909,444</b>	<b>\$ 19,502,782</b>	<b>\$ 17,535,612</b>	<b>\$ 15,984,147</b>	<b>\$ 14,637,103</b>
Fiduciary net position:									
Employer contributions	\$ 921,105	\$ 754,933	\$ 757,976	\$ 687,893	\$ 642,663	\$ 634,609	\$ 633,744	\$ 595,130	\$ 347,051
Member contributions	623,518	560,396	562,655	517,769	483,205	486,557	457,341	425,093	234,099
Investment income, net of investment expenses	(1,831,392)	5,373,175	2,206,599	2,955,345	(329,039)	2,199,859	986,342	(85,302)	791,075
Benefit payments/refunds of contributions	(775,229)	(729,630)	(721,380)	(812,047)	(709,477)	(398,594)	(409,843)	(342,992)	(290,907)
Administrative expenses	(17,098)	(16,296)	(17,675)	(16,268)	(14,457)	(11,911)	(10,725)	(9,384)	(9,392)
Other	133,496	23,243	19,848	16,450	14,205	9,571	39,840	(3,934)	10,094
<b>Net change in fiduciary net position</b>	<b>(945,600)</b>	<b>5,965,821</b>	<b>2,808,023</b>	<b>3,349,142</b>	<b>87,100</b>	<b>2,920,091</b>	<b>1,696,699</b>	<b>578,611</b>	<b>1,082,020</b>
Fiduciary net position at beginning of year	30,121,683	24,155,862	21,347,839	17,998,697	17,911,597	14,991,506	13,294,807	12,716,196	11,634,176
Fiduciary net position at end of year (b)	\$ 29,176,083	\$ 30,121,683	\$ 24,155,862	\$ 21,347,839	\$ 17,998,697	\$ 17,911,597	\$ 14,991,506	\$ 13,294,807	\$ 12,716,196
<b>Net pension liability (asset) at end of year = (a)-(b)</b>	<b>\$ 2,485,017</b>	<b>\$ (1,251,409)</b>	<b>\$ 2,501,981</b>	<b>\$ 1,410,957</b>	<b>\$ 2,910,747</b>	<b>\$ 1,591,185</b>	<b>\$ 2,544,106</b>	<b>\$ 2,689,340</b>	<b>\$ 1,920,907</b>
Fiduciary net position as a percentage of total pension liability	92.15%	104.33%	90.61%	93.80%	86.08%	91.84%	85.49%	83.17%	86.88%
Covered payroll	\$ 8,305,728	\$ 8,005,655	\$ 8,037,922	\$ 6,902,933	\$ 6,950,814	\$ 6,533,445	\$ 6,072,752	\$ 5,852,465	\$ 5,660,961
Net pension liability (asset) as a percentage of covered payroll	29.92%	-15.63%	31.13%	20.44%	41.88%	24.35%	41.89%	45.95%	33.93%

GASB Statement No. 68 requires this schedule to be presented for a 10-year period. EAA adopted GASB Statement No. 68 in 2015; therefore, only nine years are presented. The full trend information will be accumulated over the next three years.

See notes to required supplementary information.

**Edwards Aquifer Authority**

**Schedule of the EAA's Pension Contribution  
Years Ended December 31,**

Years Ending December 31	Actuarially Determined Contribution (1)	Actual Employer Contribution (1)	Contribution Deficiency (Excess)	Covered Payroll (2)	Actual Contribution as a Percent of Covered Payroll
2013	\$ 334,563	\$ 334,563	\$ -	\$ 5,660,961	5.9%
2014	347,051	347,051	-	5,852,465	5.9%
2015	595,130	595,130	-	6,072,752	9.8%
2016	633,744	633,744	-	6,533,445	9.7%
2017	634,609	634,609	-	6,950,814	9.1%
2018	642,663	642,663	-	6,902,933	9.3%
2019	687,893	687,893	-	7,396,695	9.3%
2020	757,976	757,976	-	8,037,922	9.4%
2021	746,928	754,933	(8,006)	8,005,655	9.4%
2022	921,105	921,105	-	8,305,728	11.1%

See notes to required supplementary information.

- (1) TCDRS calculates actuarially determined contributions on a calendar-year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal-year basis.
- (2) Covered payroll is calculated based on contributions, as reported to TCDRS.

See notes to required supplementary information.

## Edwards Aquifer Authority

### Notes to Required Supplementary Information

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Following are the key assumptions and methods used in the required supplementary information schedules:

#### Notes to Schedule

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

#### **Methods and assumptions used to determine contribution rates:**

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
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 administrative and 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 Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: Employer contributions reflect that the member contribution rate was increased to 7%.  2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule.

\* Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.



## **Other Information**

**Edwards Aquifer Authority**

**Schedule of Expenses—Budget and Actual (General Operations)—Non-GAAP Basis  
Year Ended December 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>Salaries and wages:</b>				
Salaries and wages	\$ 9,364,781	\$ 9,364,781	\$ 8,224,263	\$ 1,140,518
Overtime	12,000	12,000	3,222	8,778
Compensated absences	-	-	20,315	(20,315)
	<u>9,376,781</u>	<u>9,376,781</u>	<u>8,247,800</u>	<u>1,128,981</u>
<b>Employee benefits:</b>				
Allowances	52,800	52,800	43,550	9,250
Insurance	859,785	859,785	564,779	295,006
Medical allowance reimbursement	490,000	490,000	381,712	108,288
Pension expense and retirement contributions	1,024,782	1,024,782	751,202	273,580
Taxes	745,674	745,674	576,690	168,984
Tuition reimbursement	45,000	42,160	14,276	27,884
	<u>3,218,041</u>	<u>3,215,201</u>	<u>2,332,209</u>	<u>882,992</u>
<b>Professional and technical services:</b>				
Contractual professional services	4,756,502	4,724,231	2,565,533	2,158,698
Legal services	525,000	525,000	500,681	24,319
Pre-employment services	6,000	8,200	7,947	253
Records services	7,000	7,000	3,702	3,298
Temporary services	3,000	3,267	3,164	103
	<u>5,297,502</u>	<u>5,267,698</u>	<u>3,081,027</u>	<u>2,186,671</u>
<b>Property services:</b>				
Equipment maintenance	70,500	127,500	84,105	43,395
Equipment rental	52,000	52,800	35,251	17,549
Event sponsorships	190,000	170,000	83,053	86,947
Facilities maintenance	305,000	385,000	316,370	68,630
Hosting, SAAS and support agreements	769,777	780,055	563,275	216,780
Facilities rental	156,610	155,860	13,706	142,154
Noncapital furniture and equipment	402,925	571,470	507,530	63,940
Pest control	7,800	7,800	7,022	778
Constituency services	25,000	25,000	-	25,000
Security and fire	15,000	23,613	20,301	3,312
Vehicle maintenance	54,500	68,000	62,666	5,334
Waste disposal	4,725	6,625	6,176	449
Water and sewage	9,135	9,135	7,159	1,976
	<u>2,062,972</u>	<u>2,382,858</u>	<u>1,706,614</u>	<u>676,244</u>

(Continued)

## Edwards Aquifer Authority

### Schedule of Expenses—Budget and Actual (General Operations)—Non-GAAP Basis (Continued) Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>Other services:</b>				
Bad-debt expense	\$ -	\$ -	\$ 20,370	\$ (20,370)
Conferences, seminars and training	155,500	142,336	66,611	75,725
Conservation initiatives	300,000	400,000	400,000	-
Fees, licenses and permits	14,350	17,100	16,309	791
Meeting expenses	172,800	172,800	79,655	93,145
Printing	111,750	100,750	39,552	61,198
Property and casualty	160,800	157,700	155,326	2,374
Public and legal notices	113,000	112,100	66,581	45,519
Telecommunication services	201,100	179,100	132,506	46,594
Travel and lodging	7,000	7,000	784	6,216
	<u>1,236,300</u>	<u>1,288,886</u>	<u>977,694</u>	<u>311,192</u>
<b>Supplies:</b>				
Clothing	25,000	25,000	13,744	11,256
Computer supplies	31,000	35,000	32,459	2,541
Electrical services	108,200	118,200	108,953	9,247
Event materials and supplies	50,500	50,500	6,479	44,021
Field supplies	93,500	93,500	30,643	62,857
Fuel	48,000	38,800	37,673	1,127
Kitchen and janitorial	80,125	76,125	69,672	6,453
Memberships	37,005	44,418	35,291	9,127
Office supplies	49,600	49,200	27,618	21,582
Postage	20,000	20,000	19,000	1,000
Promotional supplies	88,000	48,000	10,046	37,954
Remote Work Supplies	5,000	5,000	-	5,000
Subscriptions and publications	43,300	43,300	17,100	26,200
	<u>679,230</u>	<u>647,043</u>	<u>408,678</u>	<u>238,365</u>
Depreciation	-	-	1,019,360	(1,019,360)
Total operating expenditures	21,870,826	22,178,467	17,773,382	4,405,085
<b>Nonoperating expenditures:</b>				
Interest expense—debt	91,556	91,556	170,572	(79,016)
Capital expenditures and note principal*	1,389,500	1,594,391	1,341,554	252,837
Total expenditures, capital expenditures and note principal	<u>\$ 23,351,882</u>	<u>\$ 23,864,414</u>	<u>\$ 19,285,508</u>	<u>\$ 4,578,906</u>

\*Capital expenditures are reflected in the statements of net position basic financial statements.

#### Budget amendments:

(1) Budget Amendment approved January 10, 2023	\$ 200,000
(2) Budget Amendment approved February 14, 2023	47,500
(3) Budget Amendment approved April 11, 2023	25,000
(4) Budget Amendment approved July 11, 2023	25,500
(5) Budget Amendment approved October 10, 2023	214,531

**Edwards Aquifer Authority**

**Schedule of Expenses—Budget and Actual (Habitat Conservation Plan)—Non-GAAP Basis  
Year Ended December 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>Program administration:</b>				
Salaries and wages:				
Salaries and wages	\$ 563,983	\$ 563,983	\$ 376,077	\$ 187,906
Compensated absences	-	-	4,218	(4,218)
	<u>563,983</u>	<u>563,983</u>	<u>380,295</u>	<u>183,688</u>
Employee benefits:				
Allowances	4,200	4,200	3,600	600
Insurance	52,634	52,634	28,486	24,148
Medical allowance reimbursement	30,000	30,000	7,252	22,748
Pension expense and retirement contributions	62,546	62,546	37,704	24,842
Taxes	44,765	44,765	27,425	17,340
	<u>194,145</u>	<u>194,145</u>	<u>104,467</u>	<u>89,678</u>
Professional and technical services:				
Contractual professional services	927,000	906,500	610,369	296,131
	<u>927,000</u>	<u>906,500</u>	<u>610,369</u>	<u>296,131</u>
Property services:				
Event sponsorship	-	8,000	8,000	-
Hosting, SAAS and support agreements	-	2,000	1,807	193
Noncapital furniture and equipment	16,000	16,000	3,792	12,208
	<u>16,000</u>	<u>26,000</u>	<u>13,599</u>	<u>12,401</u>
Other services:				
Bad-debt expense	-	-	(3,432)	3,432
Printing	8,000	8,000	4,842	3,158
Conferences, seminars and training	20,000	20,000	11,308	8,692
Meeting expenses	20,000	23,000	16,741	6,259
	<u>48,000</u>	<u>51,000</u>	<u>29,459</u>	<u>21,541</u>
Supplies:				
Office supplies	1,500	1,500	588	912
Field supplies	-	4,500	2,817	1,683
Promotional supplies	2,000	2,000	2,867	(867)
Memberships	-	3,000	199	2,801
	<u>3,500</u>	<u>11,000</u>	<u>6,471</u>	<u>4,529</u>
Total—program administration	<u>1,752,628</u>	<u>1,752,628</u>	<u>1,144,660</u>	<u>607,968</u>
<b>Springflow Protection:</b>				
Professional and technical services:				
SAWS ASR Leasing	5,765,325	5,765,325	5,765,325	-
VISPO	9,987,551	9,987,551	8,936,926	1,050,625
Total—Springflow Protection	<u>15,752,876</u>	<u>15,752,876</u>	<u>14,702,251</u>	<u>1,050,625</u>

(Continued)

**Edwards Aquifer Authority**

**Schedule of Expenses—Budget and Actual (Habitat Conservation Plan)—Non-GAAP Basis (Continued)  
Year Ended December 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>San Marcos Springs:</b>				
Professional and technical services:				
Biological monitoring	\$ 394,394	\$ 394,394	\$ 274,761	\$ 119,633
Household hazardous waste mgmt.	30,000	30,000	30,000	-
LID/BMP management	1,065,048	1,061,705	755,931	305,774
Litter control/floating vegetation	47,121	57,520	56,344	1,176
Management—key public rec areas	56,000	56,000	56,000	-
Non-native animal species control	23,256	16,200	16,200	-
Non-native plant species control	210,000	210,000	209,728	272
Restoration—Riparian zones	20,000	20,000	20,000	-
TX wild rice enhancement/restoration	10,000	10,000	10,000	-
Water quality monitoring	30,000	30,000	24,003	5,997
	<u>1,885,819</u>	<u>1,885,819</u>	<u>1,452,967</u>	<u>432,852</u>
Supplies:				
Field supplies	2,500	2,500	850	1,650
	<u>2,500</u>	<u>2,500</u>	<u>850</u>	<u>1,650</u>
Total—San Marcos Springs	<u>1,888,319</u>	<u>1,888,319</u>	<u>1,453,817</u>	<u>434,502</u>
<b>Comal Springs:</b>				
Professional and technical services:				
Other services:				
Aquatic vegetation restoration	100,000	109,911	79,780	30,131
Old Channel Restoration	406,308	406,308	27,424	378,884
Biological monitoring	15,000	15,000	368,192	(353,192)
Decaying vegetation removal	10,000	10,000	14,924	(4,924)
Gill parasite control	40,385	40,385	9,987	30,398
Household hazardous waste program	700,000	700,000	40,385	659,615
Lid/bmp management	40,000	40,000	503,639	(463,639)
Litter control/floating vegetation	40,000	40,000	40,000	-
Non-native Animal Species Control	50,000	68,490	40,000	28,490
Restoration—Riparian zones	50,000	50,000	49,988	12
Riparian improvements—riffle beetle	10,000	10,000	9,974	26
Water quality monitoring	30,000	30,000	24,003	5,997
	<u>1,491,693</u>	<u>1,520,094</u>	<u>1,208,296</u>	<u>311,798</u>
Supplies:				
Field supplies	2,500	2,500	1,151	1,349
	<u>2,500</u>	<u>2,500</u>	<u>1,151</u>	<u>1,349</u>
Total—Comal Springs	<u>1,494,193</u>	<u>1,522,594</u>	<u>1,209,447</u>	<u>313,147</u>

(Continued)

**Edwards Aquifer Authority**

**Schedule of Expenses—Budget and Actual (Habitat Conservation Plan)—Non-GAAP Basis (Continued)  
Year Ended December 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Modeling and research:				
Professional and technical services:				
Applied environmental research	\$ 240,000	\$ 240,000	\$ 80,776	\$ 159,224
Total —modeling and research	240,000	240,000	80,776	159,224
Refugia:				
Professional and technical services:				
NFHTC Refugia	1,233,478	1,750,760	1,299,146	451,614
Total—NFHTC Refugia	1,233,478	1,750,760	1,299,146	451,614
Depreciation	-	-	40,458	(40,458)
Total expenditures	22,361,494	22,907,177	19,930,555	2,976,622
Capital expenditures*:				
HCP—program administration				
Modeling and research	-	-	-	-
Total expenditures and capital expenditures	\$ 22,361,494	\$ 22,907,177	\$ 19,930,555	\$ 2,976,622

\*Capital expenditures are reflected in the statements of net position basic financial statements.

Budget amendments:

(1) Budget Amendment approved April 11, 2023	\$ 545,683
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# **Statistical Section**

**(Unaudited)**

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# Table of Contents

## For Statistical Section

### Financial Trend

These schedules provide the EAA's financial performance as reported in the Annual Comprehensive Financial Report over the past ten years.

Table 1 - Net Position by Component.....	87
Table 2 - Changes in Net Position.....	88

### Revenue Capacity

These schedules provide information regarding the EAA's major source of revenue.

Table 3 - Aquifer Management Fee Rates.....	89
Table 4 - Principal Aquifer Management Fee Payers.....	90

### Demographic and Economic Information

These schedules provide demographic and economic information for the areas within the EAA's jurisdiction and the changes over the past ten years.

Table 5 - Demographic Statistics.....	91
Table 6 - Principal Employers.....	92

### Operating Information

These schedules provide information on the EAA's employees and operations.

Table 7 - Cash and Investment Balances.....	93
Table 8 - Number of Employees.....	94
Table 9 - Operating Indicators for Demand or Level of Service.....	95
Table 10 - Revenues by Source.....	96
Table 11 - Expenses by Function.....	97

### Debt Capacity

These schedules provide information on the EAA's outstanding debt.

Table 12 - Outstanding Debt.....	98
Table 13 - Pledged Revenue Coverage.....	99

### Miscellaneous

This schedule provides information related to the EAA's creation, jurisdiction and the Edwards Aquifer.

Table 14 - Miscellaneous Statistics.....	100
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**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015<sup>(1)</sup></u>	<u>2014<sup>(1,2)</sup></u>
<b>Business Type Activities</b>										
Net Investment in Capital Assets										
Capital Assets, net	\$ 38,733,066	\$ 21,298,406	\$ 21,010,787	\$ 18,437,391	\$ 19,576,985	\$ 14,088,303	\$ 14,077,699	\$ 14,254,409	\$ 14,107,369	\$ 14,717,538
Lease liabilities	(2,047,616)	(2,086,809)	(2,122,401)	-	-	-	-	-	-	-
Subscription-based liabilities	(18,490)	-	-	-	-	-	-	-	-	-
Note payable	(2,275,000)	(2,515,000)	(2,745,000)	(2,835,000)	(2,920,000)	(3,005,000)	(3,085,000)	(3,160,000)	(3,235,000)	(3,305,000)
Net Investment in Capital Assets, Total	<u>\$ 34,391,960</u>	<u>\$ 16,696,597</u>	<u>\$ 16,143,386</u>	<u>\$ 15,602,391</u>	<u>\$ 16,656,985</u>	<u>\$ 11,083,303</u>	<u>\$ 10,992,699</u>	<u>\$ 11,094,409</u>	<u>\$ 10,872,369</u>	<u>\$ 11,412,538</u>
Restricted - Habitat Conservation Plan										
Cash and cash equivalents	\$ 19,647,862	\$ 25,043,551	\$ 23,225,688	\$ 23,085,210	\$ 22,396,134	\$ 29,269,880	\$ 34,146,427	\$ 37,005,988	\$ 36,366,135	\$ 34,780,742
Investments	6,618,654	10,512,607	12,018,213	11,718,569	11,996,585	6,133,601	4,367,500	613,728	980,000	-
Program fees receivable, net	313,528	858,108	59,976	139,788	59,469	134,117	131,314	101,986	83,832	260,479
VISPO liabilities	(8,936,926)	(9,987,533)	(2,509,975)	(2,508,070)	(2,333,415)	(2,320,309)	(2,228,299)	(2,208,723)	(2,188,500)	(2,169,315)
ASR liabilities	(3,724,684)	(3,724,583)	(3,694,237)	(3,543,820)	(3,374,592)	(1,862,686)	-	-	-	-
Restricted - Habitat Conservation Plan, Total	<u>\$ 13,918,434</u>	<u>\$ 22,702,150</u>	<u>\$ 29,099,665</u>	<u>\$ 28,891,677</u>	<u>\$ 28,744,181</u>	<u>\$ 31,354,603</u>	<u>\$ 36,416,942</u>	<u>\$ 35,512,979</u>	<u>\$ 35,241,467</u>	<u>\$ 32,871,906</u>
Unrestricted	\$ 24,167,286	\$ 17,266,664	\$ 12,998,426	\$ 10,316,606	\$ 7,059,874	\$ 5,052,465	\$ 4,220,911	\$ 3,403,909	\$ 2,979,435	\$ 5,048,903
<b>Total Net Position</b>	<u><b>\$ 72,477,680</b></u>	<u><b>\$ 56,665,411</b></u>	<u><b>\$ 58,241,477</b></u>	<u><b>\$ 54,810,674</b></u>	<u><b>\$ 52,461,040</b></u>	<u><b>\$ 47,490,371</b></u>	<u><b>\$ 51,630,552</b></u>	<u><b>\$ 50,011,297</b></u>	<u><b>\$ 49,093,271</b></u>	<u><b>\$ 49,333,347</b></u>

**Adjustments/Restatements**

(1) Restated for adjustments to record the VISPO liabilities due at fiscal year end.

(2) Restated for adjustments related to the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - and Amendment of GASB Statement No. 27 and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date".

Table 2

**Changes in Net Position**  
Last Ten Fiscal Years  
(Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015<sup>(1)</sup></u>	<u>2014<sup>(1,2)</sup></u>
<b>OPERATING REVENUES</b>										
Aquifer Management Fees, net of rebates	\$ 21,772,835	\$ 20,186,705	\$ 18,260,032	\$ 18,505,365	\$ 17,015,440	\$ 15,524,731	\$ 16,730,505	\$ 15,165,324	\$ 14,234,872	\$ 14,714,463
Program fees - Habitat Conservation Plan	11,603,855	11,920,953	12,805,633	13,195,717	14,662,262	16,120,152	15,789,828	17,300,660	18,717,981	19,048,516
Enforcement Settlements	208,421	46,780	60,284	23,596	100,424	42,807	249,910	59,010	190,892	43,215
Other Charges	1,326,269	216,354	219,043	89,217	60,885	175,592	156,780	37,715	34,365	33,955
Total Operating Revenues	<u>\$ 34,911,380</u>	<u>\$ 32,370,792</u>	<u>\$ 31,344,992</u>	<u>\$ 31,813,895</u>	<u>\$ 31,839,011</u>	<u>\$ 31,863,282</u>	<u>\$ 32,927,023</u>	<u>\$ 32,562,709</u>	<u>\$ 33,178,110</u>	<u>\$ 33,840,149</u>
<b>OPERATING EXPENSES</b>										
Salaries and wages	\$ 8,628,095	\$ 8,536,557	\$ 8,335,357	\$ 8,482,086	\$ 7,657,437	\$ 7,115,797	\$ 7,020,020	\$ 6,718,377	\$ 6,201,680	\$ 5,867,391
Employee benefits	2,436,676	1,796,867	2,417,793	2,516,679	2,746,627	2,464,838	2,598,876	2,084,862	2,247,260	235,659
Professional and technical services	22,434,832	21,859,080	13,826,046	14,873,943	19,768,770	24,297,898	19,157,574	20,256,687	22,529,763	12,608,776
Property services	1,720,213	1,414,690	1,400,134	1,287,467	974,153	818,100	691,175	640,941	568,304	537,099
Other services	1,009,176	872,189	755,227	465,735	746,633	701,974	757,563	672,634	535,817	538,061
Supplies	417,150	460,989	372,570	348,926	401,887	421,700	377,523	370,064	422,797	434,211
Depreciation	1,132,772	1,022,896	809,951	653,211	935,930	859,411	922,522	960,357	895,985	822,215
Total Operating Expenses	<u>\$ 37,778,914</u>	<u>\$ 35,963,268</u>	<u>\$ 27,917,078</u>	<u>\$ 28,628,047</u>	<u>\$ 33,231,437</u>	<u>\$ 36,679,718</u>	<u>\$ 31,525,253</u>	<u>\$ 31,703,922</u>	<u>\$ 33,401,606</u>	<u>\$ 21,043,412</u>
Operating income (Loss)	<u>\$ (2,867,534)</u>	<u>\$ (3,592,476)</u>	<u>\$ 3,427,914</u>	<u>\$ 3,185,848</u>	<u>\$ (1,392,426)</u>	<u>\$ (4,816,436)</u>	<u>\$ 1,401,770</u>	<u>\$ 858,787</u>	<u>\$ (223,496)</u>	<u>\$ 12,796,737</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>										
Interest Income	\$ 2,206,152	\$ 667,542	\$ 161,466	\$ 461,152	\$ 1,000,046	\$ 787,104	\$ 362,491	\$ 184,573	\$ 107,969	\$ 110,180
Miscellaneous	-	-	-	-	-	-	-	-	-	4,378
Interest Expense	(170,572)	(179,763)	(159,159)	(108,720)	(111,923)	(114,993)	(117,876)	(120,696)	(123,391)	(125,897)
Gain (Loss) on sale of capital assets	11,015	1,416,841	582	(1,188,646)	574	4,144	(27,130)	(4,638)	(1,158)	4,834
Contributions	-	111,790	-	-	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>\$ 2,046,595</u>	<u>\$ 2,016,410</u>	<u>\$ 2,889</u>	<u>\$ (836,214)</u>	<u>\$ 888,697</u>	<u>\$ 676,255</u>	<u>\$ 217,485</u>	<u>\$ 59,239</u>	<u>\$ (16,580)</u>	<u>\$ (6,505)</u>
<b>Capital Contributions</b>	<u>\$ 16,633,208</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,474,398</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Net Position	<u>\$ 15,812,269</u>	<u>\$ (1,576,066)</u>	<u>\$ 3,430,803</u>	<u>\$ 2,349,634</u>	<u>\$ 4,970,669</u>	<u>\$ (4,140,181)</u>	<u>\$ 1,619,255</u>	<u>\$ 918,026</u>	<u>\$ (240,076)</u>	<u>\$ 12,790,232</u>
Total Net Position - Beginning Balance	<u>\$ 56,665,411</u>	<u>\$ 58,241,477</u>	<u>\$ 54,810,674</u>	<u>\$ 52,461,040</u>	<u>\$ 47,490,371</u>	<u>\$ 51,630,552</u>	<u>\$ 50,011,297</u>	<u>\$ 49,093,271</u>	<u>\$ 49,333,347</u>	<u>\$ 37,745,052</u>
Prior Period Adjustment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,201,937)</u>
<b>Total Net Position - Ending Balance</b>	<u><u>\$ 72,477,680</u></u>	<u><u>\$ 56,665,411</u></u>	<u><u>\$ 58,241,477</u></u>	<u><u>\$ 54,810,674</u></u>	<u><u>\$ 52,461,040</u></u>	<u><u>\$ 47,490,371</u></u>	<u><u>\$ 51,630,552</u></u>	<u><u>\$ 50,011,297</u></u>	<u><u>\$ 49,093,271</u></u>	<u><u>\$ 49,333,347</u></u>

**Adjustments/Restatements**

(1) Restated for adjustments to record the VISPO liabilities due at fiscal year end.

(2) Restated for adjustments related to the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - and Amendment of GASB Statement No. 27 and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date".

Table 3

## Aquifer Management Fee Rates Per Acre-Foot Last Ten Fiscal Years (Unaudited)

Fiscal Year	Aquifer Management Fee		Program Aquifer Management Fee <sup>3</sup>
	Non-Agricultural <sup>1</sup>	Agricultural <sup>2</sup>	Non-Agricultural <sup>1</sup>
2023	\$54.00	\$2.00	\$30.00
2022	\$53.00	\$2.00	\$31.00
2021	\$50.00	\$2.00	\$34.00
2020	\$50.00	\$2.00	\$34.00
2019	\$46.00	\$2.00	\$38.00
2018	\$42.00	\$2.00	\$42.00
2017	\$44.00	\$2.00	\$40.00
2016	\$40.00	\$2.00	\$44.00
2015	\$37.00	\$2.00	\$47.00
2014	\$37.00	\$2.00	\$47.00

- (1) The EAA Board of Directors sets the Non-Agricultural Aquifer Management Fee Rate on an annual basis through the budget adoption process.
- (2) The EAA Act limits agricultural fees to no more than \$2 per acre-foot.
- (3) The program aquifer management fee was implemented in 2012 in support of the Edwards Aquifer Authority Habitat Conservation Plan.

Table 4

**Principal Aquifer Management Fee Payers**  
Current Year and Nine Years Ago  
(Unaudited)

2023						
Fee Payer	County	Type of Business	Aquifer Management Fee <sup>1</sup>	Program Aquifer Management Fee <sup>2</sup>	Total Fees Assessed	Percentage of Total Collected
San Antonio Water System (Including former Bexar Metropolitan Water District)	Bexar	Water Purveyor	\$ 13,948,432	\$ 7,749,129	\$ 21,697,561	65.01%
New Braunfels Utilities	Comal	Water Purveyor	500,579	278,099	778,678	2.33%
City of San Marcos	Hays	Water Purveyor	259,384	144,102	403,486	1.21%
Martin Marietta Materials Southwest	Bexar	Quarry	206,459	114,699	321,158	0.96%
Vulcan Construction Materials, L.P.	Bexar	Construction Materials	204,518	113,621	318,139	0.95%
City of Universal City	Bexar	Water Purveyor	202,382	112,434	314,816	0.94%
Flying W Properties	Comal	Quarry	184,207	102,337	286,544	0.86%
City of Converse	Bexar	Water Purveyor	181,267	100,704	281,971	0.84%
City of Alamo Heights	Bexar	Water Purveyor	152,410	84,672	237,082	0.71%
City of San Antonio - Zoo	Bexar	Governmental	148,500	82,500	231,000	0.69%
Subtotal (Top 10 Principal Fee Payers)			\$ 15,988,138	\$ 8,882,297	\$ 24,870,435	74.51%
Balance from other fee payers			5,784,697	2,721,558	8,506,255	25.49%
<b>Total Aquifer Management Fees</b>			<b>\$ 21,772,835</b>	<b>\$ 11,603,855</b>	<b>\$ 33,376,690</b>	<b>100.00%</b>

2014						
Fee Payer	County	Type of Business	Aquifer Management Fee <sup>1</sup>	Program Aquifer Management Fee <sup>2</sup>	Total Fees Assessed	Percentage of Total Collected
San Antonio Water System	Bexar	Water Purveyor	\$ 9,360,948	\$ 11,890,934	\$ 21,251,882	62.94%
San Antonio Water System - Formerly Bexar Metropolitan	Bexar	Water Purveyor	1,251,381	1,589,592	2,840,972	8.41%
New Braunfels Utilities	Comal	Water Purveyor	342,065	434,515	776,579	2.30%
Martin Marietta Materials SW	Bexar	Quarry	206,879	262,792	469,671	1.39%
City of Uvalde	Uvalde	Water Purveyor	192,030	243,930	435,960	1.29%
City of San Marcos	Hays	Water Purveyor	164,037	208,371	372,407	1.10%
City of Universal City	Bexar	Water Purveyor	135,792	172,493	308,285	0.91%
Flying W Properties, Ltd.	Comal	Quarry	126,216	160,329	286,545	0.85%
City of San Antonio (Zoo)	Bexar	Governmental	101,750	129,250	231,000	0.68%
City of Converse	Bexar	Water Purveyor	96,973	123,181	220,154	0.65%
Subtotal (Top 10 Principal Fee Payers)			\$ 11,978,070	\$ 15,215,386	\$ 27,193,456	80.54%
Balance from other fee payers			2,736,393	3,833,130	6,569,523	19.46%
<b>Total Aquifer Management Fees</b>			<b>\$ 14,714,463</b>	<b>\$ 19,048,516</b>	<b>\$ 33,762,979</b>	<b>100.00%</b>

(1) Gross Aquifer Management Fees are reported.

(2) In 2012, the program aquifer management fee was implemented in support of the Edwards Aquifer Authority Habitat Conservation Plan.

Table 5

## Demographic Statistics\*

Last Ten Fiscal Years  
(Unaudited)

<u>Atascosa County</u>						<u>Bexar County</u>						<u>Caldwell County</u>					
Fiscal Year	Population <sup>1</sup>	Personal Income <sup>2</sup>	Per Capita Income <sup>2</sup>	School Enrollment <sup>3</sup>	Unemployment Rate <sup>4</sup>	Fiscal Year	Population <sup>1</sup>	Personal Income <sup>2</sup>	Per Capita Income <sup>2</sup>	School Enrollment <sup>3</sup>	Unemployment Rate <sup>4</sup>	Fiscal Year	Population <sup>1</sup>	Personal Income <sup>2</sup>	Per Capita Income <sup>2</sup>	School Enrollment <sup>3</sup>	Unemployment Rate <sup>4</sup>
2023	48,977	\$ 2,329,549	\$ 45,800	9,059	3.8	2023	2,009,316	\$ 108,297,179	\$ 52,583	353,664	3.7	2023	45,880	\$ 1,932,708	\$ 47,848	8,295	3.5
2022	50,864	\$ 2,333,988	\$ 46,737	9,054	4.0	2022	2,059,530	\$ 105,022,781	\$ 51,780	352,882	3.7	2022	47,848	\$ 1,948,493	\$ 41,642	8,088	3.5
2021	49,939	\$ 2,151,669	\$ 41,599	8,774	6.2	2021	2,028,236	\$ 98,440,756	\$ 48,569	343,290	5.4	2021	46,791	\$ 1,703,464	\$ 38,734	7,803	4.9
2020	51,724	\$ 1,925,578	\$ 37,644	8,781	8.4	2020	2,026,823	\$ 95,829,678	\$ 47,830	343,276	7.5	2020	43,979	\$ 1,511,526	\$ 34,617	7,682	6.3
2019	51,153	\$ 1,844,379	\$ 36,660	9,068	3.6	2019	2,003,554	\$ 91,473,170	\$ 46,058	353,354	3.1	2019	43,664	\$ 1,456,019	\$ 33,668	7,800	3.3
2018	48,828	\$ 1,741,925	\$ 35,697	9,071	3.8	2018	1,925,865	\$ 84,122,309	\$ 43,617	349,962	3.3	2018	41,401	\$ 1,293,669	\$ 31,429	7,737	3.6
2017	48,981	\$ 1,741,925	\$ 35,697	9,138	4.2	2017	1,958,578	\$ 84,122,309	\$ 43,617	354,828	3.5	2017	42,338	\$ 1,293,669	\$ 31,429	7,556	3.9
2016	48,797	\$ 1,861,698	\$ 38,437	8,928	5.3	2016	1,928,680	\$ 81,038,194	\$ 42,702	354,665	3.7	2016	41,161	\$ 1,253,147	\$ 30,925	7,325	4.3
2015	48,435	\$ 1,775,868	\$ 37,172	9,081	5.0	2015	1,897,753	\$ 75,825,317	\$ 40,857	353,621	3.5	2015	40,522	\$ 1,165,738	\$ 29,283	6,975	4.0
2014	47,774	\$ 1,698,184	\$ 36,060	9,138	4.9	2014	1,855,866	\$ 70,896,476	\$ 39,005	344,548	4.6	2014	39,810	\$ 1,156,676	\$ 29,483	6,736	5.1

<u>Comal County</u>						<u>Guadalupe County</u>						<u>Hays County</u>					
Year	Population <sup>1</sup>	Income <sup>2</sup>	Income <sup>2</sup>	Enrollment <sup>3</sup>	Rate <sup>4</sup>	Year	Population <sup>1</sup>	Income <sup>2</sup>	Income <sup>2</sup>	Enrollment <sup>3</sup>	Rate <sup>4</sup>	Fiscal Year	Population <sup>1</sup>	Personal Income <sup>2</sup>	Income <sup>2</sup>	Enrollment <sup>3</sup>	Rate <sup>4</sup>
2023	161,493	\$ 13,861,893	\$ 75,074	39,368	3.6	2023	172,711	\$ 9,830,228	\$ 52,190	26,468	3.4	2023	241,057	\$ 16,179,523	\$ 60,097	43,886	3.3
2022	184,642	\$ 11,735,054	\$ 67,063	38,576	3.5	2022	182,760	\$ 9,239,594	\$ 52,190	26,474	3.4	2022	269,225	\$ 14,326,908	\$ 56,097	42,777	3.0
2021	174,986	\$ 10,382,141	\$ 62,994	37,311	4.5	2021	177,036	\$ 8,428,889	\$ 49,405	26,421	4.4	2021	255,397	\$ 12,119,423	\$ 50,212	40,665	4.1
2020	164,812	\$ 9,381,221	\$ 60,056	35,141	6.2	2020	170,608	\$ 7,641,166	\$ 45,797	25,904	6.1	2020	241,365	\$ 10,435,043	\$ 45,332	38,719	6.3
2019	156,209	\$ 8,615,549	\$ 58,067	35,038	3.0	2019	166,847	\$ 7,334,889	\$ 44,809	26,680	2.9	2019	230,191	\$ 9,733,094	\$ 43,719	39,282	2.8
2018	135,097	\$ 7,188,696	\$ 53,333	33,510	3.2	2018	155,137	\$ 6,546,645	\$ 62,164	26,613	3.1	2018	204,150	\$ 7,956,341	\$ 38,912	37,968	3.0
2017	141,009	\$ 7,188,696	\$ 53,333	32,558	3.4	2017	159,659	\$ 6,546,645	\$ 62,164	26,505	3.3	2017	214,485	\$ 7,956,341	\$ 38,912	37,518	3.1
2016	134,788	\$ 6,931,196	\$ 53,710	31,447	3.6	2016	155,265	\$ 6,216,789	\$ 41,103	26,177	3.6	2016	204,470	\$ 7,398,078	\$ 37,990	36,237	3.3
2015	129,048	\$ 6,138,500	\$ 49,626	30,118	3.4	2015	151,249	\$ 5,660,132	\$ 38,439	25,868	3.3	2015	194,739	\$ 6,468,355	\$ 34,959	34,925	3.1
2014	123,694	\$ 5,742,217	\$ 48,466	28,114	4.5	2014	147,250	\$ 5,784,395	\$ 40,399	24,546	4.3	2014	185,025	\$ 6,148,146	\$ 34,927	32,295	4.2

<u>Medina County</u>						<u>Uvalde County</u>					
Year	Population <sup>1</sup>	Income <sup>2</sup>	Income <sup>2</sup>	Enrollment <sup>3</sup>	Rate <sup>4</sup>	Year	Population <sup>1</sup>	Income <sup>2</sup>	Income <sup>2</sup>	Enrollment <sup>3</sup>	Rate <sup>4</sup>
2023	50,746	\$ 2,687,893	\$ 50,032	13,983	3.8	2023	24,575	\$ 1,316,009	\$ 52,767	5,127	4.2
2022	53,723	\$ 2,603,003	\$ 50,076	13,056	3.8	2022	24,940	\$ 1,316,998	\$ 53,257	5,109	4.4
2021	51,981	\$ 2,327,617	\$ 44,456	11,963	5.0	2021	24,729	\$ 1,210,220	\$ 45,255	5,140	5.0
2020	52,358	\$ 2,119,867	\$ 41,095	11,280	6.3	2020	26,742	\$ 1,099,483	\$ 41,116	5,238	6.4
2019	51,584	\$ 2,006,434	\$ 39,403	11,181	3.1	2019	26,741	\$ 1,059,298	\$ 39,458	5,387	3.8
2018	49,334	\$ 1,832,851	\$ 37,190	10,816	3.5	2018	27,009	\$ 1,035,597	\$ 37,955	5,424	4.3
2017	50,066	\$ 1,832,851	\$ 37,190	10,584	3.8	2017	27,132	\$ 1,035,597	\$ 37,955	5,644	4.7
2016	49,283	\$ 1,776,770	\$ 36,697	10,199	4.4	2016	27,285	\$ 1,062,921	\$ 39,013	5,917	5.3
2015	48,417	\$ 1,699,199	\$ 35,478	9,971	4.1	2015	27,245	\$ 924,320	\$ 34,086	5,898	5.3
2014	47,894	\$ 1,718,633	\$ 36,259	9,461	4.8	2014	27,117	\$ 1,057,818	\$ 39,286	6,000	5.7

\* The EAA's jurisdiction includes all or portions of eight counties in south central Texas — Atascosa, Bexar, Caldwell, Comal, Guadalupe, Hays, Medina and Uvalde. This table includes information for the entire population of each county.

(1) United States Census Annual Estimates of the Resident Population for Counties in Texas: April 1, 2020 to July 1, 2023

(2) U.S. Bureau of Economic Analysis, "CAINC1 County and MSA personal income summary: personal income, population, per capita personal income" Last Updated November 16, 2023 -- new statistics for 2022

(3) Texas Education Agency (FY2022-2023)

(4) Texas Labor Market Information, 2023

Table 6

**Principal Employers \***  
Current Year and Nine Years Ago  
(Unaudited)

2023			
Employer	Type of Business	Total Employees	Percentage - Total County Employment
Joint Base San Antonio <sup>1 &amp; 3</sup>	Government	82,639	8.93%
H.E.B. Grocery Company	Retail	27,090	2.93%
USAA	Finance/Insurance	19,000	2.05%
Walmart/Sam's Club	Retail	13,750	1.49%
City of San Antonio	Government	12,846	1.39%
Northside Independent School District	Services	13,191	1.43%
Methodist Healthcare System	Medical	12,000	1.30%
University Health System	Medical	11,125	1.20%
iHeart Media Inc.	Services	11,000	1.19%
Northeast Independent School District	Services	8,069	0.87%
<i>Subtotal - Top 10 Principal Employers</i>		210,710	22.78%
<b>Total County Employment for 2023 <sup>2</sup></b>		<b>924,968</b>	

2014			
Employer	Type of Business	Total Employees	Percentage - Total County Employment
Joint Base San Antonio <sup>1</sup>	Governmental	92,295	11.60%
H.E.B. Grocery Company	Retail	19,107	2.40%
USAA	Finance/Insurance	17,000	2.14%
City of San Antonio	Governmental	11,706	1.47%
Northside Independent School District	Services	13,698	1.72%
Northeast Independent School District	Services	9,141	1.15%
Methodist Healthcare System	Medical	8,500	1.07%
San Antonio Independent School District	Services	7,423	0.97%
UT Health Science Center at San Antonio	Medical	7,263	0.94%
Baptist Health System	Medical	6,498	0.82%
<i>Subtotal - Top 10 Principal Employers</i>		192,631	24.21%
<b>Total County Employment for 2014 <sup>2</sup></b>		<b>795,520</b>	

(1) Under the BRAC Joint Basing Recommendation for San Antonio, installation support functions at the the Army's Fort Sam Houston were combined with those at Randolph and Lackland Air Force Bases under a single organization (Joint Base San Antonio). Includes military personnel and civilian personnel.

(2) Total County Employment figure for 2014 and 2023 -Texas Workforce Commission website.

(3) Figures for 2021 were used for 2023 as responses to inquiries would not be met by deadline

\* Because Bexar County represents approximately 73% of the EAA's region, only the top employers in Bexar County are included in this schedule. The information on this schedule was obtained from the 2023 Bexar County, Texas Annual Comprehensive Financial Report.



Table 7

## Cash and Investment Balances

December 31, 2023  
(Unaudited)

Type	Carrying Amounts	Percentages
Petty cash	\$ 948	0.00%
Money market and checking account	36,604,365	67.78%
US Government Agency Securities	3,996,700	7.40%
Oil and mineral rights	111,790	0.21%
Certificates of deposit (non-participating)	13,289,063	24.61%
Totals	<u>\$ 54,002,866</u>	<u>100.00%</u>

**Table 8**

**Number of Employees <sup>(1)</sup>**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b><u>Fiscal Year</u></b>	<b><u>Officials or Administrators</u></b>	<b><u>Professional</u></b>	<b><u>Technical</u></b>	<b><u>Administrative Support</u></b>	<b><u>Total</u></b>
2023	17	70	9	8	104
2022	17	66	10	8	101
2021	17	65	8	10	100
2020	16	65	9	10	100
2019	16	63	12	10	101
2018	17	61	13	9	100
2017	16	60	12	9	97
2016	16	55	13	10	94
2015	15	50	15	12	92
2014	15	47	15	13	90

(1) EAA authorized positions approved by the EAA Board of Directors on an annual basis through the budget adoption process.

**Table 9**

**Operating Indicators for Demand or Level of Service <sup>(1)</sup>**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Irrigation Permits</b>										
Number of Permits	1,127	1,248	1,149	1,125	1,068	1,041	1,006	935	1,081	1,031
Authorized Use (acre-feet)	186,328.102	177,764.549	179,899.875	174,765.100	174,294.965	152,110.042	150,536.415	148,160.773	160,209.639	161,626.988
Actual Use (acre-feet)	69,764.980	112,168.526	74,283.284	97,684.340	73,728.098	84,088.009	74,119.466	54,669.030	41,761.933	75,288.368
<b>Industrial Permits</b>										
Number of Permits	409	416	401	416	412	398	403	418	430	468
Authorized Use (acre-feet)	45,419.490	46,792.378	42,461.440	42,556.020	41,293.616	39,655.584	39,196.983	40,474.855	43,355.299	46,703.724
Actual Use (acre-feet)	23,614.509	27,727.264	25,744.463	26,782.160	23,802.586	23,214.281	22,872.376	24,076.870	21,886.842	22,845.356
<b>Municipal Permits</b>										
Number of Permits	518	595	571	610	632	786	805	822	742	723
Authorized Use (acre-feet)	339,858.908	347,042.573	349,238.185	354,278.380	356,010.919	379,833.874	381,866.102	382,963.872	368,034.562	363,268.788
Actual Use (acre-feet)	206,607.091	236,288.683	206,580.277	217,990.380	241,488.951	245,092.936	262,937.283	227,248.578	241,858.583	214,814.888
<b>Total</b>										
Number of Permits	2,054	2,259	2,121	2,151	2,112	2,225	2,214	2,175	2,253	2,222
Authorized Use (acre-feet)	571,599.500	571,599.500	571,599.500	571,599.500	571,599.500	571,599.500	571,599.500	571,599.500	571,599.500	571,599.500
Actual Use (acre-feet)	299,986.580	376,184.473	306,608.024	342,456.880	339,019.635	352,395.226	359,929.125	305,994.478	305,507.358	312,948.612

(1) Data extracted from EAGIS and reported by the EAA Permits Department as of December 31 for year represented.

Table 10

## Revenues by Source

### Last Ten Fiscal Years (Unaudited)

Fiscal Year	Aquifer Management Fees	Program Aquifer Management Fees <sup>1</sup>	Enforcement Settlements	Other	Interest Income	Contributions	Capital Contributions	Total
2023	\$ 21,772,835	\$ 11,603,855	\$ 208,421	\$ 1,326,269	\$ 2,206,152	\$ -	\$ 16,633,208	\$ 53,750,740
2022	20,186,705	11,920,953	46,780	216,354	667,542	111,790	-	33,150,124
2021	18,260,032	12,805,633	60,284	219,043	161,466	-	-	31,506,458
2020	18,505,365	13,195,717	23,596	89,217	461,152	-	-	32,275,047
2019	17,015,440	14,662,262	100,424	60,885	1,000,046	-	5,474,398	38,313,455
2018	15,524,731	16,120,152	42,807	175,592	787,104	-	-	32,650,386
2017	16,730,505	15,789,828	249,910	156,780	362,491	-	-	33,289,514
2016	15,165,324	17,300,660	59,010	37,715	184,573	-	-	32,747,282
2015	14,234,872	18,717,981	190,892	34,365	107,969	-	-	33,286,079
2014	14,714,463	19,048,516	43,215	38,333	110,180	-	-	33,954,707

(1) The program aquifer management fee (1) was implemented in 2012 in support of the Edwards Aquifer Authority Habitat Conservation Plan.

Table 11

## Expenses by Function

### Last Ten Fiscal Years (Unaudited)

Fiscal Year	Salaries & Wages	Employee Benefits	Professional & Technical Services	Property Services	Other Services	Supplies	Depreciation	(Gain)/Loss on sale of capital assets	Interest Expense	Total
2023	\$ 8,628,095	\$ 2,436,676	\$ 22,434,832	\$ 1,720,213	\$ 1,009,176	\$ 417,150	\$ 1,132,772	\$ (11,015)	\$ 170,572	\$ 37,938,471
2022	8,536,557	1,796,867	21,859,080	1,414,690	872,189	460,989	1,022,896	(1,416,841)	179,763	34,726,190
2021	8,335,357	2,417,793	13,826,046	1,400,134	755,227	372,570	809,951	(582)	159,159	28,075,655
2020	8,482,086	2,516,679	14,873,943	1,287,467	465,735	348,926	653,211	1,188,646	108,720	29,925,413
2019	7,657,437	2,746,627	19,768,770	974,153	746,633	401,887	935,930	(574)	111,923	33,342,786
2018	7,115,797	2,464,838	24,297,898	818,100	701,974	421,700	859,411	(4,144)	114,993	36,790,567
2017	7,020,020	2,598,876	19,157,574	691,175	757,563	377,523	922,522	27,130	117,876	31,670,259
2016	6,718,377	2,084,862	20,256,687	640,941	672,634	370,064	960,357	4,638	120,696	31,829,256
2015 <sup>(1)</sup>	6,201,680	2,247,260	22,529,763	568,304	535,817	422,797	895,985	1,158	123,391	33,526,155
2014 <sup>(1,2)</sup>	5,867,391	235,659	12,608,775	537,099	538,061	434,211	822,215	(4,834)	125,897	21,164,474

#### Adjustments/Restatements

(1) Restated for adjustments to record the VISPO liabilities due at fiscal year end.

(2) Restated for adjustments related to the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - and Amendment of GASB Statement No. 27 and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date".

Table 12

**Outstanding Debt <sup>(1)</sup>**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Principal Outstanding</b>	<b>Net Revenues <sup>(2)</sup></b>	<b>Ratio of Debt to Net Revenues</b>	<b>Total Authorized Acre-Feet for Withdrawals <sup>(3)</sup></b>	<b>Debt Per Authorized Acre-Foot</b>	<b>Jurisdictional Population <sup>(4)</sup></b>	<b>Debt per Capita</b>
2023	\$ 2,275,000	\$ 3,999,453	0.57	571,599.500	3.98	2,754,755	0.83
2022	2,515,000	3,999,432	0.63	571,599.500	4.40	2,873,532	0.88
2021	2,745,000	2,077,371	1.32	571,599.500	4.80	2,809,095	0.98
2020	2,835,000	3,079,825	0.92	571,599.500	4.96	2,778,411	1.02
2019	2,920,000	1,380,137	2.12	571,599.500	5.11	2,729,943	1.07
2018	3,005,000	182,931	16.43	571,599.500	5.26	2,586,821	1.16
2017	3,085,000	2,191,983	1.41	571,599.500	5.40	2,642,248	1.17
2016	3,160,000	627,148	5.04	571,599.500	5.53	2,589,729	1.22
2015	3,235,000	(2,759,507) <sup>(5)</sup>	(1.17)	571,599.500	5.66	2,537,408	1.27
2014	3,305,000	2,951,276	1.12	571,599.500	5.78	2,474,430	1.34

(1) General Improvement Revenue Note, Series 2011, is the only outstanding debt of the Edwards Aquifer Authority. Details regarding this outstanding debt can be found in the notes to the financial statements.

(2) Net Revenues (Pledged Revenues) is defined as Net Aquifer Management Fees less EAA General Operations Operating

(3) Total authorized acre-feet of withdrawal permits issued by the Edwards Aquifer Authority.

(4) The Edwards Aquifer Authority jurisdictional area includes all, or portions of, eight (8) counties. Population, by county, can be found on Table 5, Demographic Statistics.

(5) Includes accrued legal settlement of \$4,000,000.

Table 13

**Pledged Revenue Coverage** <sup>(1)</sup>  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Gross Pledged Revenues</b> <sup>(2)</sup>	<b>Operating Expenses</b> <sup>(3)</sup>	<b>Net Pledged Revenues</b>	<b>Principal</b>	<b>Interest Expense</b>	<b>Total</b>	<b>Debt Coverage</b>
2023	\$ 21,772,835	\$ 17,773,382	\$ 3,999,453	\$ 240,000	\$ 170,572	\$ 410,572	9.74
2022	20,186,705	16,187,273	3,999,432	230,000	179,763	409,763	9.76
2021	18,260,032	16,182,661	2,077,371	90,000	159,159	249,159	8.34
2020	18,505,365	15,425,540	3,079,825	85,000	108,720	193,720	15.90
2019	17,015,440	15,635,303	1,380,137	85,000	111,923	196,923	7.01
2018	15,524,731	15,341,800	182,931	80,000	114,993	194,993	0.94
2017	16,730,505	14,538,522	2,191,983	75,000	117,876	192,876	11.36
2016	15,165,324	14,538,176	627,148	75,000	120,696	195,696	3.20
2015	14,234,872	16,994,379	(2,759,507) <sup>(4)</sup>	70,000	123,391	193,391	(14.27)
2014	14,714,463	11,763,187	2,951,276	65,000	125,897	190,897	15.46

(1) General Improvement Revenue Note, Series 2011, is the only outstanding debt of the Edwards Aquifer Authority. Details regarding this outstanding debt can be found in the notes to the financial statements.

(2) Gross Pledged Revenues is defined as Aquifer Management Fees, Net of Rebates (if applicable).

(3) Operating Expenses is defined as Total General Fund Operating Expenses, including Depreciation.

(4) Includes accrued legal settlement of \$4,000,000.

## Miscellaneous Statistics

### December 31, 2023

(Unaudited)

EAA created under	Act of May 30, 1993, 73rd Leg., R.S., ch. 626, 1993 Tex. Gen. Laws 2350; as amended by Act of May 16, 1995, 74th Leg., R.S., ch. 524, 1995 Tex. Gen. Laws 3280; Act of May 29, 1995, 74th Leg., R.S., ch. 261, 1995 Tex. Gen. Laws 2505; Act of May 6, 1999, 76th Leg., R.S., ch. 163, 1999 Tex. Gen. Laws 634; Act of May 25, 2001, 77th Leg., R.S., ch. 1192, 2001 Tex. Gen. Laws 2696; Act of May 28, 2001, 77th Leg., R.S., ch. 966, §§ 2.60–2.62 and 6.01–6.05, 2001 Tex. Gen. Laws 1991, 2021-22 and 2075-76; Act of June 1, 2003, 78th Leg., R.S., ch. 1112, § 6.01(4), 2003 Tex. Gen. Laws 3188, 3193; Act of May 23, 2007, 80th Leg., R.S., ch. 510, 2007 Tex. Gen. Laws 900; Act of May 28, 2007, 80th Leg., R.S., ch. 1351, §§ 2.01–2.12, 2007 Tex. Gen. Laws 4612, 4627; Act of May 28, 2007, 80th Leg., R.S., ch. 1430, §§ 12.01–12.12, 2007 Tex. Gen. Laws 5848, 5901; and Act of May 21, 2009, 81st Leg., R.S., ch. 1080, 2009 Tex. Gen. Laws 2818; Act of May 20, 2013, 83rd Leg., R.S., ch. 783, 2013 Tex. Gen. Laws 1998; Act of May 20, 2019, 86th Leg., R.S., ch. 904 Tex. Gen. Laws; Act of May 22, 2019, 86th Leg., R.S., ch. 1135 Tex. Gen. Laws; Act of May 23, 2019, 86th Leg., R.S., ch. 1135, §§ 1-16, secs. 1.03(20), 1.07, 1.08(a), 1.09(d), (i)-(k), 1.11(d), 1.21, 1.211, 1.25(b), 1.26(a), 1.29(b), (f), 1.361, 1.37(j), (n), (r), 1.38, 1.46, 3.01(d), 2019 Tex. Gen. Laws 3213-18; Act of May 24, 2019, 86th Leg., R.S., ch. 904, §§ 1-4, sec. 1.34(a)-(f), 2019 Tex. Gen. Laws 2415-17; Act of May 25, 2019, 86th Leg., R.S., ch 585, §§ 1, 3, sec. 1.44(c), (c-1), (e), (e-1), 2019 Tex. Gen. Laws 1633-34; and Act of May 31, 2021, 87th Leg., R.S., ch. 946, § 2, Sec. 1.33(e), (f), (g), 2021 Tex. Gen. Laws 2443.
Year created	1996
Domicile	San Antonio, Texas
Last Revision of Enabling Act	2021
Population of EAA jurisdiction (8 counties)	2,754,755 (2023 Census Bureau Population Estimate)
EAA jurisdiction	Bexar, Medina and Uvalde counties, plus portions of Atascosa, Caldwell, Guadalupe, Comal and Hays counties
Area of Edwards Aquifer	3,600 square miles, 180 miles long from west to east; 5-40 miles wide
10 -Year Average Recharge	549,660 acre feet (for period 2014-2023)
Average Annual Recharge	682,800 acre feet (for period 1934-2023)
10 -Year Average Spring Discharge	370,400 acre feet (for period 2013-2022); 2023 data unavailable
Average Annual Spring Discharge	381,700 acre feet (for period 1934-2022); 2023 data unavailable
10 -Year Average Total Discharge (Springs and Wells)	722,700 acre feet (for period 2013-2022); 2023 data unavailable
Average Total Discharge (Springs and Wells)	700,400 acre feet (for period 1934-2022); 2023 data unavailable
Aquifer Water Level Record High	703.31 feet above sea level, June 1992, as recorded at the Bexar County Index Well (J-17)
Aquifer Water Level Record Low	612.51 feet above sea level, August 1956, as recorded at the Bexar County Index Well (J-17)
Groundwater Withdrawal Permits Issued	2,054 through December 31, 2023 (571,599.500 acre-feet)
Groundwater Transferred in 2023	58,201.018 acre-feet (508 transfers)





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