

**ANGELINA & NECHES
RIVER AUTHORITY**

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED

AUGUST 31, 2019

**ANGELINA & NECHES RIVER AUTHORITY
ANNUAL FINANCIAL REPORT FOR THE YEARS ENDED
AUGUST 31, 2019**

CONTENTS	PAGE
FINANCIAL SECTION	
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-6
Basic Financial Statements:	
Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Net Position	8
Statements of Cash Flows	9
Notes to Financial Statements.....	10-18
Supplementary Information	
Budgetary Schedule.....	19
Combining Schedules	
Schedule of Net Position – by Division.....	20-21
Schedule of Revenues, Expenditures, and Changes in Net Position – by Division.....	22-23
Schedule of Cash Flows – by Division.....	24-25
Texas Supplementary Information	
Schedule of Services and Rates	26-27
Long-term Debt Service Requirements	28-40
Texas Water Board Development Interest & Sinking Fund Worksheets	41
Other Information	
Schedule of Board Members and Key Personnel.....	42
Schedule of Insurance in Force.....	43
FEDERAL AWARDS SECTION	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Governmental Auditing Standards</u>	44-45
Schedule of Findings.....	46
Schedule of Status of Prior Findings	47
Corrective Action Plan.....	48

INDEPENDENT AUDITORS' REPORT

Board of Directors
Angelina & Neches River Authority
Lufkin, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Angelina & Neches River Authority (the "Authority"), which comprise the statement of net position as of August 31, 2019, and the related statement of revenues, expenditures, and changes in net position, and statement of cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents. The August 31, 2018 financial statements were audited by other auditors whose report dated November 29, 2018 expressed an unmodified opinion on the August 31, 2018 financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the activities of the Angelina & Neches River Authority, as of August 31, 2019, and the respective change in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Texas Commission on Environmental Quality (TCEQ) requires the Authority to include certain information, if applicable, in the Annual Financial Report. This information is identified in the table of contents as Texas supplementary information. The budgetary schedule, combining schedules, and Texas supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary schedule, combining schedules, and Texas supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedule, combining schedules, and Texas supplementary information are fairly stated in all material respects in relation to the basic financial statements as a whole.

The other information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Lufkin, Texas
December 9, 2019


CERTIFIED PUBLIC ACCOUNTANTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Angelina & Neches River Authority's (the Authority) financial performance provides an overview of the Authority's financial activities for the year ended August 31, 2019. This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements, which have the following components: (1) management's discussion and analysis (MD&A), (2) basic financial statements, (3) notes to the financial statements, (4) required supplementary schedules and (5) other supplemental schedules. Please read it in conjunction with the Authority's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

At August 31, 2019, the Authority's total combined net position was \$7,509,507. During the year, the Authority had operating revenues of \$3,248,001, operating expenses of \$2,413,252 and net non-operating expenditures of \$341,860, resulting in a combined increase in net position of \$492,889 for the year ended August 31, 2019.

The Authority's total cash and investments decreased \$1,516,480 from the previous year largely due to the significant funds spent on the new central office building and other capital improvement projects.

The Authority's fixed assets (net of accumulated depreciation) increased \$1,565,573.

OVERVIEW OF THE FINANCIAL STATEMENTS

The MD&A is intended to serve as an introduction to the basic financial statements of the Authority. The basic financial statements are comprised of two components: 1) basic financial statements, and 2) notes to the financial statements. This report also contains other required supplementary information (RSI) in addition to the basic financial statements and additional supplemental schedules.

Basic Financial Statements

The basic financial statements include the Statements of Net Position, the Statements of Revenues, Expenditures, and Changes in Net Position, and the Statements of Cash Flows that present information for the Authority as a whole and provide an indication of the Authority's financial health. The financial statements are presented as a single Enterprise Fund using the accrual basis of accounting.

The Statements of Net Position report the current and noncurrent assets and liabilities for the Authority as well as delineating the restricted assets from assets to be used for general purposes. The Statements of Revenue, Expenditures, and Changes in Net Position report all of the revenues and expenses during the time periods indicated. The Statements of Cash Flows report the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for repayment of bonds and capital additions.

The Authority, as of August 31, 2019, has six divisions – ANRA Operations, Holmwood Utilities, Lake Columbia, Neches Compost Facility, Angelina County Fresh Water Supply District No. 1, and North Angelina County Regional Wastewater Facility. All of these divisions together comprise the Basic Financial Statements and none of the divisions independently depend on governmental funds as a major source of revenue. Therefore, all of the divisions are presented in a combined financial statement. The supplemental schedules portion of the report includes a Schedule of Net Assets, Schedule of Revenue, Expenditures, and Changes in Net Position and Schedule of Cash Flows by division.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Authority's combined net position was \$7,509,507 as of August 31, 2019. The following table provides a summary of the Authority's net position.

**Table I
Authority's Net Position**

	2019	2018	% Change
Assets:			
Current Assets	\$ 1,123,025	\$ 2,386,997	-53.0%
Capital Assets, net	16,963,963	15,398,390	10.2%
Total Assets	<u>18,086,988</u>	<u>17,785,387</u>	<u>1.7%</u>
Liabilities:			
Current Liabilities	618,839	682,524	-9.3%
Long-term Debt	9,958,642	10,079,770	-1.2%
Total Liabilities	<u>10,577,481</u>	<u>10,762,294</u>	<u>-1.7%</u>
Deferred Inflows of Resources:			
Loan forgiveness - TWDB	-	6,475	-100.0%
Total deferred inflows	<u>-</u>	<u>6,475</u>	<u>-100.0%</u>
Net Position:			
Invested in Capital Assets, net of related debt	7,202,083	5,470,114	31.7%
Restricted	218,243	1,775,611	-87.7%
Unrestricted	89,181	(229,107)	138.9%
Total Net Position	<u>\$ 7,509,507</u>	<u>\$ 7,016,618</u>	<u>7.0%</u>

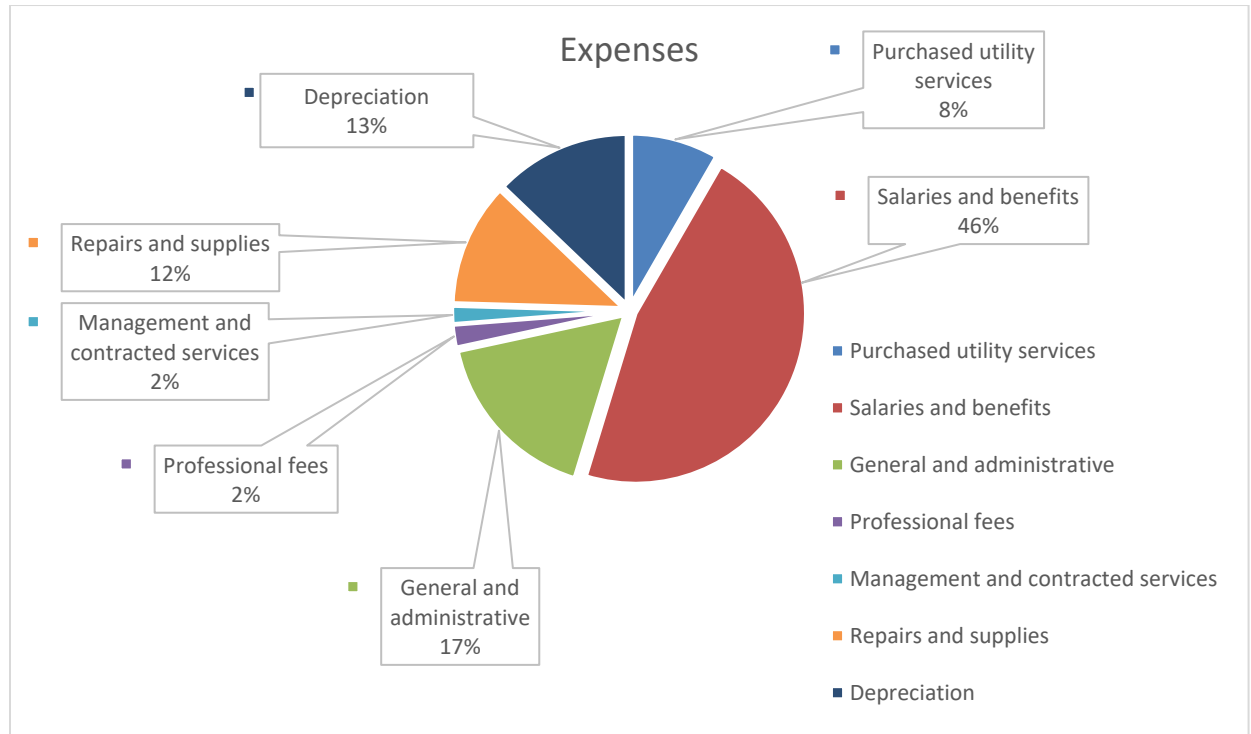
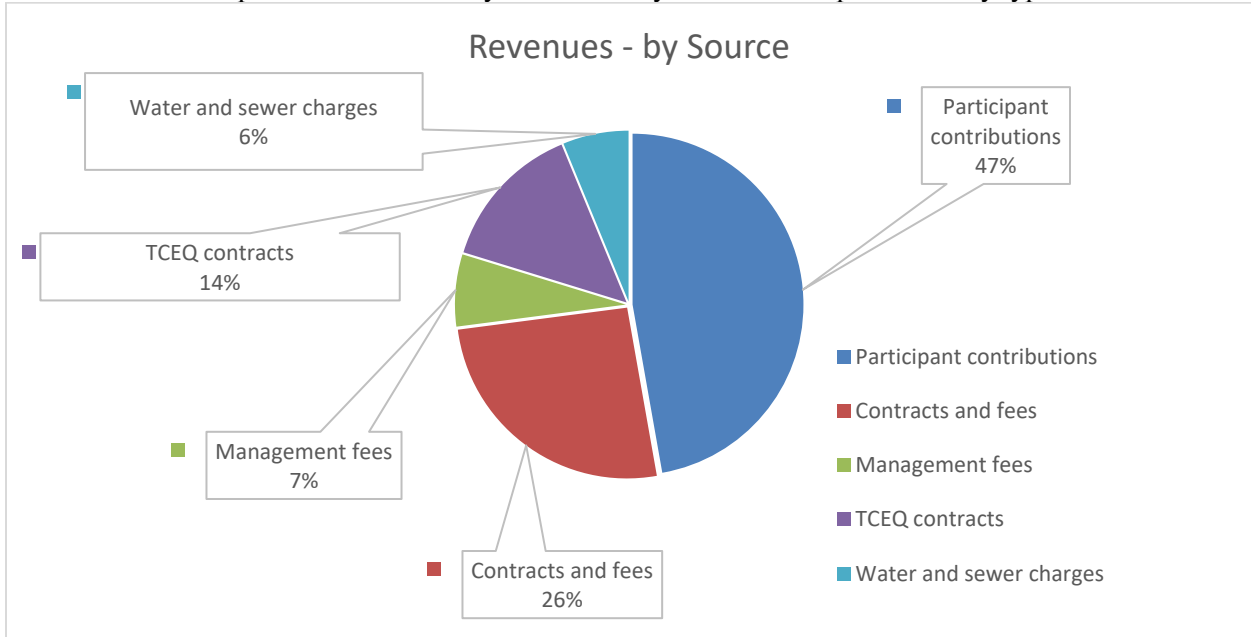
The following table provides a summary of the Authority's changes in net position.

**Table II
Change in Authority's Net Position**

	2019	2018	% Change
Revenues:			
Charges for Services	\$ 3,248,001	\$ 2,848,509	14.0%
Investment income	17,754	28,470	-37.6%
Other income - loan forgiveness	6,475	160,905	-96.0%
Other income	7,172	48,036	-85.1%
Total Revenue	<u>3,279,402</u>	<u>3,085,920</u>	<u>6.3%</u>
Expenses:			
General services	1,462,337	1,528,157	-4.3%
Angelina County Fresh Water Supply	174,873	195,807	-10.7%
Holmwood Utility	94,268	100,492	-6.2%
Lake Columbia	101,052	100,758	0.3%
North Angelina County RWF	473,727	544,599	-13.0%
Neches Composting	480,256	526,090	-8.7%
Total Expense	<u>2,786,513</u>	<u>2,995,903</u>	<u>-7.0%</u>
Change in net position	492,889	90,017	447.6%
Beginning net position	7,016,618	6,926,601	1.3%
Ending net position	<u>\$ 7,509,507</u>	<u>\$ 7,016,618</u>	<u>7.0%</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

The charts below represents the Authority's revenues by source and expenditures by type:



MANAGEMENT'S DISCUSSION AND ANALYSIS

BUDGETARY HIGHLIGHTS

The Board of Directors did not make any changes to the budget during the year. The analysis of the budget is reflected on the Budgetary Comparison Schedules following the Notes to the Financial Statements on page 19.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2019, the Authority had invested \$21,434,174, less depreciation of \$4,470,211 in a broad range of capital assets including land, treatment facilities, buildings and improvements, and machinery and equipment. The following table provides a summary of the Authority's capital assets, net of accumulated depreciation:

	2019	2018	% Change
Land	\$ 1,185,538	\$ 1,181,422	0.35%
Treatment Facilities	2,322,823	2,439,595	(4.79%)
Facilities & improvements	180,119	277,618	(35.12%)
Machinery and equipment	2,107,618	291,053	624.14%
Construction in progress	11,167,865	11,208,702	(0.36%)
Net capital assets	<u>\$ 16,963,963</u>	<u>\$ 15,398,390</u>	<u>10.17%</u>

A large portion of the Authority's net position, 95.91%, reflects its investments in capital assets, less any debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide services to customers; consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it is important to note that the funds needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to eliminate these liabilities.

Long-term Debt

The Authority's long-term debt at August 31, 2019, net of the current portion, totaled \$9,958,642 for leases payable, deferred interest, and revenue bonds. The current portion of the long-term debt was \$380,852. Long-term debt activity for the year consisted of principal and interest payments on bonds and capital leases. Long term debt had a net decrease of \$106,759 during the period. Detailed information is included in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Authority's officials considered many factors when setting the next fiscal year's budget. These factors included, but were not limited to, anticipated needs for general expenditures and the revenue sources to fund these expenditures. The Authority continues to seek and apply for grants to assist in research, development and planning for their facilities.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Authority's finances and show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority's General Manager, Kelley Holcomb, (936) 632-7795.

ANGELINA & NECHES RIVER AUTHORITY
STATEMENT OF NET POSITION
AUGUST 31, 2019 AND 2018

	2019	2018
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 526,099	\$ 485,211
Restricted cash and cash equivalents	218,243	1,775,611
Accounts Receivable, net	378,683	126,175
Total current assets	1,123,025	2,386,997
Capital Assets:		
Land	1,185,452	1,181,337
Other capital assets, net of depreciation	15,778,511	14,217,053
Total capital assets	16,963,963	15,398,390
Total Assets	18,086,988	17,785,387
LIABILITIES		
Current Liabilities:		
Accounts payable	134,437	203,260
Compensated absences	30,222	30,053
Accrued interest payable	73,328	66,767
Unearned revenues	-	15,961
Bonds and leases payable - current	380,852	366,483
Total current liabilities	618,839	682,524
Long-term Liabilities:		
Deferred interest	577,614	584,762
Bond and leases payable - noncurrent	9,381,028	9,495,008
Total long-term liabilities	9,958,642	10,079,770
Total Liabilities	10,577,481	10,762,294
DEFERRED INFLOWS OF RESOURCES		
Loan forgiveness - TWDB	-	6,475
Total deferred inflows of resources	-	6,475
NET POSITION		
Invested in capital assets, net of related debt	7,202,083	5,536,899
Restricted for debt service	218,243	203,034
Restricted for construction	-	1,572,577
Unrestricted	89,181	(295,892)
Total Net Position	\$ 7,509,507	\$ 7,016,618

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

ANGELINA & NECHES RIVER AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

	2019	2018
Operating Revenues:		
Participant contributions	\$ 1,533,720	\$ 1,399,970
Contracts and fees	835,083	648,302
Management fees	221,532	202,687
TCEQ contracts	455,432	390,210
Water and sewer charges	202,234	207,340
Total Operating Revenues	3,248,001	2,848,509
 Operating Expenditures:		
Purchased utility services	167,851	212,086
Salaries and benefits	1,163,674	1,180,750
General and administrative	370,123	374,248
Professional fees	53,829	50,377
Management and contracted services	42,246	46,281
Repairs and supplies	292,800	324,349
Depreciation	322,729	333,298
Total Operating Expenditures	2,413,252	2,521,389
Excess (deficiency) revenues over expenditures	834,749	327,120
 Non-operating Revenues (Expenditures):		
Investment income	17,754	28,470
Interest expense	(348,511)	(341,704)
Bond issuance costs	(24,750)	(132,810)
Other income - loan forgiveness	6,475	160,905
Other non-operating revenues (expenditures)	7,172	48,036
Total non-operating revenues (expenses)	(341,860)	(237,103)
Change in net position	492,889	90,017
Net position, beginning	7,016,618	6,926,601
Net position, ending	\$ 7,509,507	\$ 7,016,618

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

ANGELINA & NECHES RIVER AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

	2019	2018
Cash Flows from Operation Activities:		
Cash received from customers	\$ 2,993,964	\$ 2,875,263
Cash paid to suppliers	(607,835)	(883,868)
Cash paid to employees	(1,163,505)	(1,180,998)
Net cash provided by operating activities	1,222,624	810,397
Cash Flows from Capital and Related Financing Activities:		
Purchase of capital assets	(2,287,711)	(3,383,233)
Debt proceeds	300,000	3,408,000
Bond issuance costs	(24,750)	(132,810)
Principal payments on long-term debt	(399,612)	(912,453)
Interest paid on long-term debt	(349,097)	(353,909)
Net cash (used) provided by capital and related financing activities	(2,761,170)	(1,374,405)
Cash Flows from Investing Activities:		
Interest from investments	17,754	28,470
Other income	4,312	48,036
Net cash provided by capital and related financing activities	22,066	76,506
Net increase (decrease) in cash and cash equivalents	(1,516,480)	(487,502)
Cash and cash equivalents, beginning of period	2,260,822	2,748,324
Cash and cash equivalents, end of period	\$ 744,342	\$ 2,260,822
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 834,749	\$ 327,120
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation	322,729	333,298
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(254,037)	26,754
Increase (Decrease) in:		
Accounts payable	330,557	117,336
Accrued liabilities	(11,374)	5,889
Net cash provided by operating activities	\$ 1,222,624	\$ 810,397
Non-Cash Financing Activities:		
Loan forgiveness	\$ 6,475	\$ 160,905
Increase (decrease) in accounts payable for capital expenditures	(121,725)	399,380
Net non-cash financing activities	\$ (115,250)	\$ 560,285

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

**ANGELINA & NECHES RIVER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Angelina & Neches River Authority (the “Authority”) have been prepared in conformity with generally accepted accounting principles (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority applies all GASB pronouncements. The more significant of the Authority’s accounting policies are described below.

Reporting Entity

The Authority (formerly the Sabine-Neches Conservation District and the Neches River Conservation District) was created as a governmental agency to construct, maintain, and operate, in the valley of the Neches River and its tributaries, all works essential to the control, storage, preservation, and distribution to all useful purposes of water in the Neches River (under the authority of Article 16, Sec. 59 of the Texas Constitution, by Acts 1939, Special Laws, p. 1080, Acts 1945, Ch. 287, Acts 1977, Ch. 394, Acts 1989, Ch. 1278, and Acts 2003, Ch. 1277). The Authority is governed by a nine-member board appointed by the Governor of Texas to six year terms. The Directors are residents of the Neches River basin and one third of the Board is appointed every two years. The board sets policy, provides oversight, and employs a General Manager.

Management has determined that there are no other entities that meet the criteria for inclusion in the Authority’s reporting entity. The Authority is a separate self-supporting governmental unit with no taxing powers covering all or a portion of the counties in the Neches Basin. The Authority is not included in any other governmental reporting entity. The Authority is in compliance with the requirements of Texas Water Codes 49.191, Duty to Audit, and 49.199, Policies and Audits of Districts.

Fund Financial Statements

GASB 34 requires special purpose governments engaged only in business-type activities to present only the financial statements required for Enterprise Funds. For these governments, basic financial statements and required supplementary information consist of a Management’s Discussion and Analysis (“MD&A”), Enterprise Fund financial statements, notes to financial statements and required supplementary information other than MD&A, if applicable. Required fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenditures and Changes in Net Position, and a Statement of Cash Flows.

Basis of Accounting and Financial Statement Presentation

The Authority’s basic financial statements are presented as a single Enterprise Fund. This Enterprise Fund accounts for the acquisition, operation and maintenance of the Authority’s facilities and services and is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The Enterprise Fund is accounted for using the accrual basis of accounting. Its revenue is recognized when it is earned, and its expenses are recognized when they are incurred.

The Authority, as of August 31, 2019, has six divisions – ANRA Operations, Holmwood Utilities, Lake Columbia, Neches Compost Facility, Angelina County Fresh Water Supply District No. 1, and North Angelina County Regional Wastewater Facility. All of these divisions together comprise the Basic Financial Statements and none of the divisions independently depend on governmental funds as a major source of revenue. Therefore, all of the divisions are presented in a combined financial statement.

ANGELINA & NECHES RIVER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

The supplemental schedules portion of the report includes a Schedule of Net Assets, Schedule of Revenue, Expenditures, and Changes in Net Position and Schedule of Cash Flows by division.

The Authority distinguishes between operating and non-operating revenues and expenses consistently with the criteria used to identify cash flows from operating activities in the Statement of Cash Flows. Generally, the Authority classifies revenues generated from water sales, wastewater treatment services, and related activities and services as operating revenues. Operation & maintenance expense and depreciation are classified as operating expenses. All other income and expenses, including investment income, interest expense, gain/loss on the sale of capital assets and impairment loss are considered non-operating activity.

Change in Accounting Principle

In fiscal year 2018, the District implemented Governmental Accounting Standards Board Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* – which supersedes GASB Statement No. 62 (Statement No. 89). Statement No. 89 requires that interest costs incurred during the construction period be expensed in the period incurred, rather than capitalized. The Authority did not capitalize interest on construction projects after the implementation of Statement No. 89, and any interest incurred prior to implementation of Statement No. 89 on projects that were in the construction period at the implementation date would be insignificant.

Cash and Cash Equivalents

Cash and cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and so near maturity that there is no significant risk of changes in value due to changes in interest rates. Cash equivalents include investments with original maturities of three months or less. Cash equivalents are stated at cost which approximates fair value.

Investments

Investments with quoted fair values are carried at the reported sales price on the last day of the Authority's year and are recorded at fair value in the balance sheet. Certificates of deposit are stated at cost due to their short-term maturities. All investments, financial disclosures, quarterly reporting, and annual adoption are compliant with Texas Government Code, Title 10, Chapter 2256 (the Public Funds Investment Act).

Accounts Receivable

The Authority uses the direct charge off method to account for bad debts, directly expensing receivables which management deems uncollectible, or realizable at less than full value. This method provides results similar to the reserve method in all material respects. The Authority considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is recorded.

Fixed Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., water lines, sewer lines, and storm sewer), are reported in the financial statements. Moveable capital assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years are capitalized. Plant and property with a cost of greater than \$25,000 are capitalized. Donated assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects when constructed. Interest costs incurred in connection with the construction of capital assets are not capitalized when the effects of capitalization materially impact the financial statements due to the uncertainty of the Lake Columbia project. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

**ANGELINA & NECHES RIVER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018**

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful years:

Vehicle	5 years
Equipment	10-20 years
Treatment facilities	20-30 years

Restricted Assets

The restricted assets consist of bond reserve funds and sinking funds on various revenue bonds and funds designated by the Board of Directors. The bond reserve and sinking funds are segregated as required by certain bond indentures.

Sick Leave and Vacation

The Authority allows employees to accumulate sick leave. Pursuant to Governmental Accounting Standards Board pronouncements, the Authority does not accrue sick leave benefits since these rights are nonvesting. The Authority does accrue vacation benefits in its financial statements in accordance with generally accepted accounting principles.

Use of Estimates

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

Budgets and Budgetary Accounting

The Authority prepares a budget in accordance with The Water Code, Chapter 49, Subchapter G, and Section 49.199 for use in planning and controlling costs. The budget and any changes are approved by the Board of Directors.

The budget is adopted on a basis consistent with generally accepted accounting principles. The General Manager is authorized by the Board to transfer budgeted amounts between accounts, but any revisions that alter the total Expenses must be approved by the Board. Appropriate sections of the budget are approved by Neches Compost Facility Management Committee, which has limited authority, prior to final approval of the Authority Board of Directors.

Net Position

Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets.

Net positions are reported as restricted when there are limitations imposed on their use either through the enabling legislation governing the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first and then unrestricted resources as they are needed.

ANGELINA & NECHES RIVER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The Authority secured federal funds as part of a Loan Forgiveness program which is reflected as deferred inflows of resources.

Subsequent Events

The Authority has evaluated subsequent events as of December 9, 2019 the date the financial statements were available to be issued.

Reclassifications

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

NOTE 2 – DEPOSITS AND INVESTMENTS

Investment Policies. Applicable state laws and regulations allow the Authority to invest its funds in direct or indirect obligations of the United States, the state, or any county, city, school district, or other political subdivision of the state. Funds may also be placed in certificates of deposit of state or national banks or savings and loan associations (depository institutions) domiciled within the state. Related state statutes and provisions included in the Authority's bond resolutions require that all funds invested in depository institutions be guaranteed by federal depository insurance and/or be secured in the manner provided by law for the security of public funds.

Interest Rate Risk. This is the risk that changes in the interest rates will adversely affect the fair value of the Authority's investments. The Authority's cash and cash equivalents are currently invested in short-term instruments such as money market funds and an interest-bearing checking account. The Authority was not exposed to interest rate risk at August 31, 2019.

Custodial Credit Risk – Deposits. In the case of deposits, there is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of August 31, 2019, all of the Authority's \$749,769 deposit balance was collateralized with securities held by the pledging financial institution.

ANGELINA & NECHES RIVER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2019, was as follows:

	Balance 8/31/2018	Additions	Adjustments/ Deletions	Balance 8/31/2019
Capital assets not being depreciated				
Land	\$1,181,422	\$4,116	\$ -	\$1,185,538
Treatment facilities	4,738,459	60,432	-	4,798,891
Machinery and equipment	1,632,051	-	(22,017)	1,610,034
Facilities & improvements	811,496	17,891	1,842,459	2,671,846
Construction in progress	11,208,702	1,805,863	(1,846,700)	11,167,865
Total assets at cost	<u>19,572,130</u>	<u>1,888,302</u>	<u>(26,258)</u>	<u>21,434,174</u>
Less accumulated depreciation	<u>(4,173,740)</u>	<u>(322,729)</u>	<u>26,258</u>	<u>(4,470,211)</u>
Total net capital assets	<u>\$15,398,390</u>	<u>\$1,565,573</u>	<u>\$ -</u>	<u>\$16,963,963</u>

NOTE 4 – LONG-TERM LIABILITIES

The following is a summary of changes in the Authority's long-term liabilities for the year ended August 31, 2019:

Division	Issue Date	Original Amount	Balance 8/31/2018	Additions	Retirements	Balance 8/31/2019	Current Portion
Leases Payable							
ANRA	2013	\$142,027	\$65,813	\$ -	(\$58,540)	\$7,273	\$6,008
Neches Compost	2008	260,000	109,677	-	(20,671)	89,006	22,044
Total Leases		<u>402,027</u>	<u>175,490</u>	<u>-</u>	<u>(79,211)</u>	<u>96,279</u>	<u>28,052</u>
Revenue Bonds							
ANRA Ops	2017	2,008,000	2,008,000	-	(20,000)	1,988,000	21,000
ANRA Ops	2018	300,000	-	300,000	-	300,000	25,000
Holmwood	2012	510,000	340,000	-	(35,000)	305,000	35,000
Lake Columbia	2005	230,000	230,000	-	-	230,000	-
Deferred Interest	2005	67,884	48,488	-	(9,698)	38,790	-
Lake Columbia	2009	734,000	734,000	-	-	734,000	-
Deferred Interest	2005	1,429,100	345,643	40,664	-	386,307	-
Lake Columbia	2005	800,000	800,000	-	-	800,000	-
Deferred Interest	2005	266,860	190,632	-	(38,114)	152,518	-
North Angelina Co.	2012	2,240,000	1,895,000	-	(185,000)	1,710,000	190,000
North Angelina Co.	2014	205,000	145,000	-	(20,000)	125,000	20,000
North Angelina Co.	2016	1,820,000	1,810,000	-	(5,000)	1,805,000	5,000
North Angelina Co.	2017	1,400,000	1,400,000	-	(5,000)	1,395,000	5,000
Neches Compost	2014	446,900	280,900	-	(43,400)	237,500	44,700
Neches Compost	2014	67,500	43,100	-	(7,000)	36,100	7,100
Total Bonds		<u>12,525,244</u>	<u>10,270,763</u>	<u>340,664</u>	<u>(368,212)</u>	<u>10,243,215</u>	<u>352,800</u>
Total Debt		<u>\$12,927,271</u>	<u>\$10,446,253</u>	<u>\$340,664</u>	<u>(\$447,423)</u>	<u>\$10,339,494</u>	<u>\$380,852</u>

AGELINA & NECHES RIVER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 4 – LONG-TERM LIABILITIES (continued)

Future payments on bonds are as follows (excludes deferred interest and loan forgiveness):

Year Ending August 31,	Bonds Payable			
	Principal	Interest	Deferred	Total
2020	\$352,800	\$290,566	\$47,812	\$691,178
2021	360,600	278,993	47,812	687,405
2022	440,400	265,788	47,812	754,000
2023	453,500	250,636	47,812	751,948
2024	520,300	235,007	-	755,307
2025-2029	2,125,000	906,338	-	3,031,338
2030-2034	1,575,000	587,137	-	2,162,137
2035-2039	1,539,000	288,553	-	1,827,553
2040-2044	950,000	117,735	-	1,067,735
2045-2048	1,349,000	732,214	386,367	2,467,581
Total	\$9,665,600	\$3,952,967	\$577,615	\$14,196,182

Revenue bonds at year end were comprised of the following debt issues:

Description	Interest Rate	Balance at 8/31/2019
General Improvement Project Revenue Bond, Series 2017 (ANRA)	3.80%	\$1,988,000
General Improvement Project Revenue Bond, Series 2018 (ANRA)	4.75%	\$300,000
Revenue Bonds, Series 2012 (Holmwood Utilities)	3.47%	305,000
Revenue Bonds, Series 2005 (Lake Columbia)	5.68%-5.83%	268,790
Revenue Bonds, Series 2005 (Lake Columbia)	5.54%	1,120,307
Revenue Bonds, Series 2005 (Lake Columbia - TWDB)	5.68%-5.83%	952,518
Revenue Bonds, Series 2012 (North Angelina County)	3.369%	1,710,000
Revenue Bonds, Series 2014 (North Angelina County)	0.00%-2.05%	125,000
Revenue Bonds, Series 2016 (North Angelina County)	0.00%-2.36%	1,805,000
Revenue Bonds, Series 2017 (North Angelina County)	0.00%-2.03%	1,395,000
Revenue Refunding Bonds, Series 2014 (Neches Compost- Tax Exempt)	3.05%	237,500
Revenue Refunding Bonds, Series 2014 (Neches Compost- Taxable)	5.50%	36,100
		<u>\$10,243,215</u>

During September 2018, the Authority issued \$300,000 of general revenue bonds, series 2018 to provide additional funding for construction of its new central office project. The new bonds were issued at an interest rate of 4.75% with final maturity in 2029.

**ANGELINA & NECHES RIVER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018**

NOTE 4 – LONG-TERM LIABILITIES (continued)

Future payments under capital leases are as follows:

Year Ending August 31,	Principal	Interest	Total
2020	\$28,052	\$5,220	\$33,272
2021	24,773	3,589	28,362
2022	25,071	2,022	27,093
2023	18,383	429	18,812
2024	-	-	-
Thereafter	-	-	-
Total	\$96,279	\$11,260	\$107,539

NOTE 5 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance. The Authority has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts for the past three fiscal years.

NOTE 6 – EMPLOYEE BENEFIT PLANS

Defined Contribution Pension Plan. The Authority provides pension benefits for all of its eligible employees through the Angelina & Neches River Authority Profit Sharing Plan (the “Plan”), a defined contribution plan. The effective date of the plan was September 1, 1992 and the Plan begins on September 1 and ends on August 31. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Plan is a qualified pension plan under Section 401(a) of the Internal Revenue Code with Southside Bank serving as the Plan Administrator.

The Plan provides that the Authority make a contribution. The Authority contributed \$38,403 and \$26,517 to the Plan for the years ended August 31, 2019 and 2018, respectively. The Authority’s contributions will be allocated to the Profit Sharing Contribution Account of each eligible participant on behalf of which the contribution has been made. The Authority’s contributions for each employee (and investment earnings allocated to the employee’s account) are partially vested after two (2) years and fully vested after six (6) years of service. The Authority began monthly contributions to this fund of 3% of eligible employees’ salary in June 2000. In September 2018, the Authority increased contributions to 5%. The Authority’s contributions for investment earnings forfeited by employees who leave employment before six (6) years of service will be used first, when required, to restore forfeited account balances for reemployed participants and any remaining amounts will be added to the employer’s profit sharing contribution for the Plan Year in which the forfeiture occurred.

**ANGELINA & NECHES RIVER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018**

Total Assets in the plan at August 31, 2019 are \$270,384. The asset allocation breakdown is as follows:

Fund	Percent Invested	Fund Balance
Federated Government Obligations	4.04%	\$10,928
Certificates of Deposit	22.75%	61,502
U.S. Government Agencies	4.81%	13,000
Dodge & Cox Income Fund	4.41%	11,921
USAA Short-term Bond Fund	2.01%	5,430
Vanguard Bond Index Fund	5.24%	14,156
Vanguard Inter-term	5.02%	13,565
Vanguard Short-term	3.42%	9,258
Dodge & Cox Funds	1.50%	4,069
Fidelity Contrafund Income	3.42%	9,251
Fidelity Mt Vernon	3.77%	10,192
T. Rowe Price Midcap Fund	3.65%	9,866
Vanguard World Fund International	6.84%	18,483
Vanguard Small Cap Growth Fund	2.47%	6,679
Vanguard Equity Income Fund	1.50%	4,057
Vanguard Emerging Market Fund	1.76%	4,759
Vanguard Extended Market Fund	3.47%	9,392
Vanguard 500 Index Fund	19.92%	53,876
Total – All Funds		<u>\$270,384</u>

Deferred Compensation Plan. The Authority maintains a deferred compensation plan, which is available to all employees. The plan complies with Section 457 of the Internal Revenue Code (Deferred Compensation Plans with Respect to Service for State and Local Governments). ICMA RC is the independent administrator of the plan. The plan consists solely of employee contributions which are tax deferred. The total contributions to the plan during the years ended August 31, 2019 and 2018 were \$7,812 and \$6,070, respectively. Payments are made to Vantage Point Transfer Agents.

NOTE 7 – ANGELINA COUNTY FRESH WATER SUPPLY DISTRICT NO. 1

The Authority serves as the manager and operator for Angelina County Fresh Water Supply District No. 1 (the “District”). As the manager and operator, the Authority bills and receives payments for all water and sewer charges of the District and deposits them into the bank account of the District. This bank account and receivables are assets of the District, a legally separate entity from ANRA. However, the Authority maintains all of the District’s utility operations records. In addition, the District has the sole responsibility for rate setting as it applies to the District. During the year ended August 31, 2018, the Authority established a separate fund for the District in order to process and pay the District’s expenses. The District pays the Authority a monthly fee for these services.

The original contract between the Authority and the District was in place for an initial term of ten years, with additional ten year renewal options up to a total of 100 years. On August 13, 2013, the contract was amended to include provisions which require the Authority to expand and construct the water and sewer systems necessary to serve the District’s service area, to convert the 100-year term to a perpetual right to use the system, and to appoint the Authority to be the District’s agent. The Authority will have an exclusive right, use, and control of the District’s facilities and shall be entitled to all revenues derived by the facility operations. The Authority will also be responsible for all the costs and expenses of operating and maintaining the facilities during the contract term.

**ANGELINA & NECHES RIVER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018**

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial. The Authority is subject to various other claims and lawsuits which may arise in the ordinary course of business. After consulting with counsel representing the Authority in connection with such claims and lawsuits, it is the opinion of management and counsel that the disposition or ultimate determination of such claims and lawsuits will not have a material effect on the financial position of the Authority. No claim liabilities are reported at year end.

The Authority has incurred costs in connection with the Lake Columbia project, however the amount is not due and payable until the completion of the project and after the expenses are approved by the Texas Water Development Board (TWDB). The total costs incurred by the Authority as of August 31, 2019 was \$4,983,503, and is included in capital assets on the accompanying Statement of Net Position. The Authority has committed to purchase the TWDB's interest in the Lake Columbia project regardless of whether the project is ever completed. If the Authority fails to secure required permits for the construction of the lake, the Lake Columbia project will be determined to be infeasible, and the TWDB may not invest any additional funds. If the Lake Columbia project is determined infeasible, the Authority could choose one of the following actions: (1) continue to make scheduled bond payments, (2) purchase the TWDB interest as described in the master agreement, (3) negotiate with the TWDB to develop alternate repayment terms. The Authority has agreements in place with all Lake Columbia participants that require the participants to continue making the agreed-upon contributions regardless of the status of the project.

NOTE 9 – LOAN FORGIVENESS

Loans forgiveness during the year consists of the following:

Fund	Balance 8/31/2018	Additions	Forgiveness	Balance 8/31/2019
TWDB 2015	\$6,475	\$ -	\$6,475	\$ -
	\$6,475	\$ -	\$6,475	\$ -

The Texas Water Development Board (TWDB) made a commitment to provide financial assistance to the Authority in the form of a loan in an amount not to exceed \$4,996,250 for the construction of a project and to provide a subsidy in the form of loan forgiveness to the Authority in an amount not to exceed \$3,176,250 as Loan Forgiveness Funds without the expectation of repayment. The table below details those funds:

Revenue Bonds (reflected as debt on the Statement of Net Position in prior years)	\$1,810,000
Loan Forgiveness (reflected as deferred inflows of resources)	-
	<u>\$1,810,000</u>

**ANGELINA & NECHES RIVER AUTHORITY
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2019**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues:			
Participant contributions	\$ 1,532,259	\$ 1,533,720	\$ 1,461
Contracts and fees	507,753	835,083	327,330
Management fees	221,532	221,532	-
TCEQ contracts	421,747	455,432	33,685
Water and sewer charges	204,463	202,234	(2,229)
Total Operating Revenues	<u>2,887,754</u>	<u>3,248,001</u>	<u>360,247</u>
Operating Expenditures:			
Purchased utility services	193,300	167,851	25,449
Salaries and benefits	1,193,210	1,163,674	29,536
General and administrative	299,610	370,123	(70,513)
Professional fees	165,304	53,829	111,475
Management and contracted services	74,481	42,246	32,235
Repairs and supplies	217,549	292,800	(75,251)
Total Operating Expenditures	<u>2,143,454</u>	<u>2,090,523</u>	<u>52,931</u>
Excess (deficiency) revenues over expenditures before depreciation expense	<u>744,300</u>	<u>1,157,478</u>	<u>413,178</u>
Depreciation expense	<u>-</u>	<u>322,729</u>	<u>(322,729)</u>
Excess (deficiency) revenues over expenditures	<u>744,300</u>	<u>834,749</u>	<u>735,907</u>
Non-operating Revenues (Expenditures):			
Investment income	-	17,754	17,754
Interest expense	(724,418)	(348,511)	375,907
Bond issuance costs	-	(24,750)	(24,750)
Other income - loan forgiveness	-	6,475	6,475
Other non-operating revenues (expenditures)	<u>-</u>	<u>7,172</u>	<u>7,172</u>
Total non-operating revenues (expenses)	<u>(724,418)</u>	<u>(341,860)</u>	<u>382,558</u>
Change in net position	19,882	492,889	1,118,465
Net position, beginning	<u>4,107,889</u>	<u>7,016,618</u>	<u>2,908,729</u>
Net position, ending	<u>\$ 4,127,771</u>	<u>\$ 7,509,507</u>	<u>\$ 3,381,736</u>

ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF NET POSITION - BY DIVISION
AUGUST 31, 2019 AND 2018

	<u>ANRA</u> <u>Operations</u>	<u>Holmwood</u> <u>Utilities</u>	<u>Lake</u> <u>Columbia</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 37,783	\$ 17,869	\$ 5,106
Restricted cash and cash equivalents	34,816	19,497	-
Accounts receivable, net	343,510	14,168	1,043
Interfund receivables	331,564	-	-
Total current assets	<u>747,673</u>	<u>51,534</u>	<u>6,149</u>
Capital Assets:			
Land	555,040	1,493	-
Other capital assets, net of depreciation	1,945,059	290,242	4,983,503
Total capital assets	<u>2,500,099</u>	<u>291,735</u>	<u>4,983,503</u>
 Total Assets	 <u><u>3,247,772</u></u>	 <u><u>343,269</u></u>	 <u><u>4,989,652</u></u>
LIABILITIES			
Current Liabilities:			
Accounts payable	72,247	16,765	-
Interfund payables	-	8,342	269,808
Compensated absences	24,615	-	-
Accrued interest payable	4,260	6,373	8,137
Unearned revenues	-	-	-
Bonds and leases payable - current	52,008	35,000	-
Total current liabilities	<u>153,130</u>	<u>66,480</u>	<u>277,945</u>
Long-term Liabilities:			
Deferred interest	-	-	577,614
Bond and leases payable - noncurrent	2,243,264	270,000	1,764,001
Total long-term liabilities	<u>2,243,264</u>	<u>270,000</u>	<u>2,341,615</u>
 Total Liabilities	 <u>2,396,394</u>	 <u>336,480</u>	 <u>2,619,560</u>
DEFERRED INFLOWS OF RESOURCES			
Loan forgiveness - TWDB	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Invested in capital assets, net of related debt	204,827	(13,265)	3,219,502
Restricted for debt service	34,816	19,497	-
Restricted for construction	-	-	-
Unrestricted	611,735	557	(849,410)
Total Net Position	<u><u>\$ 851,378</u></u>	<u><u>\$ 6,789</u></u>	<u><u>\$ 2,370,092</u></u>

	Angelina County					
Neches Compost	North Angelina County RWF	Fresh Water Supply District No. 1	Adjustments	Total 2019	Total 2018	
\$ 216,793	\$ 209,486	\$ 39,062	\$ -	\$ 526,099	\$ 485,211	
5,586	158,344	-	-	218,243	1,775,611	
9,735	2,624	7,603	-	378,683	126,175	
-	-	-	(331,564)	-	-	
<u>232,114</u>	<u>370,454</u>	<u>46,665</u>	<u>(331,564)</u>	<u>1,123,025</u>	<u>2,386,997</u>	
52,993	575,926	-	-	1,185,452	1,181,337	
404,116	8,155,591	-	-	15,778,511	14,217,053	
<u>457,109</u>	<u>8,731,517</u>	<u>-</u>	<u>-</u>	<u>16,963,963</u>	<u>15,398,390</u>	
<u>689,223</u>	<u>9,101,971</u>	<u>46,665</u>	<u>(331,564)</u>	<u>18,086,988</u>	<u>17,785,387</u>	
1,088	37,705	6,632	-	134,437	203,260	
17,670	28,049	7,695	(331,564)	-	-	
5,607	-	-	-	30,222	30,053	
2,772	51,786	-	-	73,328	66,767	
-	-	-	-	-	15,961	
73,844	220,000	-	-	380,852	366,483	
<u>100,981</u>	<u>337,540</u>	<u>14,327</u>	<u>(331,564)</u>	<u>618,839</u>	<u>682,524</u>	
-	-	-	-	577,614	584,762	
288,763	4,815,000	-	-	9,381,028	9,495,008	
<u>288,763</u>	<u>4,815,000</u>	<u>-</u>	<u>-</u>	<u>9,958,642</u>	<u>10,079,770</u>	
<u>389,744</u>	<u>5,152,540</u>	<u>14,327</u>	<u>(331,564)</u>	<u>10,577,481</u>	<u>10,762,294</u>	
-	-	-	-	-	6,475	
-	-	-	-	-	6,475	
94,502	3,696,517	-	-	7,202,083	5,536,899	
5,586	158,344	-	-	218,243	203,034	
-	-	-	-	-	1,572,577	
199,391	94,570	32,338	-	89,181	(295,892)	
<u>\$ 299,479</u>	<u>\$ 3,949,431</u>	<u>\$ 32,338</u>	<u>\$ -</u>	<u>\$ 7,509,507</u>	<u>\$ 7,016,618</u>	

ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION - BY DIVISION
FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

	<u>ANRA Operations</u>	<u>Holmwood Utilities</u>	<u>Lake Columbia</u>
Operating Revenues:			
Participant contributions	\$ -	\$ -	\$ 108,496
Contracts and fees	802,484	-	-
Management fees	698,087	-	-
Grants and contracts	455,432	-	-
Water and sewer charges	-	202,234	-
Total Operating Revenues	<u>1,956,003</u>	<u>202,234</u>	<u>108,496</u>
Operating Expenditures:			
Purchased utility services	35,741	32,322	-
Salaries and benefits	965,507	-	-
General and administrative	143,443	8,418	1,311
Professional fees	53,829	-	-
Management and contracted services	92,404	98,106	-
Repairs and supplies	177,252	17,210	-
Depreciation	75,871	23,128	-
Total Operating Expenditures	<u>1,544,047</u>	<u>179,184</u>	<u>1,311</u>
Excess (deficiency) revenues over expenditures	<u>411,956</u>	<u>23,050</u>	<u>107,185</u>
Non-operating Revenues (Expenditures):			
Investment income	12,171	-	-
Interest expense	(89,777)	(13,190)	(99,741)
Bond issuance costs	(24,750)	-	-
Other income - loan forgiveness	-	-	-
Other non-operating revenues (expenditures)	(148)	-	-
Total non-operating revenues (expenses)	<u>(102,504)</u>	<u>(13,190)</u>	<u>(99,741)</u>
Change in net position	309,452	9,860	7,444
Net position, beginning	<u>541,926</u>	<u>(3,071)</u>	<u>2,362,648</u>
Net position, ending	<u>\$ 851,378</u>	<u>\$ 6,789</u>	<u>\$ 2,370,092</u>

	Neches Compost	North Angelina County RWF	Angelina County Fresh Water Supply District No. 1	Adjustments	Total 2019	Total 2018
\$	599,929	\$ 825,295	\$ -	\$ -	\$ 1,533,720	\$ 1,399,970
	95,541	19,564	12,819	(95,325)	835,083	648,302
	-	-	191,532	(668,087)	221,532	202,687
	-	-	-	-	455,432	390,210
	-	-	-	-	202,234	207,340
	<u>695,470</u>	<u>844,859</u>	<u>204,351</u>	<u>(763,412)</u>	<u>3,248,001</u>	<u>2,848,509</u>
	-	39,394	101,619	(41,225)	167,851	212,086
	198,167	-	-	-	1,163,674	1,180,750
	171,696	87,954	10,873	(53,572)	370,123	374,248
	-	-	-	-	53,829	50,377
	193,146	275,923	51,282	(668,615)	42,246	46,281
	24,427	62,812	11,099	-	292,800	324,349
	67,681	156,049	-	-	322,729	333,298
	<u>655,117</u>	<u>622,132</u>	<u>174,873</u>	<u>(763,412)</u>	<u>2,413,252</u>	<u>2,521,389</u>
	<u>40,353</u>	<u>222,727</u>	<u>29,478</u>	<u>-</u>	<u>834,749</u>	<u>327,120</u>
	-	5,583	-	-	17,754	28,470
	(18,285)	(127,518)	-	-	(348,511)	(341,704)
	-	-	-	-	(24,750)	(132,810)
	-	6,475	-	-	6,475	160,905
	3,400	1,060	2,860	-	7,172	48,036
	<u>(14,885)</u>	<u>(114,400)</u>	<u>2,860</u>	<u>-</u>	<u>(341,860)</u>	<u>(237,103)</u>
	25,468	108,327	32,338	-	492,889	90,017
	274,011	3,841,104	-	-	7,016,618	6,926,601
\$	<u>299,479</u>	\$ <u>3,949,431</u>	\$ <u>32,338</u>	\$ <u>-</u>	\$ <u>7,509,507</u>	\$ <u>7,016,618</u>

ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF CASH FLOWS - BY DIVISION
FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

	ANRA Operations	Holmwood Utilities	Lake Columbia
Cash Flows from Operation Activities:			
Cash received from customers	\$ 1,686,363	\$ 203,053	\$ 108,578
Cash paid to suppliers	(542,286)	(160,988)	(1,311)
Cash paid to employees	(964,292)	-	-
Net cash provided by operating activities	<u>179,785</u>	<u>42,065</u>	<u>107,267</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	(1,339,044)	-	-
Debt proceeds	300,000	-	-
Bond issuance costs	(24,750)	-	-
Principal payments on long-term debt	(78,541)	(35,000)	-
Interest paid on long-term debt	(88,653)	(5,905)	(107,035)
Net cash provided(used) by capital and related financing activities	<u>(1,230,988)</u>	<u>(40,905)</u>	<u>(107,035)</u>
Cash Flows from Investing Activities:			
Interest from investments	12,171	-	-
Other income (expense)	(148)	-	-
Net cash provided by capital and related financing activities	<u>12,023</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(1,039,180)	1,160	232
Cash and cash equivalents, beginning of period	1,111,779	36,206	4,874
Cash and cash equivalents, end of period	<u>\$ 72,599</u>	<u>\$ 37,366</u>	<u>\$ 5,106</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	\$ 411,956	\$ 23,050	\$ 107,185
Adjustments to reconcile operating income to cash provided by operating activities:			
Depreciation	75,871	23,128	-
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(269,640)	819	82
Increase (Decrease) in:			
Accounts payable	(39,617)	(4,932)	-
Accrued liabilities	1,215	-	-
Net cash provided by operating activities	<u>\$ 179,785</u>	<u>\$ 42,065</u>	<u>\$ 107,267</u>
Non-Cash Financing Activities:			
Loan forgiveness	\$ -	\$ -	\$ -
Increase (decrease) in accounts payable for capital expenditures	-	-	-
Net non-cash financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

		Angelina County				
Neches Compost	North Angelina County RWF	Fresh Water Supply District No. 1	Adjustments	Total 2019	Total 2018	
\$ 702,025	\$ 849,542	\$ 207,815	\$ (763,412)	\$ 2,993,964	\$ 2,875,263	
(389,730)	(87,421)	(189,511)	763,412	(607,835)	(883,868)	
(199,213)	-	-	-	(1,163,505)	(1,180,998)	
<u>113,082</u>	<u>762,121</u>	<u>18,304</u>	<u>-</u>	<u>1,222,624</u>	<u>810,397</u>	
(17,892)	(930,775)	-	-	(2,287,711)	(3,383,233)	
-	-	-	-	300,000	3,408,000	
-	-	-	-	(24,750)	(132,810)	
(71,071)	(215,000)	-	-	(399,612)	(912,453)	
(17,353)	(130,151)	-	-	(349,097)	(353,909)	
<u>(106,316)</u>	<u>(1,275,926)</u>	<u>-</u>	<u>-</u>	<u>(2,761,170)</u>	<u>(1,374,405)</u>	
-	5,583	-	-	17,754	28,470	
<u>3,400</u>	<u>1,060</u>	<u>-</u>	<u>-</u>	<u>4,312</u>	<u>48,036</u>	
<u>3,400</u>	<u>6,643</u>	<u>-</u>	<u>-</u>	<u>22,066</u>	<u>76,506</u>	
10,166	(507,162)	18,304	-	(1,516,480)	(487,502)	
212,213	874,992	20,758	-	2,260,822	2,748,324	
\$ <u>222,379</u>	\$ <u>367,830</u>	\$ <u>39,062</u>	\$ <u>-</u>	\$ <u>744,342</u>	\$ <u>2,260,822</u>	
\$ 40,353	\$ 222,727	\$ 29,478	\$ -	\$ 834,749	\$ 327,120	
67,681	156,049	-	-	322,729	333,298	
6,555	4,683	3,464	-	(254,037)	26,754	
(461)	378,662	(3,095)	-	330,557	117,336	
(1,046)	-	(11,543)	-	(11,374)	5,889	
\$ <u>113,082</u>	\$ <u>762,121</u>	\$ <u>18,304</u>	\$ <u>-</u>	\$ <u>1,222,624</u>	\$ <u>810,397</u>	
\$ -	\$ 6,475	\$ -	\$ -	\$ 6,475	\$ 160,905	
-	(121,725)	-	-	(121,725)	399,380	
\$ <u>-</u>	\$ <u>(115,250)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(115,250)</u>	\$ <u>560,285</u>	

**ANGELINA & NECHES RIVER AUTHORITY
HOLMWOOD UTILITIES
TSI – 1 SERVICES AND RATES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2019**

1. Service Provided by the District during the Fiscal Year:

<input checked="" type="checkbox"/> Retail Water	<input type="checkbox"/> Wholesale Water	<input type="checkbox"/> Drainage
<input checked="" type="checkbox"/> Retail Wastewater	<input type="checkbox"/> Wholesale Wastewater	<input type="checkbox"/> Irrigation
<input type="checkbox"/> Parks/Recreation	<input type="checkbox"/> Fire Protection	<input type="checkbox"/> Security
<input type="checkbox"/> Solid Waste/Garbage	<input type="checkbox"/> Flood Control	<input type="checkbox"/> Roads
<input type="checkbox"/> Participates in joint venture, regional system, and/or wastewater service (other than emergency interconnect)		
<input type="checkbox"/> Other (specify): _____		

2. Retail Service Providers

(You may omit this information if your district does not provide retail services)

a. Retail Rates based on 3/4" meter:

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons Over Minimum</u>	<u>Usage Levels</u>
Water	\$ 45.31	3,000	N	\$2.24	3,001 to 10,000
				\$3.00	10,001 and up
				\$ -	
Waste	\$44.79	3,000	N	\$3.58	3,001 to 10,000
				\$4.00	10,001 and up
Basic Service Fee	\$0.00				
District employs winter averaging for wastewater usage?					Yes ___ No <u>X</u>
Total water and sewer charges per 10,000 gallons usage (including surcharges)					<u>\$130.84</u>

b. Water and Wastewater Retail Connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
≤ 3/4"	167	156	X 1.0	156
1"	6	5	X 2.5	13
1 1/2"			X 5.0	
2"			X 8.0	
3"			X 15.0	
4"			X 25.0	
Total Water	<u>173</u>	<u>161</u>		<u>169</u>
Total Wastewater	<u>170</u>	<u>170</u>	X 1.0	<u>170</u>

* Number of connections relates to water service, if provided. Otherwise, the number of wastewater connections should be provided.

**ANGELINA & NECHES RIVER AUTHORITY
HOLMWOOD UTILITIES
TSI – 1 SERVICES AND RATES (continued)
FOR THE FISCAL YEAR ENDED AUGUST 31, 2019**

3. Total Water Consumption during the Fiscal Year:

(You may omit this information if your district does not provide water)

Gallons pumped into system:	11,661,125	Water Accountability Ratio:
		(Gallons billed / Gallons pumped)
Gallons flushed from system:	141,885	
Gallons billed to customers:	<u>8,479,762</u>	<u>73.9%</u>

4. Standby Fees (authorized only under TWC Section 49.231)

(You may omit this information if your district does not levy standby fees)

Does the District have Debt Service standby fees? Yes No

If yes, Date of the most recent Commission Order: _____

Does the District have Operation and Maintenance standby fees? Yes No

If yes, Date of the most recent Commission Order: _____

5. Location of District (required for first audit year or when information changes, otherwise this information may be omitted)

County (ies) in which the District is located: Jasper County

Is the District located entirely within one county? Yes No

Is the District located within a city? Entirely Partly Not at all

City (ies) in which the District is located: None

Is the district located within a city's extra territorial jurisdiction (ETJ)?
 Entirely Partly Not at all

ETJs in which the District is located: City of Jasper

Are Board members appointed by an office outside the district? Yes No

If Yes, by whom? Governor

**ANGELINA & NECHES RIVER AUTHORITY
 TSI-5 - LONG TERM DEBT REQUIREMENTS
 ALL BONDED DEBT SERIES - BY YEAR
 FOR THE YEAR ENDED AUGUST 31, 2019**

Fiscal Year Ended	Annual Debt Service Requirements - All Series Bonds			
	Principal	Interest	Deferred Interest	Total Debt Service
2020	\$ 352,800	\$ 290,566	\$ 47,812	\$ 691,178
2021	360,600	278,993	47,812	687,405
2022	440,400	265,788	47,812	754,000
2023	453,500	250,636	47,872	752,008
2024	520,300	235,007	-	755,307
2025	481,000	216,093	-	697,093
2026	495,000	198,653	-	693,653
2027	519,000	180,282	-	699,282
2028	308,000	160,571	-	468,571
2029	322,000	150,739	-	472,739
2030	287,000	138,895	-	425,895
2031	307,000	128,839	-	435,839
2032	317,000	117,856	-	434,856
2033	322,000	106,580	-	428,580
2034	342,000	94,967	-	436,967
2035	347,000	82,475	-	429,475
2036	358,000	69,720	-	427,720
2037	379,000	56,351	-	435,351
2038	275,000	44,747	-	319,747
2039	180,000	35,260	-	215,260
2040	180,000	31,507	-	211,507
2041	185,000	27,670	-	212,670
2042	190,000	23,691	-	213,691
2043	195,000	19,568	-	214,568
2044	200,000	15,299	-	215,299
2045	934,000	721,551	386,307	2,041,858
2046	210,000	6,455	-	216,455
2047	100,000	3,142	-	103,142
2048	105,000	1,066	-	106,066
	<u>\$ 9,665,600</u>	<u>\$ 3,952,967</u>	<u>\$ 577,615</u>	<u>\$ 14,196,182</u>

**ANGELINA & NECHES RIVER AUTHORITY
 TSI-5 - LONG TERM DEBT REQUIREMENTS
 GENERAL IMPROVEMENT REVENUE REFUNDING BOND, SERIES 2017
 ANGELINA & NECHES RIVER AUTHORITY
 FOR THE YEAR ENDED AUGUST 31, 2019**

Fiscal Year Ended	Annual Debt Service Requirements			
	Principal	Interest	Deferred Interest	Total Debt Service
2020	\$ 21,000	\$ 75,145	\$ -	\$ 96,145
2021	22,000	74,328	-	96,328
2022	90,000	72,200	-	162,200
2023	93,000	68,723	-	161,723
2024	98,000	65,094	-	163,094
2025	101,000	61,313	-	162,313
2026	105,000	57,399	-	162,399
2027	109,000	53,333	-	162,333
2028	113,000	49,115	-	162,115
2029	117,000	44,745	-	161,745
2030	122,000	40,204	-	162,204
2031	127,000	35,473	-	162,473
2032	132,000	30,552	-	162,552
2033	137,000	25,441	-	162,441
2034	142,000	20,140	-	162,140
2035	147,000	14,649	-	161,649
2036	153,000	8,949	-	161,949
2037	159,000	3,021	-	162,021
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 1,988,000</u>	<u>\$ 799,824</u>	<u>\$ -</u>	<u>\$ 2,787,824</u>

**ANGELINA & NECHES RIVER AUTHORITY
 TSI-5 - LONG TERM DEBT REQUIREMENTS
 GENERAL IMPROVEMENT REVENUE REFUNDING BOND, SERIES 2018
 ANGELINA & NECHES RIVER AUTHORITY
 FOR THE YEAR ENDED AUGUST 31, 2019**

Fiscal Year Ended	Annual Debt Service Requirements			
	Principal	Interest	Deferred Interest	Total Debt Service
2020	\$ 25,000	\$ 13,656	\$ -	\$ 38,656
2021	25,000	12,469	-	37,469
2022	25,000	11,281	-	36,281
2023	30,000	9,975	-	39,975
2024	30,000	8,550	-	38,550
2025	30,000	7,125	-	37,125
2026	30,000	5,700	-	35,700
2027	35,000	4,156	-	39,156
2028	35,000	2,494	-	37,494
2029	35,000	831	-	35,831
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 300,000</u>	<u>\$ 76,237</u>	<u>\$ -</u>	<u>\$ 376,237</u>

**ANGELINA & NECHES RIVER AUTHORITY
 TSI-5 - LONG TERM DEBT REQUIREMENTS
 CONTRACT REVENUE REFUNDING BOND, SERIES 2012
 HOLMWOOD UTILITIES
 FOR THE YEAR ENDED AUGUST 31, 2019**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2020	\$ 35,000	\$ 10,592	\$ -	\$ 45,592
2021	35,000	9,378	-	44,378
2022	35,000	8,162	-	43,162
2023	35,000	6,946	-	41,946
2024	40,000	5,730	-	45,730
2025	40,000	4,342	-	44,342
2026	40,000	2,952	-	42,952
2027	45,000	1,562	-	46,562
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 305,000</u>	<u>\$ 49,664</u>	<u>\$ -</u>	<u>\$ 354,664</u>

**ANGELINA & NECHES RIVER AUTHORITY
 TSI-5 - LONG TERM DEBT REQUIREMENTS
 CONTRACT REVENUE REFUNDING BOND, SERIES 2005
 LAKE COLUMBIA
 FOR THE YEAR ENDED AUGUST 31, 2019**

Fiscal Year Ended	Annual Debt Service Requirements			
	Principal	Interest	Deferred Interest	Total Debt Service
2020	\$ -	\$ 13,224	\$ 9,698	\$ 22,922
2021	-	13,224	9,698	22,922
2022	-	13,224	9,698	22,922
2023	-	13,224	9,696	22,920
2024	10,000	13,224	-	23,224
2025	10,000	12,656	-	22,656
2026	15,000	12,088	-	27,088
2027	10,000	11,236	-	21,236
2028	15,000	10,668	-	25,668
2029	15,000	9,809	-	24,809
2030	15,000	8,950	-	23,950
2031	15,000	8,090	-	23,090
2032	15,000	7,230	-	22,230
2033	15,000	6,371	-	21,371
2034	15,000	5,504	-	20,504
2035	20,000	4,637	-	24,637
2036	15,000	3,481	-	18,481
2037	20,000	2,614	-	22,614
2038	25,000	1,458	-	26,458
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 230,000</u>	<u>\$ 170,912</u>	<u>\$ 38,790</u>	<u>\$ 439,702</u>

**ANGELINA & NECHES RIVER AUTHORITY
 TSI-5 - LONG TERM DEBT REQUIREMENTS
 CONTRACT REVENUE REFUNDING BOND, SERIES 2005
 LAKE COLUMBIA
 FOR THE YEAR ENDED AUGUST 31, 2019**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest*	
2020	\$ -	\$ -	\$ -	\$ -
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	734,000	711,613	386,307	1,831,920
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 734,000</u>	<u>\$ 711,613</u>	<u>\$ 386,307</u>	<u>\$ 1,831,920</u>

* *Principal and interest are both deferred until 2045*

**ANGELINA & NECHES RIVER AUTHORITY
 TSI-5 - LONG TERM DEBT REQUIREMENTS
 CONTRACT REVENUE REFUNDING BOND, SERIES 2005
 LAKE COLUMBIA
 FOR THE YEAR ENDED AUGUST 31, 2019**

Fiscal Year Ended	Annual Debt Service Requirements			
	Principal	Interest	Deferred Interest	Total Debt Service
2020	\$ -	\$ 45,970	\$ 38,114	\$ 84,084
2021	-	45,970	38,114	84,084
2022	-	45,970	38,114	84,084
2023	-	45,970	38,176	84,146
2024	35,000	46,000	-	81,000
2025	35,000	44,012	-	79,012
2026	40,000	42,024	-	82,024
2027	45,000	39,752	-	84,752
2028	40,000	37,196	-	77,196
2029	50,000	34,904	-	84,904
2030	45,000	32,039	-	77,039
2031	55,000	29,461	-	84,461
2032	55,000	26,309	-	81,309
2033	55,000	23,157	-	78,157
2034	65,000	19,979	-	84,979
2035	60,000	16,222	-	76,222
2036	70,000	12,753	-	82,753
2037	75,000	8,708	-	83,708
2038	75,000	4,373	-	79,373
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 800,000</u>	<u>\$ 600,769</u>	<u>\$ 152,518</u>	<u>\$ 1,553,287</u>

**ANGELINA & NECHES RIVER AUTHORITY
 TSI-5 - LONG TERM DEBT REQUIREMENTS
 CONTRACT REVENUE REFUNDING BOND, SERIES 2012
 NORTH ANGELINA COUNTY RWF
 FOR THE YEAR ENDED AUGUST 31, 2019**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2020	\$ 190,000	\$ 57,617	\$ -	\$ 247,617
2021	195,000	51,214	-	246,214
2022	205,000	44,644	-	249,644
2023	210,000	37,738	-	247,738
2024	215,000	30,662	-	245,662
2025	225,000	23,418	-	248,418
2026	230,000	15,836	-	245,836
2027	240,000	8,086	-	248,086
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 1,710,000</u>	<u>\$ 269,215</u>	<u>\$ -</u>	<u>\$ 1,979,215</u>

**ANGELINA & NECHES RIVER AUTHORITY
 TSI-5 - LONG TERM DEBT REQUIREMENTS
 CONTRACT REVENUE BOND, SERIES 2014
 NORTH ANGELINA COUNTY RWF
 FOR THE YEAR ENDED AUGUST 31, 2019**

Fiscal Year Ended	Annual Debt Service Requirements			
	Principal	Interest	Deferred Interest	Total Debt Service
2020	\$ 20,000	\$ 1,773	\$ -	\$ 21,773
2021	20,000	1,602	-	21,602
2022	20,000	1,361	-	21,361
2023	20,000	1,056	-	21,056
2024	20,000	701	-	20,701
2025	25,000	253	-	25,253
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 125,000</u>	<u>\$ 6,746</u>	<u>\$ -</u>	<u>\$ 131,746</u>

**ANGELINA & NECHES RIVER AUTHORITY
 TSI-5 - LONG TERM DEBT REQUIREMENTS
 CONTRACT REVENUE BOND, SERIES 2016
 NORTH ANGELINA COUNTY RWF
 FOR THE YEAR ENDED AUGUST 31, 2019**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2020	\$ 5,000	\$ 37,577	\$ -	\$ 42,577
2021	5,000	37,554	-	42,554
2022	5,000	37,519	-	42,519
2023	5,000	37,475	-	42,475
2024	10,000	37,394	-	47,394
2025	10,000	37,273	-	47,273
2026	30,000	36,994	-	66,994
2027	30,000	36,547	-	66,547
2028	75,000	35,703	-	110,703
2029	75,000	35,451	-	110,451
2030	75,000	33,135	-	108,135
2031	80,000	31,708	-	111,708
2032	80,000	30,184	-	110,184
2033	80,000	28,620	-	108,620
2034	85,000	26,965	-	111,965
2035	85,000	25,218	-	110,218
2036	85,000	23,429	-	108,429
2037	90,000	21,547	-	111,547
2038	90,000	19,576	-	109,576
2039	95,000	17,518	-	112,518
2040	95,000	15,380	-	110,380
2041	95,000	13,223	-	108,223
2042	100,000	10,990	-	110,990
2043	100,000	8,680	-	108,680
2044	105,000	6,292	-	111,292
2045	105,000	2,826	-	107,826
2046	110,000	1,298	-	111,298
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 1,805,000</u>	<u>\$ 686,076</u>	<u>\$ -</u>	<u>\$ 2,491,076</u>

**ANGELINA & NECHES RIVER AUTHORITY
 TSI-5 - LONG TERM DEBT REQUIREMENTS
 CONTRACT REVENUE REFUNDING BOND, SERIES 2017
 NORTH ANGELINA COUNTY RWF
 FOR THE YEAR ENDED AUGUST 31, 2019**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2020	\$ 5,000	\$ 25,782	\$ -	\$ 30,782
2021	5,000	25,779	-	30,779
2022	5,000	25,770	-	30,770
2023	5,000	25,755	-	30,755
2024	5,000	25,733	-	30,733
2025	5,000	25,701	-	30,701
2026	5,000	25,660	-	30,660
2027	5,000	25,610	-	30,610
2028	30,000	25,395	-	55,395
2029	30,000	24,999	-	54,999
2030	30,000	24,567	-	54,567
2031	30,000	24,107	-	54,107
2032	35,000	23,581	-	58,581
2033	35,000	22,991	-	57,991
2034	35,000	22,379	-	57,379
2035	35,000	21,749	-	56,749
2036	35,000	21,108	-	56,108
2037	35,000	20,461	-	55,461
2038	85,000	19,340	-	104,340
2039	85,000	17,742	-	102,742
2040	85,000	16,127	-	101,127
2041	90,000	14,447	-	104,447
2042	90,000	12,701	-	102,701
2043	95,000	10,888	-	105,888
2044	95,000	9,007	-	104,007
2045	95,000	7,112	-	102,112
2046	100,000	5,157	-	105,157
2047	100,000	3,142	-	103,142
2048	105,000	1,066	-	106,066
	<u>\$ 1,395,000</u>	<u>\$ 553,856</u>	<u>\$ -</u>	<u>\$ 1,948,856</u>

**ANGELINA & NECHES RIVER AUTHORITY
 TSI-5 - LONG TERM DEBT REQUIREMENTS
 CONTRACT REVENUE REFUNDING BOND, SERIES 2014 (TAX EXEMPT)
 NECHES COMPOST FACILITY
 FOR THE YEAR ENDED AUGUST 31, 2019**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2020	\$ 44,700	\$ 7,244	\$ -	\$ 51,944
2021	46,100	5,880	-	51,980
2022	47,500	4,474	-	51,974
2023	48,900	3,026	-	51,926
2024	50,300	1,534	-	51,834
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 237,500</u>	<u>\$ 22,158</u>	<u>\$ -</u>	<u>\$ 259,658</u>

**ANGELINA & NECHES RIVER AUTHORITY
 TSI-5 - LONG TERM DEBT REQUIREMENTS
 CONTRACT REVENUE REFUNDING BOND, SERIES 2014 (TAXABLE)
 NECHES COMPOST FACILITY
 FOR THE YEAR ENDED AUGUST 31, 2019**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2020	\$ 7,100	\$ 1,986	\$ -	\$ 9,086
2021	7,500	1,595	-	9,095
2022	7,900	1,183	-	9,083
2023	6,600	748	-	7,348
2024	7,000	385	-	7,385
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 36,100</u>	<u>\$ 5,897</u>	<u>\$ -</u>	<u>\$ 41,997</u>

**ANGELINA & NECHES RIVER AUTHORITY
 TWDB INTEREST & SINKING FUND WORKSHEETS
 FOR THE FISCAL YEAR ENDED AUGUST 31, 2019**

If the Texas Water Development Board (TWDB) serves as revenue bondholder for your entity, and the information requested here is not included in your annual audit, please complete and mail this worksheet to: Audit and Funds Management Division, TWDB, P.O Box 13231, Austin, Texas 78711-3231

ISSUER'S NAME: Angelina & Neches River Authority/North Angelina County Regional Waste Water Facility

FISCAL YEAR ENDING: August 31, 2019

The Required Ultimate Balances and the Required Present Balances shown below are per the current bond ordinances authorizing the currently outstanding First Lien and Junior Lien Revenue Bonds, respectively, in the fiscal year referenced above. The Actual Present Balances, which are maintained in separate accounts of the Issuer as per the bond covenants, appear as restricted cash and investments in the Issuer's audited financial statements for the fiscal year referenced above.

	INTEREST & SINKING FUND	RESERVE FUND
<u>FIRST LIEN BONDS</u>		
REQUIRED ULTIMATE BALANCE	\$ 158,343	\$ -
REQUIRED PRESENT BALANCE (8/31/2019)	\$ 158,343	\$ -
ACTUAL PRESENT BALANCE (8/31/2019)	\$ 158,343	\$ -
<u>JUNIOR LIEN BONDS</u>		
REQUIRED ULTIMATE BALANCE	\$ -	\$ -
REQUIRED PRESENT BALANCE (8/31/2018)	\$ -	\$ -
ACTUAL PRESENT BALANCE (8/31/2018)	\$ -	\$ -

The above is true and correct to the best of my knowledge: _____
Preparer's Signature Date

cc: Axley & Rode, LLP.
 Certified Public Accountants

**ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF BOARD MEMBERS AND KEY PERSONNEL
AUGUST 31, 2019
(UNAUDITED)**

Board of Directors

Mr. Jody Anderson, President
361 Red Loving Road
Lufkin, Texas 75901
Term Ends: 9-5-2019

Mr. Thomas R “Tom” Murphy, Vice President
908 E. Mimosa Lane
Crockett, Texas 75835
Term Ends: 9-5-2019

Mrs. Patricia E. Dickey, Secretary Treasurer
112 South 5th Street
Crockett, Texas 75835
Term Ends: 9-5-2023

Mr. Skip Ogle, Secretary Pro Tem
15816 Eastside Road
Tyler, Texas 75707
Term Ends: 9-5-2021

Mr. Donnie R. Kee, Director
3416 FM 819
Diboll, Texas 75941
Term Ends: 9-5-2023

Mrs. Virginia M. “Ginger” Lymbery, Director
365 Attaberry Road
Lufkin, Texas 75901
Term Ends: 9-5-2023

Mr. David M. King, Director
183 Fernwood Drive
Nacogdoches, Texas 75964
Term Ends: 9-5-2019

Mr. Dale Morton, Director
289 CR 2093
Nacogdoches, Texas, 75965
Term Ends: 9-5-2021

Mrs. Francis G. Spruiell, Director
P.O. Box 631788
Nacogdoches, Texas, 75963
Term Ends: 9-5-2021

Key Personnel

Kelley Holcomb
General Manager
Telephone: (936) 633-7795
Fax: (936) 632-2564
E-mail Address: kholcomb@anra.org

Dyan Stanford
Administration Division Manager
Telephone: (936) 633-7549
Fax: (936) 632-2564
E-mail Address: dstanford@anra.org

Chris Key, P.E.
Operations Division Manager
Telephone: (936) 633-7544
Fax: (936) 632-2564
E-mail Address: ckey@anra.org

Executive Staff Mailing address is P.O. Box 387, Lufkin, Texas 75902-0387

**ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF INSURANCE IN FORCE
AUGUST 31, 2019
(UNAUDITED)**

<u>Name of Insurance Company</u>	<u>Policy Number</u>	<u>Policy Period</u>	<u>Details of Coverage</u>	<u>Limits of Liability</u>	<u>Annual Premium</u>
Texas Water Conservation Association	0042	7/1/19-7/1/20	Auto Liability	\$ 1,000,000	\$ 5,956
Texas Water Conservation Association	0042	7/1/19-7/1/20	General Liability	\$ 1,000,000	3,591
Texas Water Conservation Association	0042	7/1/19-7/1/20	Errors & Omissions	\$ 1,000,000	1,281
Texas Water Conservation Association	0042	7/1/19-7/1/20	Property Liability	\$ 8,457,204	11,083
Texas Water Conservation Association	0042	7/1/19-7/1/20	Auto Physical Damage	Scheduled	6,677
Texas Water Conservation Association	0042	7/1/19-7/1/20	Crime	\$10,000/\$25,000	<u>295</u>
					<u><u>\$ 28,883</u></u>

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

Board of Trustees
Angelina & Neches River Authority
Lufkin, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Angelina & Neches River Authority (the "Authority"), as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 9, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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


CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
December 9, 2019

**ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019**

No findings reported.

**ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019**

There were no findings in the prior year.

**ANGELINA & NECHES RIVER AUTHORITY
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2019**

None Required.