

ANGELINA & NECHES RIVER AUTHORITY



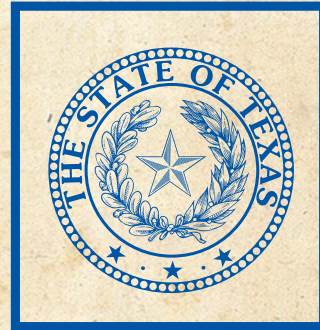
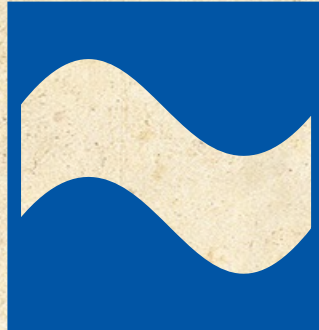
# Comprehensive Annual Financial Report

Fiscal Year 2017









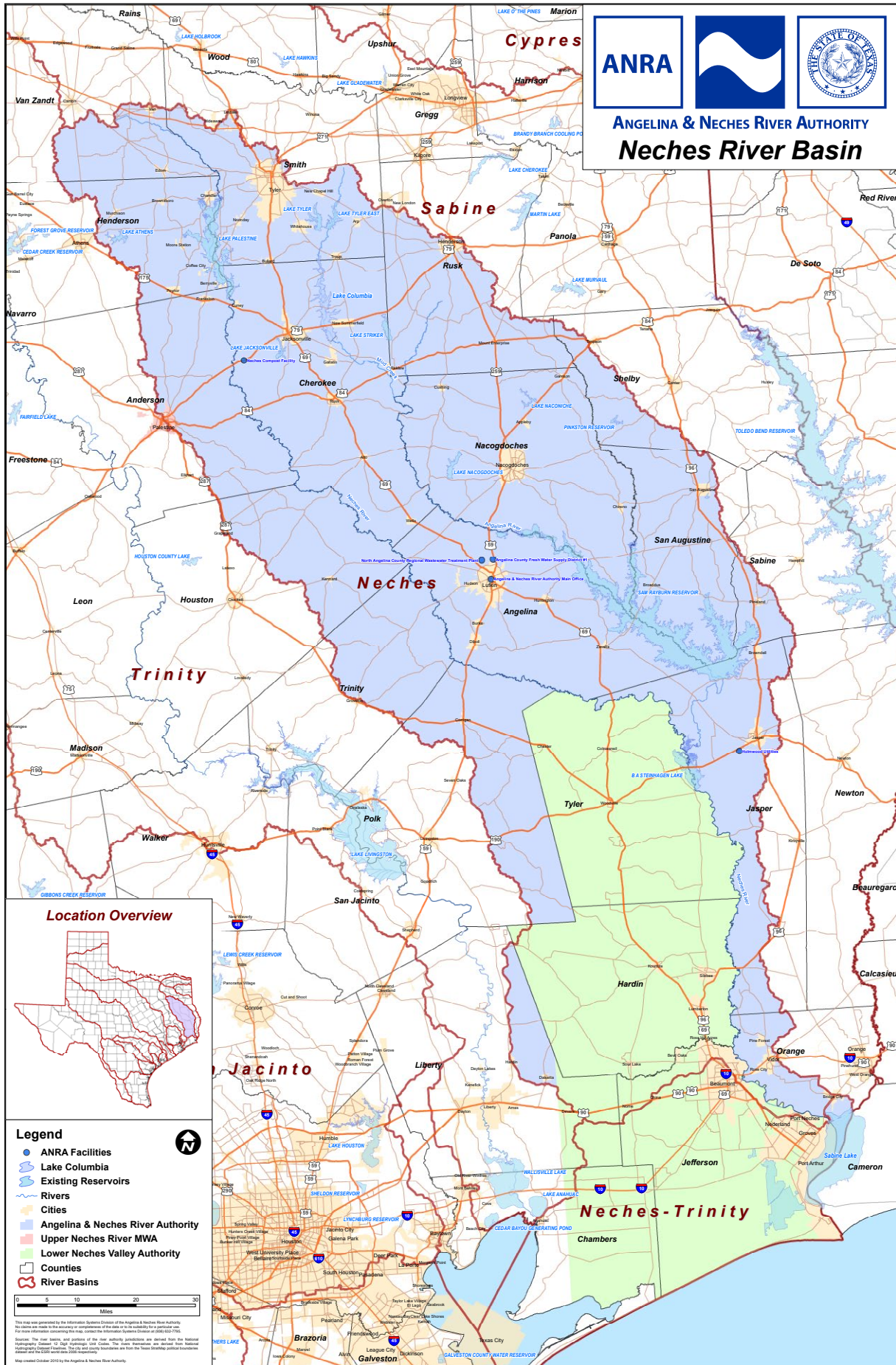
**ANGELINA & NECHES RIVER AUTHORITY**

# **Comprehensive Annual Financial Report**

**September 1, 2016 - August 31, 2017**

P.O. Box 387 • Lufkin, TX 75902  
936-632-7795 • 800-282-5634  
[www.anra.org](http://www.anra.org) • [info@anra.org](mailto:info@anra.org)





**ANGELINA & NECHES RIVER AUTHORITY**  
**Neches River Basin**

**Location Overview**



**Legend**

- ANRA Facilities
- Lake Columbia
- Existing Reservoirs
- Rivers
- Cities
- Angelina & Neches River Authority
- Upper Neches River MWA
- Lower Neches Valley Authority
- Counties
- River Basins

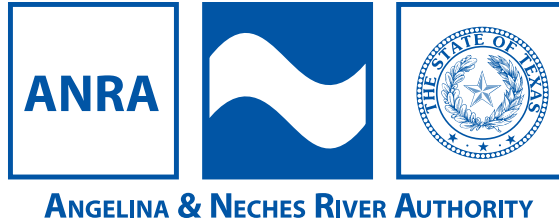
0 5 10 20 30  
Miles

This map was prepared by the Information Systems Division of the Angelina & Neches River Authority. No liability is made by the authority for consequences of the use of the information for other than the intended purpose. The data is provided as is without warranty. For more information, please contact the Information Systems Division at (409) 683-1100.

Source: The river basins and portions of the river authority jurisdictions are derived from the National Hydrography Dataset 1:250,000 Scale. The river basins are derived from National Hydrography Dataset Features. The city and county boundaries are from the Texas Statewide Political Boundaries Dataset and the 2010 and 2000 Census (2010 and 2000).

Map created October 2010 by the Angelina & Neches River Authority.





February 1, 2018

Members of the Board  
Angelina & Neches River Authority

Dear Board Members:

The Angelina & Neches River Authority (ANRA) is proud to present this Comprehensive Annual Final Report for Fiscal Year 2017, which covers the period from September 1, 2016 through August 31, 2017. The Executive Staff are committed to providing an accurate and detailed analysis of ANRA's financial position, its operations activities and special projects.

ANRA is required to complete an audit of financial records within one hundred twenty (120) days after the end of each fiscal year. The *Angelina & Neches River Authority Annual Financial Report for the Year Ended August 31, 2017* was prepared by Goff and Herrington, Certified Public Accountants, and approved by the Board of Directors at the December 12, 2017 regular Board Meeting. The approved audit report is located at the end of this Comprehensive Annual Financial Report.

This Comprehensive Annual Financial Report is being published to present the information in a way that provides our customers, participants, local/state/federal elected officials, Board of Directors, and the general public with a broad overview of the Authority's activities within the Neches Basin. This report is also designed to offer a means to measure the operating results of the Authority in comparison to its legislative mission and purpose. Each division within the Authority (Administration, Environmental, and Operations) is discussed, with highlights of each division's departmental activities presented.

Respectfully,

A handwritten signature in dark red ink, appearing to read 'Kelley Holcomb', is written over a faint map of Texas in the background.

Kelley Holcomb  
General Manager





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# INTRODUCTION

The Angelina & Neches River Authority (“The Authority” or ANRA) is a political subdivision of the state of Texas created by the state legislature under the authority of Article 16, Chapter 59 of the Texas state constitution. It is recognized as an independent governmental agency authorized to construct, maintain, and operate any and all works necessary for the purpose of controlling, storing, and preserving water resources in the 17 county jurisdiction in the Neches River Basin. The Authority formally developed and adopted a mission and purpose statement to help ensure its activities are consistent with its enabling legislation.

*“The Angelina & Neches River Authority shall conserve, store, control, preserve, use, and distribute the storm water, floodwater and the water of the rivers and streams of the state in the Neches River Basin for the benefit of the human environment and the natural environment.”*

The Authority receives no tax revenues from the state nor can it levy any taxes. Authority revenues are derived solely from services provided. It is authorized to issue facility bonds for the purpose of financing projects to be paid by and through customer contracts which obligate the customer to pay its share of the debt obligation. It is also authorized to issue conduit bonds for the purpose of financing eligible projects for entities, both public and private, within the Neches River Basin.

The Authority is governed by a nine member Board of Directors appointed by the Governor of Texas to six year terms. The Directors are residents of one of the counties within the Authority’s jurisdictional territory in the Neches River basin, with one third of the Board being appointed every two years. The Board

sets policy, provides oversight, and employs a General Manager.

The major functions of the Authority are water quality management, water resource development, and conservation of water resources. The Authority administers several water quality related environmental programs including the Upper Neches basin surface water quality monitoring programs, permit compliance monitoring programs, industrial pretreatment program, and a water/wastewater sample collection and testing program.

ANRA’s Central Office is located in Lufkin, Texas. The Authority’s territorial jurisdiction of 8,500 square miles lie wholly or in part of the following counties: Van Zandt, Smith, Henderson, Newton, Cherokee, Anderson, Rusk, Houston, Nacogdoches, San Augustine, Shelby, Angelina, Trinity, Sabine, Polk, Jasper, and Orange.

For financial purposes, ANRA’s activities are divided into two categories, governmental type activities and business type activities. Governmental activities provide oversight of ANRA’s activities and include General Administration, Clean Rivers Program, On-Site Sewage Facilities Program, Field Operations, and the Environmental Laboratory. Business like activities are where ANRA provides water, wastewater and composting services throughout the basin and include Angelina County Fresh Water Supply District No. 1, Holmwood Utilities, Neches Compost Facility, and North Angelina County Regional Wastewater Facility. Business type activities are proprietary with each activity considered an enterprise fund. Enterprise funds are restricted to that activity and as such, accounted for on an individual basis.



ANRA's jurisdictional service area includes all or a portion of the following counties:

Van Zandt  
Smith  
Henderson  
Newton  
Cherokee  
Anderson

Rusk  
Houston  
Nacogdoches  
San Augustine  
Shelby  
Angelina

Trinity  
Sabine  
Polk  
Jasper  
Orange

This area encompasses approximately 8,500 square miles.





# Mission Statement

*The Angelina & Neches River Authority shall conserve, store, control, preserve, use, and distribute the storm water, floodwater, and the water of the rivers and streams of the state in the Neches River Basin for the benefit of the human environment and the natural environment.*

## **Powers Relating To Flooding**

The Authority may:

1. prevent the devastation of land from recurrent overflows;
2. protect life and property in the authority from uncontrolled floodwater; and
3. encourage the conservation of soil to prevent destructive erosion and to prevent the increased flood menace related to that erosion.

## **Powers Relating To the Use of Water In General**

The Authority may:

1. through practical means, provide for the control and coordination of the regulation of the water of the Neches River and its tributaries;
2. by adequate organization and administration, provide for preserving the equitable rights of the people of different sections of the watershed area in the beneficial use of the water of the Neches River and its tributaries;
3. store, control, and conserve the water of the Neches River and its tributaries inside or outside the authority and prevent the escape of that water without the maximum of public service;
4. equitably distribute the water of the Neches River and its tributaries to meet the regional potential requirements for all uses, including domestic, manufacturing, and irrigation uses; and
5. use controlled and conserved floodwater and stormwater for any purpose that results in the performance of a useful service authorized by the constitution of this state.

## **Powers Relating To Domestic, Commercial, or Industrial Use of Water**

The Authority may:

1. conserve the water of the Neches River and its tributaries essential for the domestic uses of the people of the authority, including all necessary water supplies for cities and towns;
2. control the water of the Neches River and its tributaries and make the water available for use in the development of commercial and industrial enterprises in the entire watershed area of the authority; and
3. control, store, and use the water of the Neches River and its tributaries in the development and distribution of hydroelectric power, if that use is economically coordinated with other superior uses and subordinated to the uses declared by law to be superior.



# Purpose

*Acting under the broad authority of the Texas State Constitution and Chapter 8501, Special District and Local Laws Code, the Authority, as a conservation and reclamation district, has the same power of control and regulation over the waters of the Neches River and its tributaries that the state has, subject to the constitution and statutes of this state.*

## **Powers Relating To Use of Water for Irrigation**

The Authority may:

1. provide for the irrigation of all land in the authority or land outside the authority but inside the authority's watershed area where the irrigation is required for agricultural purposes or is considered helpful to more profitable agricultural production.

## **Powers Relating To Drainage of Water**

The Authority may:

1. provide for the better encouragement and development of drainage systems for, and provide for the drainage of, lands in the valleys of the Neches River and its tributaries as needed for profitable agricultural production; and
2. provide for drainage for other land in the watershed area of the authority as required for the most advantageous use of the land.

## **Powers Relating To the Acquisition or Operation of Works, Land or Other Property**

The Authority may:

1. purchase or construct any work necessary or convenient for the exercise of the authority's powers under this chapter and to accomplish the purposes of Chapter 8501 of the Special District Local Law Code;
2. purchase or otherwise acquire land or other property necessary or convenient for carrying out the purposes of Chapter 8501 of the Special District Local Law Code; and
3. provide works and plans, and the works provided under the power of the authority, shall regard primarily the necessary and potential needs for water by or within the area in the authority constituting the watershed of the Neches River and its tributaries.

## **Coordination and Joint Planning Undertakings Among Districts**

The Authority may:

1. coordinate its plans with other entities, such as a drainage, conservation, reclamation, or other district created by this state with powers provided in Section 59, Article XVI, Texas Constitution; and
2. enter into joint undertakings with other districts for the purposes for which the entities are created. The acts taken under Subsection (1) must be approved by a majority of the boards of directors of all the districts involved.



# Statutes Relevant to River Authority Operations

## Texas Constitution

Article 16  
Section 59

General Provisions  
Conservation and Development of Natural Resources and Parks and  
Recreational Facilities; Conservation and Reclamation Districts

## Special District Local Laws Code

Chapter 8501

Angelina & Neches River Authority

## Local Government Code

Chapter 245  
Chapter 395  
  
Chapter 501

Issuance of Local Permits  
Financing Capital Improvements Required by New Development in  
Municipalities, Counties and Certain Other Local Governments  
Provisions Governing Development Corporations

## Government Code

Chapter 551  
Chapter 552  
Chapter 2256

Open Meetings  
Public Information  
Public Funds Investment

## Texas Water Code

Chapter 7  
Chapter 11  
Chapter 12  
Chapter 26  
Chapter 30  
Chapter 49

Enforcement  
Water Rights  
Provisions Generally Applicable to Water Rights  
Water Quality Control  
Regional Waste Disposal  
Provisions Applicable to All Districts

## Natural Resources Code

Chapter 71

Lease for Mineral Development

## Texas Administrative Code

Title 30 Chapter 285

On-Site Sewage Facilities

## Texas Health & Safety Code

Chapter 341  
Chapter 366

Minimum Standards of Sanitation and Health Protection Measures  
On-Site Sewage Disposal Systems



# Goals and Objectives for Fiscal Year 2017

## Short Range Planning Goals Year One (2017)

### Administrative Development

1. Staff Development
  - Develop master plan to evaluate/address staffing needs
  - Develop comprehensive training program
  - Revise job descriptions, evaluation forms and other HR forms
  - Evaluate salaries and benefits package
2. Policy Revisions
  - Personnel Policy
  - Records Retention Policy
3. Perform Financial Modeling to maximize investment earnings
4. Complete conversion of paper files to electronic files

### Business Development

1. Market ANRA services to potential customers
  - Laboratory services
  - Surplus sludge disposal capacity for Neches Compost Facility
  - Basin wide stakeholder meetings and public education
2. Seek additional grant opportunities to address water quality impairments within the basin
3. Expand the OSSF program to include Cherokee County
4. Lake Columbia
  - Market State Participation capacity for Lake Columbia project
  - Secure USACE 404 permit for Lake Columbia

### Facilities Planning

1. Complete master plan for development of new central office & construction
2. Complete rate analysis for Holmwood Utilities
3. Neches Compost Facility
  - Production capability expansion planning
  - Construct fire suppression system
4. North Angelina County Regional Wastewater Facility
  - Collection system rehabilitation & corrosion prevention program
  - Collection system expansion to service the Rivercrest community

## Long Range Planning Goals Years Two - Five (FY 2018-2022)

1. Continue all tasks necessary for construction of Lake Columbia
2. Develop and operate regional water and wastewater facilities within the basin
3. Continue to expand the level of water quality testing within the basin
4. Develop a central regional sludge disposal transfer station
5. Develop regional offices to address expanded activities within the basin





ANRA CENTRAL OFFICE  
DOWNTOWN LUFKIN



# HISTORY

## of the Angelina & Neches River Authority

The Angelina and Neches River Authority (ANRA) was originally established in 1935 as the Sabine-Neches Conservation District (SNCD). In 1949, the Texas Legislature divided the District into the Sabine River Authority (SRA) of Texas and the Neches River Conservation District (NRCD). The NRCD was mostly inactive until 1971, when Governor Preston Smith appointed nine members to the Board of Directors. In 1977, the District's name was changed to the Angelina and Neches River Authority.

To accomplish the goals of the newly revived District, the Control Zone Rayburn program, the Environmental Laboratory and the Lake Eastex water supply project were developed to meet the demands of a growing basin. These programs sought to provide water quality monitoring, protection and development by licensing on-site septic systems around Sam Rayburn Reservoir, providing laboratory testing services for water and wastewater facilities throughout the basin, and by developing a reservoir as a new water supply for East Texas.

Currently, ANRA is comprised of five governmental type departments [General Administration (GA), Environmental Laboratory (LAB), Field Operations (FOPs), Clean Rivers Program (CRP) and the On-Site Sewage Facility (OSSF) Program] and five business type enterprises [Angelina County Fresh Water Supply District No. 1 (ACF), Holmwood Utilities (HMU), Lake Columbia (LC), North Angelina County Regional Wastewater Facility (NAC) and Neches Compost Facility (NCF)].

In FY 2017, ANRA's budget was approximately \$2.5 million. It employs 22 full time employees. ANRA's total payroll and payroll liabilities is \$1.1 million, of which approximately \$900,000 is direct salaries for employees. ANRA does not have taxing authority and derives 100% of its revenue from services provided during the normal course of its operations in fulfilling its legislative mandate.



ANRA LOGOS THROUGHOUT THE YEARS



# The Early Years

Struggling for Identity

## SIGNIFICANT MILESTONES in ANRA's History

1963

The last known board meeting of the NRCD was held on July 18, 1963.

1949

The Texas Legislature divided the SNCD into the Sabine River Authority (SRA) of Texas and the Neches River Conservation District (NRCD).

1935

The Angelina & Neches River Authority (ANRA) was originally established as the Sabine-Neches Conservation District (SNCD).



**Neches River Conservation District**  
Post Office Box 387      210 Lufkin Avenue  
**LUFKIN, TEXAS 75901**



# The 1970's

## The Formative Years

### 1971

The NRCD remained mostly inactive until 1971, when Governor Preston Smith appointed nine members to the Board of Directors. The NRCD was formed through joint efforts of the City of Lufkin officials and Lufkin Paper Mill.

### 1972

NRCD opened its Central Office on the 2nd floor of the old Lufkin City Hall building at 210 E. Lufkin Avenue and hired its first Executive Director.

### 1973

An agreement was reached between the NRCD, Lower Neches Valley Authority (LNVA) and the Texas Water Quality Board which stated that the NRCD would have planning responsibilities for the Middle and Upper Neches River Basin.

NRCD began the implementation of its Control Zone Rayburn Program for regulating and licensing on-site septic systems within a 2000-ft zone around Sam Rayburn Reservoir.

### 1974

NRCD began offering laboratory testing services for the analysis of drinking water and wastewater samples for regulated entities and the general public.

### 1977

NRCD was officially renamed the Angelina and Neches River Authority (ANRA).

ANRA began preliminary planning for the Lake Eastex project.





# The 1980's

## Growing as an Organization

### 1980

Through joint agreements with member cities, ANRA began implementation of the Industrial Pretreatment Program to monitor the discharge of pollutants to municipal wastewater treatment plants by industrial dischargers.

ANRA, in conjunction with the City of Lufkin, began implementation of the Lufkin Stream Monitoring Program.

### 1985

ANRA received its Water Rights Permit from the Texas Water Commission for Lake Eastex as a new water supply to meet municipal needs.

23370 VOL. 2 PAGE 143

PERMIT TO APPROPRIATE STATE WATER

APPLICATION NO. 4537 PERMIT NO. 4228 TYPE: §§11.085 & 11.121

Permittee : ANGELINA AND NECHES RIVER AUTHORITY Address : P. O. Box 387 Lufkin, Texas 75801  
 Filed : January 22, 1985

Granted : June 4, 1985 Counties : Cherokee and Smith

Watercourse: Mud Creek, tributary of Angelina River, tributary of Neches River Watershed: Neches River Basin

WHEREAS, the Texas Water Commission finds that jurisdiction of the application is established; and

WHEREAS, a public hearing has been held and Angelina and Neches River Authority and Texas Parks and Wildlife Department were named as parties; and

WHEREAS, by law the Executive Director and the Public Interest Advocate of the Department of Water Resources are parties; and

WHEREAS, no person appeared to protest the granting of this application; and

WHEREAS, the Commission has assessed the effects of issuance of this permit on the bays and estuaries of Texas; and

WHEREAS, the interwatershed transfer of 2,200 acre-feet per annum from the Neches River Basin to the Sabine River Basin will not prejudice any person or property situated within the Neches River Basin; and

WHEREAS, the issuance of this permit granting this application is not adverse to any party;

NOW, THEREFORE, this permit to appropriate and use State water is issued to Angelina and Neches River Authority, subject to the following terms and conditions:

1. IMPOUNDMENT

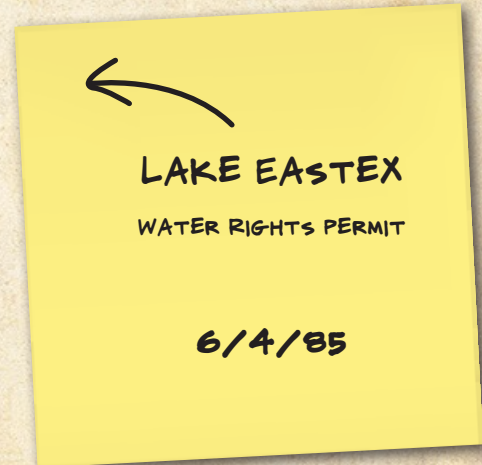
Permittee is authorized to construct, and before acquiring any right hereunder, except for the use provided herein in Item 2(d), shall construct a dam and reservoir on Mud Creek and impound therein not to exceed 195,500 acre-feet of water. Station 10+00 on the centerline of the dam is due north 147.73 feet from the southwest corner of the Charles L. Widgeon Survey, Abstract No. 938, Cherokee County, 9.5 miles north of Rusk, Texas. The dam is in the aforesaid Widgeon Survey and the A. C. Walters Survey, Abstract No. 882.

2. USE

(a) Permittee is authorized to divert and use not to exceed 85,507 acre-feet of water per annum from the reservoir of which 55,507 acre-feet per annum shall be for domestic and municipal purposes and 30,000 acre-feet per annum shall be for industrial purposes.

(b) Permittee is authorized to transfer 2200 acre-feet per annum of the aforesaid domestic and municipal appropriation to the Sabine River watershed for use therein.

Page 1 of 3



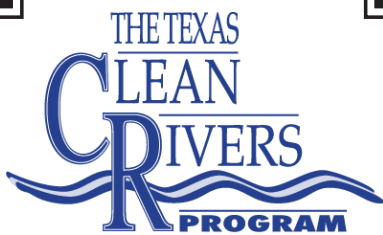


# The Early 1990's

Fulfilling Our Mission

## 1991

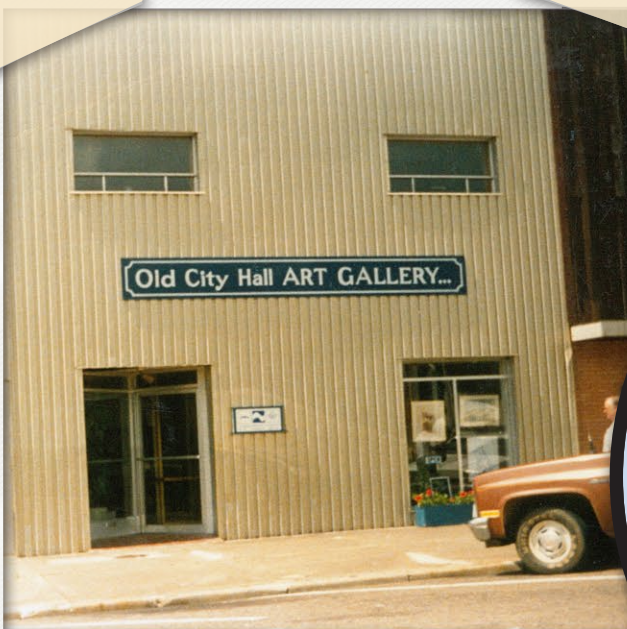
ANRA was designated as a Clean Rivers Program Partner under the newly created Clean Rivers Act. As a program partner, ANRA is responsible for the monitoring of water quality in the upper Neches Basin.



## 1992

ANRA solicited participants in a planning study to develop a regional compost facility.

ANRA began the implementation of a Poultry Litter Study. The study was a two year monitoring program designed to monitor non-point source pollution from the land application of poultry litter in the Attoyac watershed in Nacogdoches County.



ANRA CENTRAL OFFICE (UPSTAIRS ONLY)  
DOWNTOWN LUFKIN - 1989

## 1993

ANRA expanded its central office by moving its Environmental Laboratory into the 1st floor of the old City Hall building. Renovations and improvements to the entire building were approved by the City of Lufkin and funded in part through grants from TLL Temple Foundation and the Pineywoods Foundation. The expansion was driven by the increasing role provided by ANRA and its need for additional space to house a growing number of departments and programs.



# The Mid to Late 1990's

## Expanding Operations and Enterprises

### 1996

At the request of the City of Lufkin, ANRA entered into an Interlocal Agreement with the Angelina County Fresh Water Supply District No. 1 (ACF) for the management and operation of the District. ANRA and the City of Lufkin entered into a Wholesale Service Agreement for the provision of water and wastewater for the District. ANRA assumed operations and management of the system on June 1, 1996.



ACF CENTRAL OFFICE  
1996



HMU WELL #3 (AS PURCHASED, BEFORE UPGRADES)  
1996

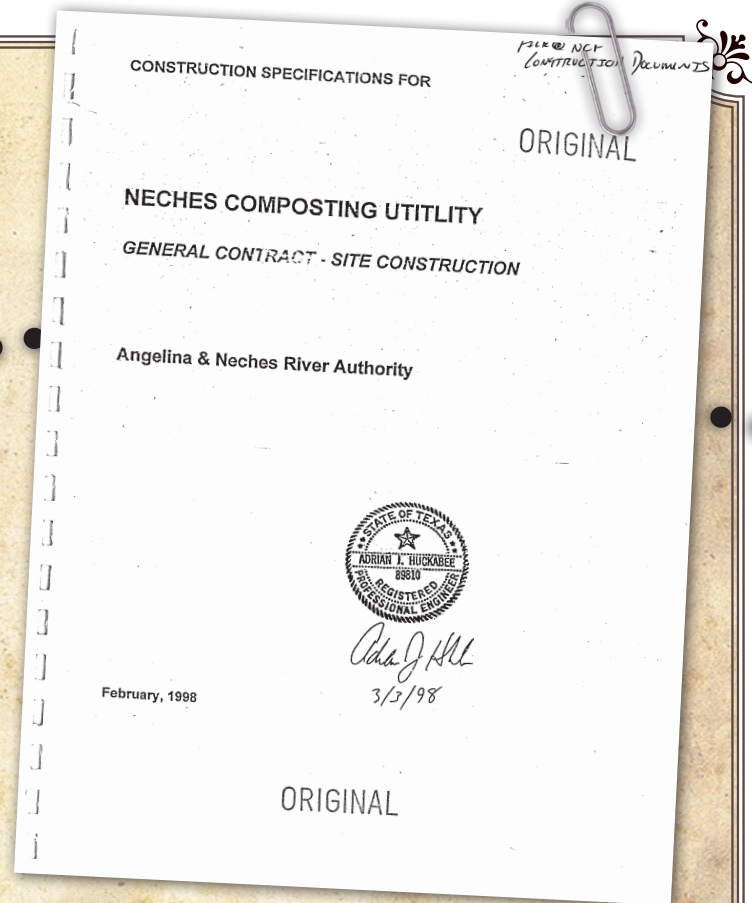
### 1996

ANRA completed the purchase of Holmwood Utilities (HMU) in October 1996. The utility is a retail public utility that provides retail water and wastewater services to a large subdivision located west of the City of Jasper.



1998

ANRA began construction of the Neches Compost Facility, a regional compost facility aimed at reducing non-point source pollution from the land application of biosolids and maximizing landfill capacity by diverting biosolids and wood waste from landfills.



NCF CONSTRUCTION CONTRACT, FEBRUARY 1998



ORIGINAL NCF ENTRANCE



ORIGINAL NCF PAD SITE



# The Early 2000's

## Planning on a Regional Level

**2000**

ANRA staff was appointed to the Region I Regional Water Planning Group. This involvement directly leads to Lake Eastex being designated as a Unique Reservoir Site.

**2003**

ANRA completed construction of its North Angelina County Regional Wastewater Facility. The facility combined the waste stream from three existing wastewater treatment facilities.

ANRA filed an application with the U.S. Army Corps of Engineers for a permit to construct a dam and impoundment on Mud Creek.

ANRA initiated a planning study to address wastewater concerns along U.S. Hwy. 69, north of the City of Lufkin.

**2003**

The Texas Legislature, under the authority of SB 1362, renamed Lake Eastex as Lake Columbia in memory of the Space Shuttle Columbia disaster. The bill also created statutory authority for ANRA to develop water quality regulations within the watershed for the reservoir.

**2002**

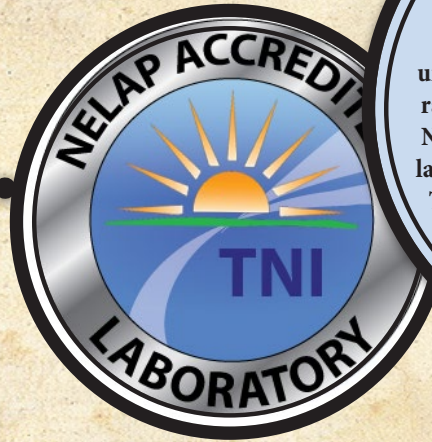
ANRA successfully negotiated wholesale wastewater contracts for the creation of the North Angelina County Regional Wastewater Facility. This facility is ANRA's first regional wastewater facility.





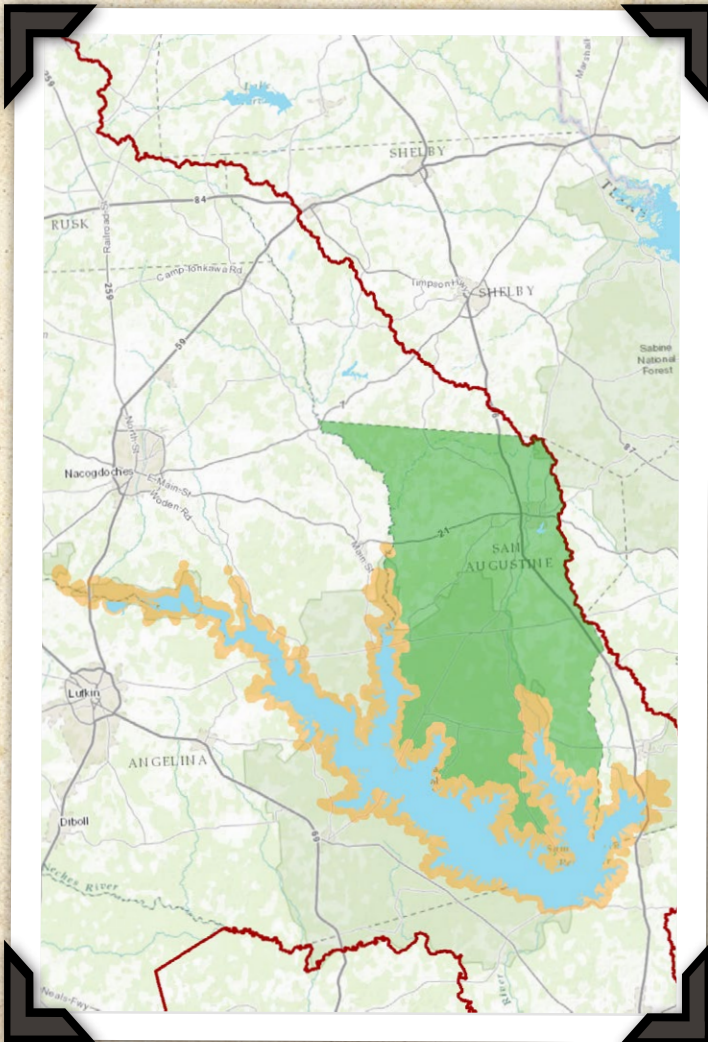
# The Mid to Late 2000's

## Growth of the Environmental Division



**2007**

ANRA's Environmental Laboratory applied for and received accreditation under the National Environmental Laboratory Accreditation Program (NELAP). NELAP accreditation is required for any laboratory submitting data to the State of Texas for regulatory purposes (permitting, water quality standards development, etc.).



ANRA was awarded a source water assessment grant to obtain more detailed water quality information for the Lake Columbia watershed.

**2009**

ANRA's Control Zone Rayburn On-Site Sewage Facility Program was expanded to include the portion of San Augustine County that lies within the Neches Basin.

CONTROL ZONE RAYBURN / ON-SITE SEWAGE FACILITY PROGRAM EXPANSION TO INCLUDE THE UNINCORPORATED PORTIONS OF SAN AUGUSTINE COUNTY  
2009



# The Early 2010's

## Modernization and Expansion of Environmental Programs



### Attoyac Bayou Watershed Protection Plan

Developed by the Attoyac Bayou Watershed Partnership  
July 2014

## 2013

ANRA was awarded a Clean Water Act Section 319 grant from the TCEQ to replace failing septic systems in the Attoyac Bayou watershed. This project implemented a portion of the Attoyac Bayou WPP, which identified failing septic systems as the leading potential source of bacterial contamination.

## 2012

ANRA began looking for property to purchase to house our new Central Office and Environmental Laboratory facility.

## 2010

ANRA participated in a Clean Water Act Section 319 grant to address bacterial impairments in the Attoyac Bayou watershed. This project, a collaboration between the Texas Water Resources Institute, Castilaw Environmental, ANRA, Stephen F. Austin State University, Texas A&M AgriLife, the Texas State Soil and Water Conservation Board, and others, resulted in the development of the Attoyac Bayou Watershed Protection Plan (WPP), published in July 2014.



ANGELINA & NECHES RIVER AUTHORITY



Lake Sam Rayburn On-Site Sewage Facility (OSSF)  
Program Support and Attoyac Bayou OSSF Remediation  
FINAL REPORT

Angelina & Neches River Authority  
P.O. Box 387 • Lufkin, TX 75902 • 800-282-5634 • www.anra.org

## 2010

The Draft Environmental Impact Statement (EIS) for Lake Columbia was published in the Federal Register.

CLEAN WATER ACT SECTION 319 GRANT FUNDING PROVIDED BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY (USEPA) THROUGH THE TEXAS STATE SOIL AND WATER CONSERVATION BOARD (TSSWCB) AND THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY (TCEQ).



# 2013

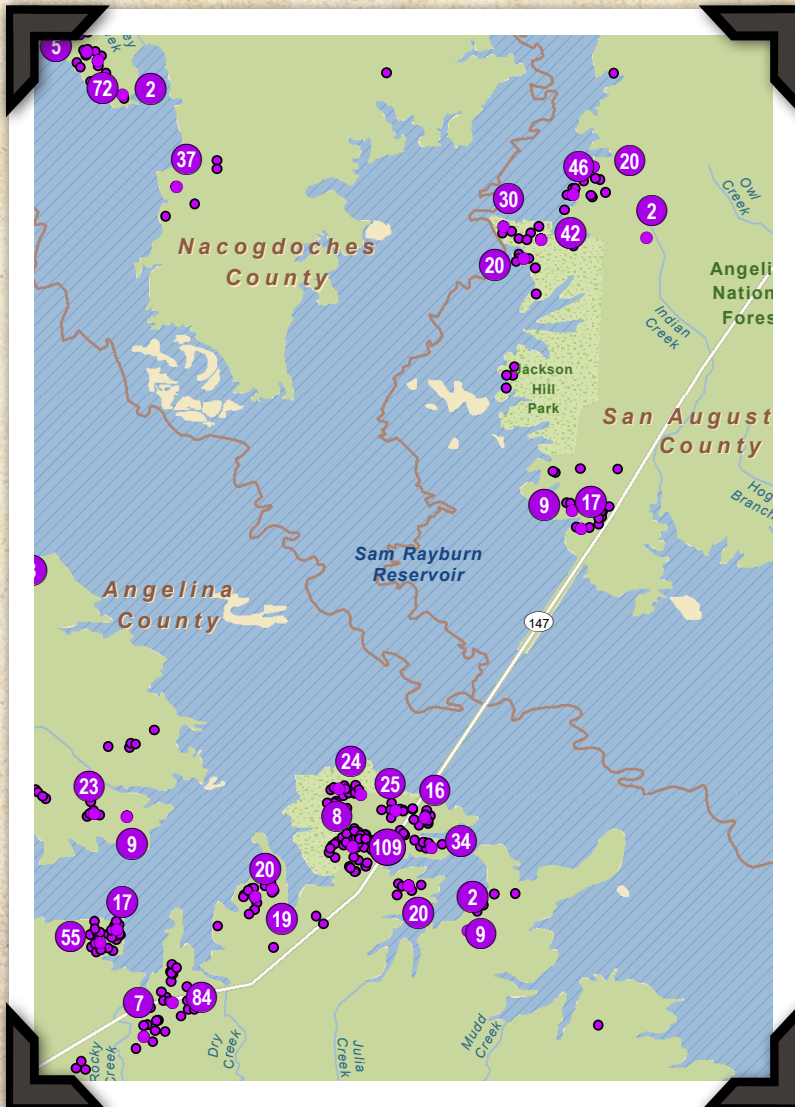
ANRA upgraded its information systems, including servers, data storage, and mapping capabilities. As part of this upgrade, ANRA developed a database and maps of on-site sewage facilities within the Sam Rayburn Control Zone, as well as digitally scanning and storing records for all permitted on-site systems.

# 2013

The Laboratory was able to use grant funds to purchase an Ion Chromatograph, greatly improving laboratory analytical capabilities.

# 2013

ANRA modified its agreement with the Angelina County FWSD No. 1, placing a requirement on ANRA to expand the collection system of its North Angelina County Regional Wastewater Facility by installing new sewer lines to provide first time sewer to the ACF's customers.



MAPPING OF PERMITTED ON-SITE SEWAGE FACILITIES IN THE SAM RAYBURN CONTROL ZONE



ION CHROMATOGRAPH, 2013



# The Mid 2010's

A New Home Finally In Sight

## Fiscal Year 2016

**Sept  
2015**

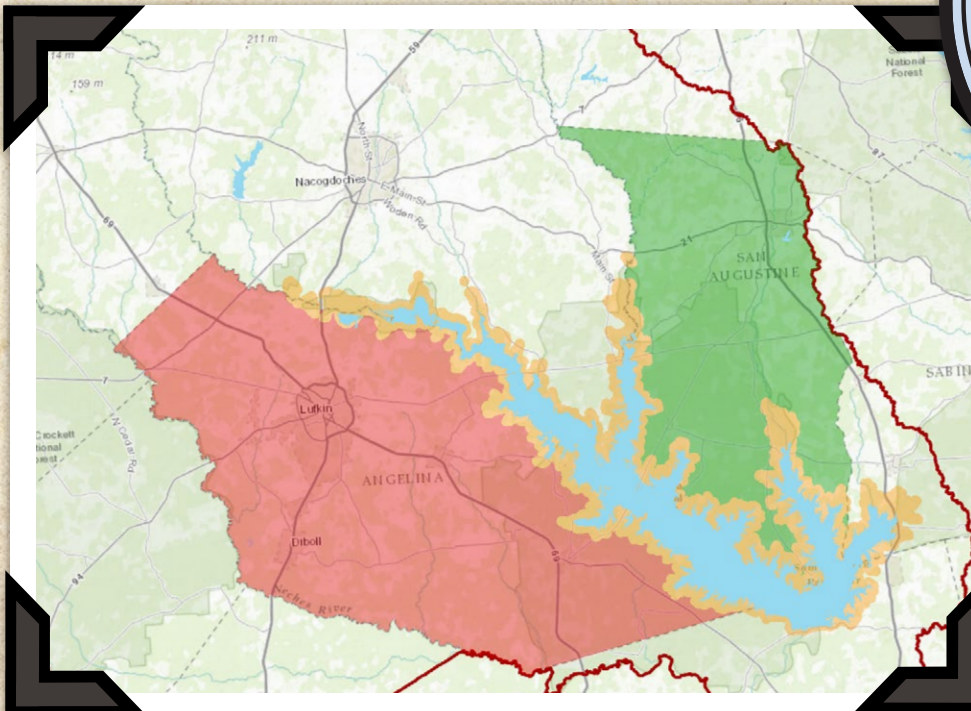
ANRA completed renovations of the downstairs customer service area. ANRA implemented a Point-Of-Sale system for water customers, laboratory customers, and OSSF customers.

**Oct  
2015**

ANRA once again expanded its On-Site Sewage Facility program by becoming the Authorized Agent for the permitting of OSSFs in Angelina County.

**Nov  
2015**

A manhole collapse in Idlewood Subdivision led to ANRA implementing a corrosion study and voluntarily entering into TCEQ's Sanitary Sewer Overflow Initiative (SSOI) Program.



ON-SITE SEWAGE FACILITY PROGRAM EXPANSION TO INCLUDE ANGELINA COUNTY, 2015



**Dec  
2015**

ANRA purchased property for future development of a new Central Office



PROPERTY FOR ANRA'S FUTURE CENTRAL OFFICE FACILITY  
2901 N. JOHN REDDITT DRIVE, LUFKIN, TX

**Jan  
2016**

ANRA closed on construction bonds for the NACRWF/ACFWS No. 1 sewer expansion project.

**May  
2016**

ANRA began solicitation of a Site Development Plan for the N. John Redditt Dr. property.

**Apr  
2016**

The U.S. Army Corps of Engineers (USACE) withdrew ANRA's Section 404 Permit Application for Lake Columbia. ANRA entered into an agreement with a consultant for assistance with efforts to reinstate the permit. On August 29, 2016, the USACE formally reinstated ANRA's Section 404 Permit Application for Lake Columbia. This reinstated the original priority date.



# Last Year's Activities

Continued Growth and Expansion

## Fiscal Year 2017

Nov  
2016

ANRA's Board of Directors approved an amendment to the engagement of Jansen & Gregorczyk for the performance of the FY 2016 Financial Audit in compliance with the Single Audit requirement. The Single Audit requirement was triggered due to ANRA exceeding \$750,000 in Federal funds expenditures for the NACRWF Expansion Project and Clean Water Act grant programs.

ANRA contracted with Freese & Nichols, Inc., for the development of a Preliminary Engineering Report relating to capital improvements for a new water well and fire suppression system at the Neches Compost Facility.

ANRA's Board of Directors awarded bids and approved contracts to Duplichain Contractors, Inc., for the NACRWF expansion project.

Dec  
2016

ANRA entered into agreement with Alexander, Lankford and Heirs, Inc., for bookkeeping and accounting services.

ANRA approved a change in Rate Calculation Units for Holmwood Utilities.

The buildings/structures on ANRA's 2901 N. John Redditt Drive property were declared surplus and scheduled for demolition. Architectural salvage was performed at the site.

ANRA contracted with Freese & Nichols, Inc. for the creation of a Site Development Plan for the development of the 2901 N. John Redditt Drive property.

Jan  
2017

ANRA and ACFWSD No. 1 officially kicked off the North Angelina County Regional Wastewater Facility expansion project to tie the Cedar Grove and Redland Estates communities to the NACRWF treatment plant. The kickoff event was front page news in the Lufkin Daily News, and was voted as one of the Top 10 News Stories of the Year by LDN staff.

Feb  
2017

ANRA petitioned the City of Lufkin for the voluntary annexation of the 2901 N. John Redditt Drive property.



**May  
2017**

ANRA's Board of Directors approved a resolution supporting the dissolution of Angelina County WCID #3 and its consolidation into the territory of Angelina County FWSD No. 1.

The Holmwood Utilities Rate Order was amended to change the customer billing cycle from a "30 days arrears" cycle to a "due upon receipt" cycle.

The Final Reports for the NAC Sanitary Sewer Overflow Initiative (SSOI) and the Corrosion Control Study were issued and approved.

The Site Development Plan for the 2901 N. John Redditt Drive property was approved by ANRA's Board of Directors.

**Aug  
2017**

ANRA's Board of Directors approved the engagement of Goff & Herrington for the performance of the FY 2017 Financial Audit.

ANRA's Board of Directors approved a rate increase for Holmwood Utilities. This was the first rate increase for Holmwood since 2009.

The Preliminary Engineering Report for the Neches Compost Facility Water Well and Fire Suppression System was approved.

ANRA entered into agreement with Alan Plumber Associates, Inc., for Phase II of the Collection System Condition Assessment and Corrosion Evaluation at NACRWF.

ANRA's Board of Directors adopted a resolution authorizing the issuance, sale, and delivery of ANRA Contract Revenue Bonds for the ACFWSD No. 1 project.

ANRA's Board of Directors adopted a resolution authorizing the issuance, sale, and delivery of ANRA General Improvement Revenue Bonds for the New Central Office Project.

ANRA entered into agreement with Freese & Nichols, Inc., for engineering and architectural services for Phase II of the New Central Office Project.



## New Central Office Site Development Plan

In December 2015, ANRA purchased 26.6 acres of land, located at 2901 N. John Redditt Drive in Lufkin, to help address ANRA's facility needs. A portion of this property will be the site of ANRA's future new Central Office and Environmental Laboratory facility.

In December 2016, ANRA contracted with Freese & Nichols, Inc. (FNI), for the creation of a Site Development Plan for the development of the property. The purpose of the plan is to guide ANRA's decisions regarding the property by providing a phased approach for developing the property in the most logical and cost-efficient manner. This property development includes the construction of a new central office and laboratory facility at the site, as well as recommendations for future replatting and subdivision of the remaining acreage.

In developing the Site Development Plan, FNI evaluated opportunities and constraints on the property. As part of their site analysis, FNI addressed site ingress and egress, developable areas, and future building sites.

An architectural rendering of ANRA's proposed new Central Office was included in the Site Development Plan. This rendering gave ANRA its first look at our future home.

The Site Development Plan was presented to, and approved by, ANRA's Board of Directors in May 2017. In August 2017, ANRA and FNI entered into agreement for engineering and architectural services for Phase II of the new Central Office project.

### Angelina & Neches River Authority Site Development Plan

LUFKIN, TEXAS





# ANRA in the News

ANRA's sewer expansion project was front page news in FY 2017. The story was named #10 Story of the Year as voted on by Lufkin Daily News staff.

**BUSINESSLINK: INSIDE TODAY'S HOME-DELIVERED PAPERS**

THE THURSDAY

# LUFKIN NEWS



JANUARY 5, 2017

LUFKINDAILYNEWS.COM

\$1.00



## WASTEWATER Officials kick off sewer project

By STEVE KNIGHT  
The Lufkin News

For those of us who live in a city, taking a shower, doing laundry or flushing the commode presents no problems.

For those living in the country with an aerobic septic system, some extra thought and care is involved.

But residents in the Cedar Grove and Redland Estates communities will soon see some improvement in their lives with a first-time sewer service.

Officials with the Angelina Fresh Water Supply District No.

Officials with the Angelina Fresh Water Supply District No. 1 and the Angelina and Neches River Authority, as well as other state and local officials, broke ground on Wednesday on a \$5 million project that will provide sewer service to about 105 connections in the district's service area. From left, ANRA board member Dale Morton, state Rep. Trent Ashby, ANRA board member Louis Bronaugh, Angelina County Judge Wes Suiter, ANRA board President Jody Anderson, Texas Water

Development Board member Kathleen Jackson, AFWSD board President Richard Jones, AFWSD Vice President Belinda Ross, AFWSD Secretary Treasurer Jennie Hageon, Angelina County Commissioner Kenneth Timmons and ANRA General Manager Kelley Holcomb. Standing on the piece of equipment, Jeremy Skinner with Duplichain Contractors.

STEVE KNIGHT/The Lufkin News

SEE SEWER, PAGE 5A

## Sewer

Continued from Page 1A  
1 and the Angelina and Neches River Authority, as well as other state and local officials, broke ground on Wednesday on a \$5 million project that will provide that service to about 105 connections in the district's service area. Kelley Holcomb, general manager of the Angelina and Neches River Authority, said the project also brings with it an opportunity for economic development.

"At some point in the game, we've had some challenges on the project," Holcomb said. "We thought that one of the challenges was (the Texas Department of Transportation's) expansion of U.S. Highway 59 and (Farm-to-Market Road 202). It

turns out that's the best thing that's happened, because the expansion project has opened up that area to traffic that probably could not have been handled. We hope that a year from now, we have this done, wrapped up, dirt smoothed out and the grass growing."

The project will include 55,000 feet of pipe and the construction of 10 lift stations, Holcomb said. Crews with the district's contractor, Alto-based Duplichain Contractors, began digging dirt and clearing trees and brush near the district's business office along FM 2251 late last month to commence the project.

Board members have been working since 2009 to bring

wastewater service to the area.

The water supply district's board was successful in securing funds from the Texas Water Development Board in 2014. The funds would cover 70 percent of the total cost of planning, development and construction, leaving 30 percent, about \$1.6 million, for the district and its customers to pay back.

The district used the 2012 annexation of the Redland Estates, along with its flawed wastewater system that was depositing raw sewage into the Angelina and Neches River, to secure the funding.

State Rep. Trent Ashby (R-Lufkin) said the project is a perfect example of how govern-

ment should work for its residents.

"We talk about the role of government, and to me, what we're seeing this morning is an example of government working for the people," Ashby said. "This is a prime example of the type of collaboration that we want to see as citizens of Texas and our local officials work with the state for the betterment of the people. When I think about the impact this project will have on the residents... this is a page-turner."

Richard Jones, board president of Angelina Fresh Water Supply District No. 1, said some residents in the community voiced their objections in

public meetings after officials proposed an increase in sewer rates in order to start repaying the loan. Others were opposed to paying the fee for a service that would not be available until lines were laid to their property.

"It hasn't been easy," Jones said. "We had some customer pushback, but at the end of the day, we're going to be able to provide a new service to a large area that's never had it."

Kathleen Jackson, who was appointed to the Texas Water Development Board by the governor, attended Wednesday's ground-breaking and presented a plaque to district board members to memorialize the project. "Theoretically, we know that

there's not one more molecule of water in the world today than when God created the Earth, so it's incumbent on all of us to make sure we are good stewards of that resource, and we treat it so it can be used again and again," Jackson said. "It's a real tribute to the leadership that's here in Lufkin to take on this type of project. It means so much, not only to the citizens of Lufkin, but to the state as a whole."

Construction will take about a year. Motorists are asked to observe caution along FM 2251 while construction is taking place.

Steve Knight's email address is [sknight@lufkindailynews.com](mailto:sknight@lufkindailynews.com).



# ORGANIZATIONAL STRUCTURE

## of the Angelina & Neches River Authority

### Governance and Structure

The Authority is governed by a nine member Board of Directors. Appointment to the Board of Directors is made by the Governor of Texas. Directors are appointed to six year terms, with generally one-third of the Board being appointed every two years. Directors are residents of the Neches River basin and serve until reappointed or replaced. The Board sets policy, provides oversight, and employs a General Manager to ensure compliance with state and federal law and Board approved policies and directives.

For organizational purposes, ANRA is divided into three divisions. These are:

- Administration Division
- Environmental Division
- Operations Division

The Administration Division includes Accounting, Information Systems, and General Administration. The Environmental Division includes the Clean Rivers Program, the On-Site Sewage Facility Program, and the Environmental Laboratory. The Operations Division includes Contract Operations, Holmwood Utilities, North Angelina County Regional Wastewater Facility,

and the Neches Compost Facility.

For financial purposes, ANRA's activities are divided into two categories, governmental activities and business type activities.

Governmental activities provide oversight of ANRA's activities and include:

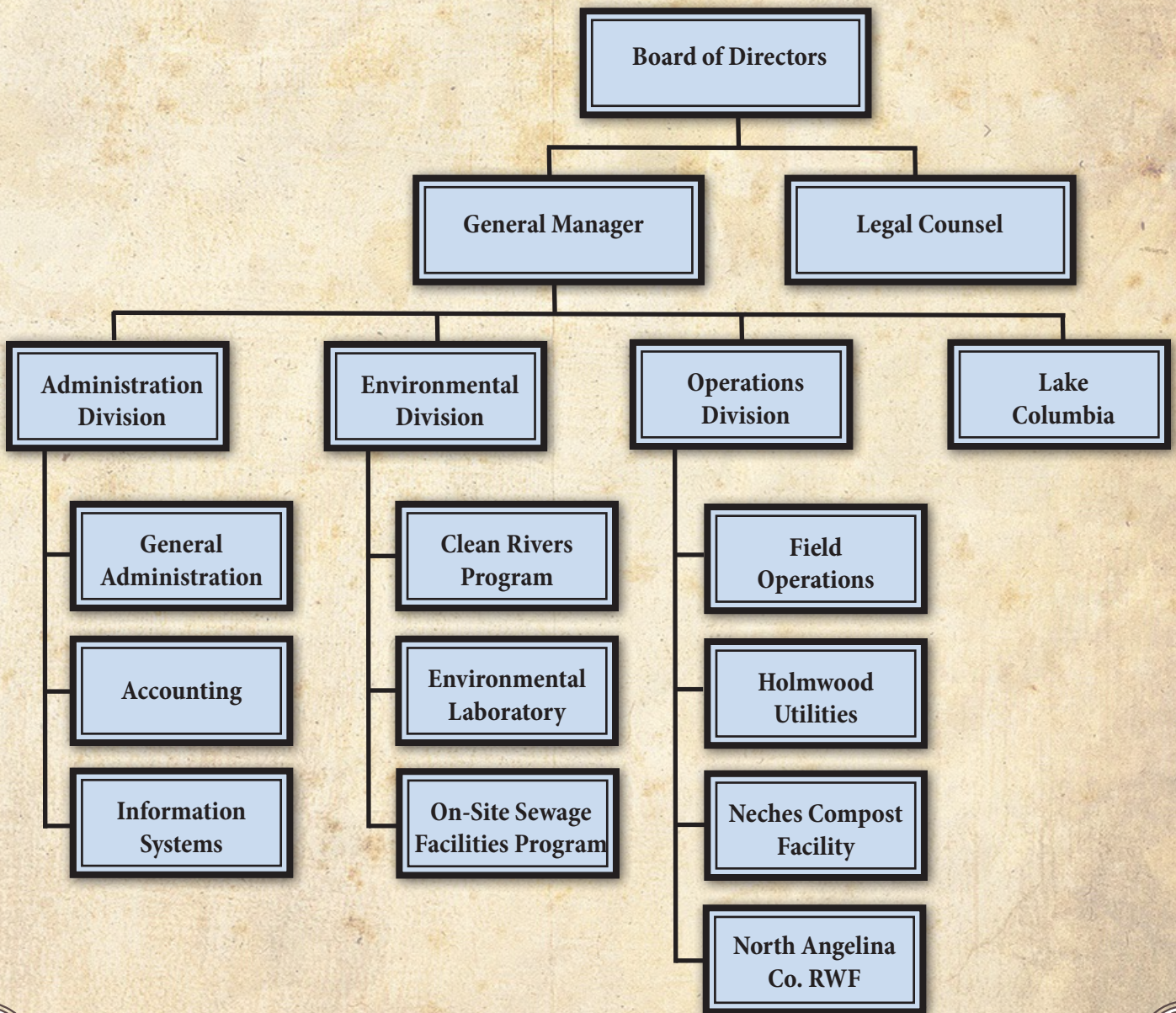
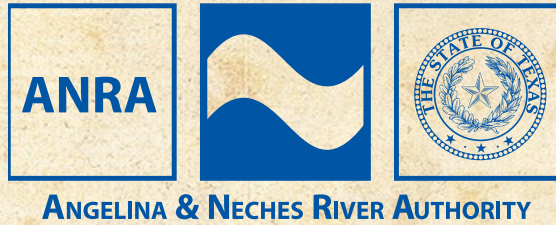
- General Administration
- Clean Rivers Program
- On-Site Sewage Facility Program
- Field Operations
- Environmental Laboratory

Business type activities are where ANRA provides water, wastewater and composting services throughout the basin. Business type activities are proprietary with each activity considered an enterprise fund. ANRA's business type activities include:

- Angelina Co. Fresh Water Supply District No. 1
- Holmwood Utilities
- Neches Compost Facility
- North Angelina Co. Regional Wastewater Facility.



# Organizational Chart by Department





## ANRA Board of Directors

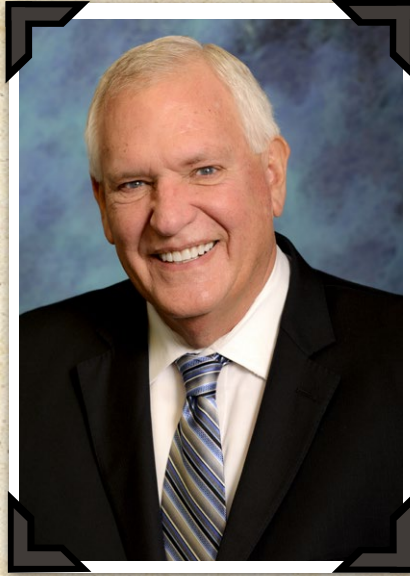


### President

Mr. Jody Anderson  
Angelina County - Lufkin

Mr. Anderson, of Lufkin, is the Co-Owner of Timberland Mobile Housing. Anderson served as the Executive Director of the Texas Manufactured Housing Association in Austin. He served the Association for almost 3 years before leaving that post. In 2014, Anderson was contacted by the Secretary of Housing and Urban Development (HUD) and asked to serve on the Manufactured Housing Consensus Committee (MHCC). The MHCC is a 21 member advisory committee for HUD that assists the agency in developing national policy decisions concerning the regulation of manufactured housing.

Mr. Anderson received a Bachelor of Science in Business from Stephen F. Austin State University.



### Vice-President

Mr. Thomas "Tom" Murphy  
Houston County - Crockett

Mr. Murphy, of Crockett, is retired from VHSC Cement. He is on the Board of Directors for Texas Concrete Pavement Association and Military Service Academies Board, District 8. He is also a member of the American Concrete Institute and the Associated General Contractors of America.

Mr. Murphy received his Bachelor of Science in Agriculture from Stephen F. Austin State University and has additional coursework in geology, meteorology and finance from the University of Houston and Wharton School of Business.



### Secretary/Treasurer

Mrs. Patricia "Pat" Dickey  
Houston County - Crockett

Mrs. Dickey, of Crockett, is the owner of Coldwell Banker, Pat Dickey Realty with offices in Crockett and Nacogdoches. Mrs. Dickey has been a realtor for over 30 years and is a real estate investor and a member of the Texas Association of Realtors. She is an active member of her church, All Saints Episcopal Church and works with the Piney Woods Fine Arts Association and the Boys and Girls Club of Crockett.

Mrs. Dickey is a graduate of Crozier Technical School.





**Secretary Pro Tem**

**Mr. John M. "Skip" Ogle  
Smith County - Tyler**

Mr. Ogle, of Tyler, is Director of Public Affairs for Suddenlink. He is a member of the Tyler Area Builders Association, The University of Texas Health Northeast Foundation Board and the East Texas State Fair Board of Directors. Additionally, he is area chairman for the Tyler Chamber of Commerce.

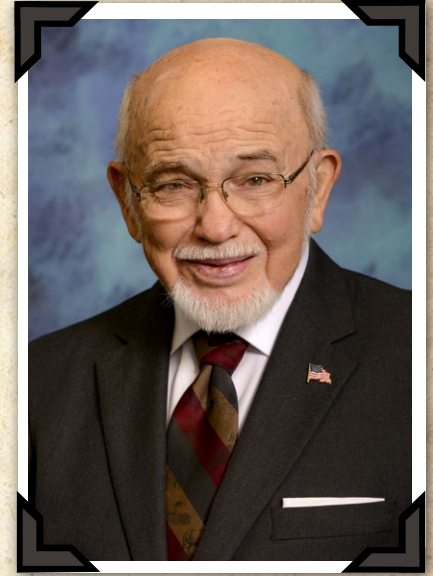
Mr. Ogle received a Bachelor of Science in Architecture and a Masters in City and Regional Planning from The University of Texas in Arlington.



**Director**

**Ms. Julie Dowell  
Smith County - Bullard**

Ms. Dowell, of Bullard, is retired from the U.S. Marshals Service where she served as a Special Deputy U.S. Marshal in the Northern District of Texas. Ms. Dowell is a former police officer and detective with the Colorado Springs Police Department. Ms. Dowell has served on the Board of Directors for the YMCA and coached softball, volleyball and soccer at Trinity Christian Academy. In addition, she has served on the Board of Directors of Emerald Bay Club, Inc., as well as numerous committees and associations.



**Director**

**Mr. Louis Bronaugh  
Angelina County - Lufkin**

Mr. Bronaugh, of Lufkin, is retired and is the former Mayor of the City of Lufkin. Bronaugh owned and operated Bronaugh Independent Opticians for over 30 years in Lufkin. He currently serves on the Board of Directors of Brazos Transit District. During the course of his career, he has held offices in the Texas Municipal League's Region 16, the Deep East Texas Council of Governments, the Texas Water Advisory Board, the Angelina County Airport Board, and the Boys and Girls Club Board.

Mr. Bronaugh served in the U.S. Navy during the Korean Conflict and graduated from Texas Tech University.





**Director**

**Mr. David King**  
Nacogdoches County - Nacogdoches

Mr. King, of Nacogdoches, is employed by Foretravel Motorcoach. Mr. King serves as a member of the Governor's EMS Star of Texas Award advisory committee and is a member of the Board of Directors for The Blood Center East Texas. Some of Mr. King's past civic service includes serving on the Board of Directors of the Nacogdoches County Chamber of Commerce, and as a member of the steering committee of the Nacogdoches County March of Dimes, among numerous others. Mr. King also served on the Nacogdoches County United Way Board, and is an honorary lifetime member Advisor of the Nacogdoches High School F.F.A.

Mr. King received a Bachelor of Science degree in Business and Economics from Stephen F. Austin State University.



**Director**

**Mrs. Francis G. Spruiell**  
Shelby County - Center

Mrs. Spruiell, of Center, is the Regional President for the Nacogdoches, Lufkin, Garrison and Timpson branches of Austin Bank Texas. She has been responsible for the Nacogdoches office since it opened in 2001, and has worked in the community banking industry for more than 30 years. She is a member of the Texas Bankers Association and the Nacogdoches Economic Development Executive Committee, President of the Rotary Club of Nacogdoches and a board member of Solid Foundation. She also served as a past Chairman for both the Nacogdoches County Chamber of Commerce and the Nacogdoches Medical Center Hospital Governing Board.

Mrs. Spruiell received an Associate of Applied Science from South Plains College, and is a graduate of the Texas Tech School of Banking and Southwestern Graduate School of Banking.



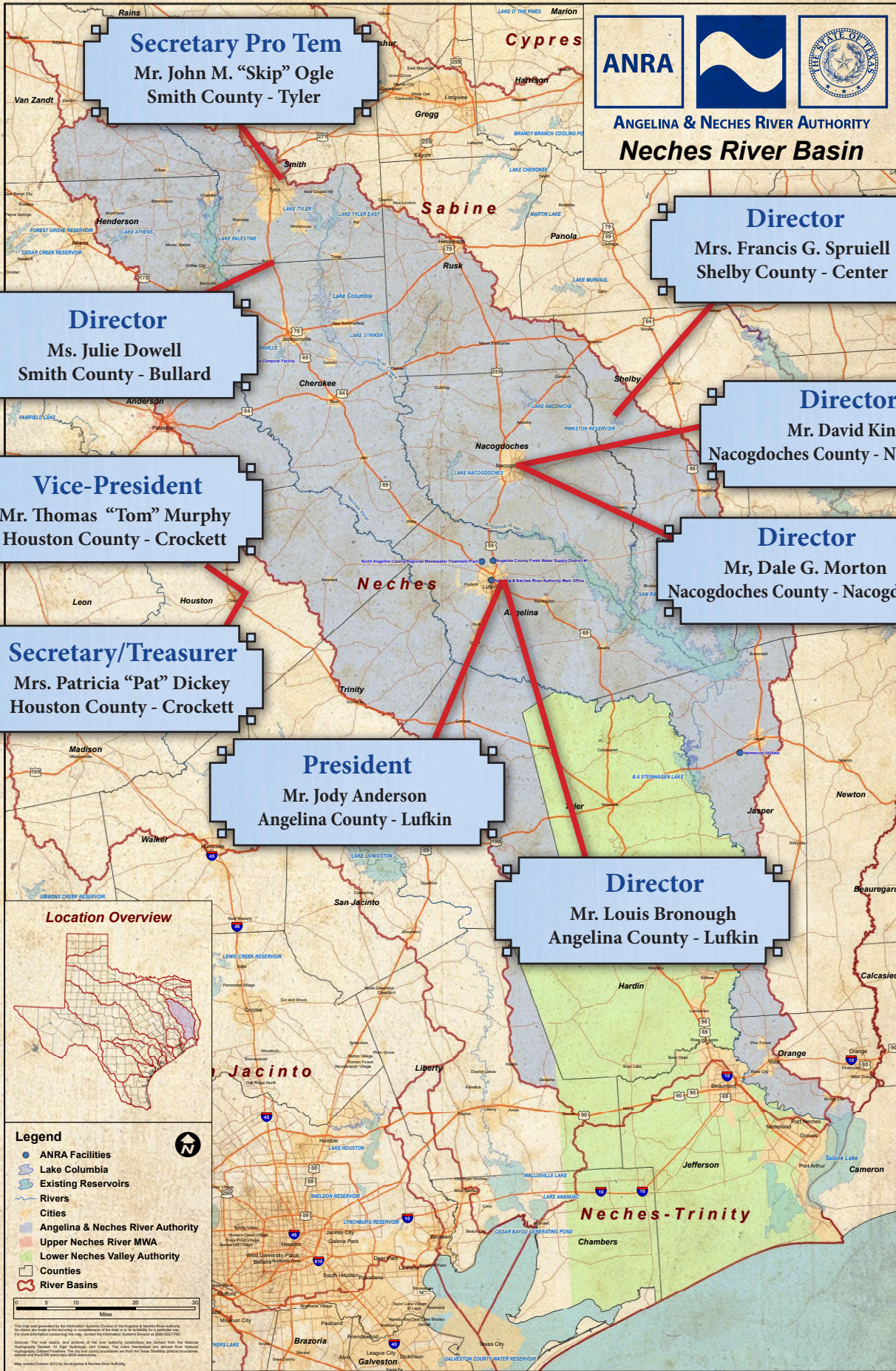
**Director**

**Mr. Dale G. Morton**  
Nacogdoches County - Nacogdoches

Mr. Morton, of Nacogdoches, is Pastor of New Life Christian Fellowship, and previously served as Superintendent of Wells Independent School District for 19 years. He is a member of the Texas Association of School Administrators and Global Network of Christian Ministries. Additionally, he is a past president of the Area IX Ag. Teachers Association.

Mr. Morton received a Bachelor of Science in agriculture and a Master of Education from Stephen F. Austin State University.





**Secretary Pro Tem**  
 Mr. John M. "Skip" Ogle  
 Smith County - Tyler

**ANRA**  
 ANGELINA & NECHES RIVER AUTHORITY  
**Neches River Basin**

**Director**  
 Mrs. Francis G. Spruiell  
 Shelby County - Center

**Director**  
 Ms. Julie Dowell  
 Smith County - Bullard

**Director**  
 Mr. David King  
 Nacogdoches County - Nacogdoches

**Vice-President**  
 Mr. Thomas "Tom" Murphy  
 Houston County - Crockett

**Director**  
 Mr. Dale G. Morton  
 Nacogdoches County - Nacogdoches

**Secretary/Treasurer**  
 Mrs. Patricia "Pat" Dickey  
 Houston County - Crockett

**President**  
 Mr. Jody Anderson  
 Angelina County - Lufkin

**Director**  
 Mr. Louis Bronough  
 Angelina County - Lufkin



**Legend**

- ANRA Facilities
- Lake Columbia
- Existing Reservoirs
- Rivers
- Cities
- Angelina & Neches River Authority
- Upper Neches River MWA
- Lower Neches Valley Authority
- Counties
- River Basins

0 10 20 30  
Miles

This map was prepared by the Information Systems Division of the Angelina & Neches River Authority. No liability is assumed for errors or omissions. It is intended for general information only. For more information concerning this map, contact the Information Systems Division at (409) 332-7700.  
 Source: The map depicts the general location of the river authority jurisdiction as derived from the National Hydrography Dataset and High Hydrologic Corridor Data. The water boundaries are derived from National Hydrography Dataset products. The county boundaries are from the Texas State Geographic Information System. Map created October 2013 by the Angelina & Neches River Authority.





## New Board Members Take Oath of Office

In November 2016, Governor Abbott appointed three new members to ANRA's Board of Directors to replace outgoing members whose terms had expired. Newly appointed to the Board were Mr. Dale G. Morton of Nacogdoches (replacing Mr. James E. "Jim" Hughes of Jasper), Mr. John M. "Skip" Ogle of Tyler (replacing Mr. Karl "Keith" Drewery of Nacogdoches), and Mrs. Francis G. Spruiell of Center (replacing Dominick Benedict "Nick" Bruno, II of Jacksonville).

ANRA welcomes Director Morton, Director Ogle, and Director Spruiell to the Board of Directors. ANRA would also like to thank former Directors Mr. Hughes, Mr. Drewery, and Mr. Bruno for their many years of dedicated service to ANRA and the citizens of the Neches River Basin.



SWEARING IN OF NEW BOARD MEMBERS  
DECEMBER 2016



## Fiscal Year 2017 Board of Directors Meetings

ANRA's Board of Directors meets quarterly, typically at ANRA's Central Office, located at 210 E. Lufkin Ave. in Lufkin, TX. The Board may have Called Meetings throughout the year to handle urgent matters that cannot wait until the next scheduled quarterly Board of Directors meeting. For Fiscal Year 2017, ANRA's Board of Directors met as follows:

Date	Time	Location	Meeting Type
November 14, 2016	2:00 PM	ANRA Central Office	Called
December 13, 2016	10:00 AM	ANRA Central Office	Regular
February 7, 2017	10:00 AM	ANRA Central Office	Regular
May 9, 2017	10:00 AM	ANRA Central Office	Regular
August 1, 2017	10:00 AM	ANRA Central Office	Regular

## Fiscal Year 2017 Committee Meetings

Committee	Meeting Dates
<b>Executive Committee</b> Jody Anderson, President Tom Murphy, Vice President Pat Dickey, Secretary-Treasurer Skip Ogle, Secretary Pro Tem	March 10, 2017
<b>Finance Committee</b> Francis Spruiell, Chair Jody Anderson David King	July 18, 2017
<b>Nominations Committee</b> Julie Dowell, Chair Tom Murphy Pat Dickey	Did not meet
<b>Lake Columbia Committee</b> Julie Dowell, Chair Jody Anderson Skip Ogle Francis Spruiell	January 26, 2017
<b>Facilities Committee (Interim Committee)</b> Dale Morton, Chair Pat Dickey Tom Murphy	September 12, 2016 January 19, 2017 April 13, 2017 July 17, 2017



## A Celebration of Dedicated Service

Ms. Julie Dowell was appointed to ANRA's Board of Directors for her first term on October 16, 2000 by then-Governor George W. Bush. She was reappointed to two additional terms by then-Governor Rick Perry. Ms. Dowell's third term ended on September 5, 2017, although she continues to present day to dutifully serve until a new appointment is made by Governor Abbott.

Ms. Dowell has dedicated her life to public service, and much of that dedication has been spent helping guide ANRA as it grows and expands. During her tenure on ANRA's Board of Directors, Ms. Dowell served as Secretary Pro Tem, Secretary-Treasurer, Vice President (2 terms), and President (2 terms). With nearly 17 years of service, Ms. Dowell is ANRA's longest serving Board Member.

On September 8, 2017, a small ceremony with family and friends was held in Tyler, TX to present Ms. Dowell with a framed certificate honoring her many years of dedicated service to ANRA.

Everyone at ANRA would like to whole-heartedly thank Ms. Dowell for her service, guidance, and dedication.



BOARD MEMBER JULIE DOWELL (LEFT) WITH ANRA GENERAL MANAGER KELLEY HOLCOMB (RIGHT)



MS. DOWELL'S MOTHER (LEFT) WAS PRESENT TO SHARE IN HER DAUGHTER'S AWARD FOR DEDICATED SERVICE





**ANGELINA & NECHES RIVER AUTHORITY**

**Appointments**

**1st Term**  
 Appointed by Governor George W. Bush      Term: October 16, 2000 to September 5, 2005

**2nd Term**  
 Re-Appointed by Governor Rick Perry      Term: September 5, 2005 to September 5, 2011

**3rd Term**  
 Re-Appointed by Governor Rick Perry      Term: April 12, 2012 to September 5, 2017

**Officer Terms**

**President (2 terms)**  
 February 14, 2006 to February 12, 2008 & August 4, 2009 to August 3, 2011

**Vice President (2 terms)**  
 February 8, 2005 to February 14, 2006 & May 5, 2009 to August 4, 2009

**Secretary-Treasurer**  
 February 3, 2004 to February 8, 2005

**Secretary Pro Tem**  
 February 4, 2003 to February 3, 2004

**Committees**

Finance Committee      Budget Committee      Lake Columbia Committee  
 Audit Committee      Nomination Committee (twice)

**Tenure**

Years	Months	Weeks	Days
16.9	208.8	881	6,168

**Board Meetings**

Regular	Called	Total	Unable to Attend
67	38	105	9

Motions Made	Seconds Made	Invocations Given
107	62	2

**Time Dedicated to Serving ANRA**

Meeting Hours	Miles Driven	Hours Driving
278.11	14,784	288

**Lake Columbia Special Meetings**

Lake Columbia Participant Meetings in Jacksonville (11)  
 Trips to Ft. Worth United States Army Corps of Engineers (4)  
 United States Army Corps of Engineers Scoping Hearings (2)  
 United States Army Corps of Engineers Draft Environmental Impact Statement Hearings (2)  
 Trips to Washington, D.C. (2)



# ANRA Executive Staff



## General Manager

**Mr. Kelley Holcomb**

Kelley Holcomb has served the Authority and its customers since 1991. Holcomb began his career in the Operations Division by providing technical assistance and operating water and wastewater systems throughout East Texas. Holcomb worked his way up the ranks to become the Authority's 7th General Manager. As the Authority's chief executive officer, Holcomb's duties include ensuring on-going compliance with the policies adopted by the Board of Directors and state and federal law. In addition, Holcomb provides leadership by establishing goals and objectives that are geared toward accomplishing the mission and purpose as outlined in the Authority's enabling statutes.

Mr. Holcomb is a native of East Texas and was born in the small town of Rusk in 1962. Having resided in Lufkin, Texas since 1968, he has dedicated his career to community service by serving on several local & state boards and advisory groups including:

- Region I, East Texas Regional Water Planning Group, Chairman
- Texas Forest Country Partnership, Past President
- Texas Water Conservation Association, Director
- Deep East Texas Self Insurance Fund, Executive Committee Member
- Pineywoods Groundwater Conservation District, Board Member
- Nacogdoches Economic Development Corporation, Member
- Environmental Flows Advisory Group, Sabine and Neches River Basin and Bay Area Stakeholders Committee, Member



## Administration Division Manager

**Mrs. Dyan Stanford**

Dyan Stanford joined Angelina & Neches River Authority in 2013 as its Office Manager and was promoted in 2016 to the Administration Division Manager position. Dyan oversees ANRA's state reporting, financial services, accounting functions, employee relations, support services, and customer relations.

As the Administration Division Manager, Mrs. Stanford has led a complete restructuring of the administrative and financial support activities for the River Authority. This includes leading the transition to electronic capture and storage of records.

Mrs. Stanford graduated from Stephen F. Austin State University with a Bachelor of Business Administration in Accounting and a Masters of Public Administration.

She and her husband Caleb have four children: Olivia, Claire, Blaine, and Dylan.





## Environmental Division Manager

**Mr. Brian Sims**

Brian Sims is the Environmental Division Manager for the Angelina and Neches River Authority. Mr. Sims began at ANRA in 2004 as the Laboratory Manager, and was promoted to Environmental Division Manager in 2008. As Environmental Division Manager, Mr. Sims manages the Environmental Laboratory, On-Site Sewage Facility Program, and the Clean Rivers Program, as well as state and federal grant-based projects pertaining to water quality and watershed protection.

Mr. Sims was born and raised in Louisiana, but he has strong family ties to Lufkin. His mother and maternal grandparents were born in Lufkin, and numerous members of his extended still reside here.

Mr. Sims has a Bachelor of Science degree in Biology from the University of Louisiana at Monroe and attended graduate school at the University of Texas Medical Branch in Galveston, TX. While in graduate school, Mr. Sims accepted a position as Laboratory Manager for The Aquarium at Moody Gardens in Galveston, and loved the experience so much that he rededicated his career to the field of water quality. Mr. Sims became involved with the TCEQ's Clean Rivers Program in 2001 while working for another agency, and is still involved with that program to this day as ANRA's Clean Rivers Program Project Manager.

Mr. Sims is a Board Member of Pineywoods Resource Conservation & Development.



## Operations Division Manager

**Mr. Chris Key, P.E.**

Christopher "Chris" Key, P.E. serves as the Operations Division Manager for the Angelina & Neches River Authority. Mr. Key began this position in February 2016.

Mr. Key oversees and manages all facility operations including the North Angelina County Regional Wastewater Facility, water and sewer utilities for both Holmwood Utilities and Angelina County Fresh Water Supply District No. 1, and the Neches Compost Facility. Mr. Key also plans and implements all aspects of capital improvement projects for all ANRA owned and/or operated facilities.

Prior to joining ANRA, Mr. Key attended Texas A&M University in College Station where he graduated with a Bachelor of Science degree in Civil Engineering. Mr. Key's prior experience included working as a consulting project engineer on a variety of municipal projects, coordinating design efforts on projects consisting of roadway reconstruction, water distribution and storage, sanitary sewer collection, and site plans. Additionally, Mr. Key worked within the steel industry as a sales representative for a metal building manufacturer and a design engineer for a steel joist manufacturer.





NECHES RIVER AT US 69





# ADMINISTRATION DIVISION



**General Administration**



**Accounting, Investments, and Financial Management**



**Customer Relations, Compliance Support, and Regulatory Reporting**



**Information Technology**



# General Administration

General Administration (GA) is the central department that houses ANRA's administrative personnel, which includes the General Manager, Administration Division Manager, Accounting, and other administrative staff members.

In January 2016, General Administration underwent a major restructuring. This restructuring moved General Administration, Accounting, and Information Technology under the newly created Administration Division. Dyan Stanford, the Office Manager at the time, was promoted to Administration Division Manager to oversee the activities of those departments.

In December 2016, ANRA entered into agreement with Alexander, Lankford and Heirs, Inc., for bookkeeping and accounting services.

## Board of Director Meetings

One of the major functions of GA is to schedule meetings of the Board of Directors, including posting public notices and agendas, creation and distribution of Board packets, recording of meeting minutes, and the retention of records. Because ANRA operates Angelina County Freshwater Supply District No. 1 (ACF), ANRA GA personnel also perform these same functions for ACF. ANRA also coordinates the general election for directors of ACF.

## Personnel and Benefits

All aspects of Human Resources are coordinated through General Administration. ANRA had 22 employees in FY 2017, which includes personnel at both ANRA's Central Office in Lufkin and the Neches Compost Facility in Jacksonville.

Benefits offered to employees by ANRA include health insurance, Life and Accidental Death & Dismemberment insurance, and dental, vision, accident, and cancer insurance policies.

As part of ANRA's retirement program, ANRA contributes 3% of each employee's salary after one year of service. ANRA also sponsors a 457 Deferred Compensation program for employees.

## Records Management

ANRA Administrative personnel are responsible for maintaining all of the records and documents for each fiscal year for all ANRA departments and enterprises as well as historical archives. GA also maintains employee personnel records, vehicle and equipment documentation, contracts, and Board Meeting records. In recent years, there has been a push to convert to electronic storage of all records. GA personnel scan all documents for storage on ANRA's servers. Important documents for employees (such as the personnel policy, time sheets, leave request forms, etc.) are maintained and available to employees through ANRA's Intranet portal.





# Accounting, Investments, and Financial Management

## Accounts Payable

All invoices received by ANRA are reviewed and approved by the Division Manager and the General Manager. When checks are processed for payment, they must be signed by two authorized signers.

## Accounts Receivable

ANRA does not receive tax revenues and does not receive an appropriation from the state. All of ANRA's revenues are derived solely from services it provides. ANRA customers are billed at the beginning of each month for the prior month of service. ANRA bills for laboratory services and utility service (water and sewer). Fees for On-Site Sewage Facility permits are due at the time of application. Per contract, North Angelina County Regional Wastewater Facility and Neches Compost Facility participants are billed for the current month of service. For contract programs such as the Clean Rivers Program, reimbursement requests are submitted quarterly for payment.

## Payroll

ANRA's payroll is direct deposited on a biweekly schedule, with 26 pay periods per year.

## Bond Covenant Compliance

ANRA's Accounting department ensures that proper fund balances are maintained as required under each bond covenant. Deposits are made into dedicated Interest & Sinking accounts on a monthly basis. Principal and Interest payments are made to each respective bond holder on an annual and semi-annual basis per bond requirements.

## Utility Billing

ANRA performs residential utility billing for Holmwood Utilities (HMU) and Angelina County Freshwa-

ter Supply District No. 1. (ACF). Each month, ANRA bills more than 400 customers for retail water and/or sewer service.

In FY 2017, ANRA implemented Regions Bank's Biller Xchange program, an internet-based customer payment portal. Biller Xchange provides ANRA's customers with greater flexibility in payment options and allow customers to save payment information, review payment history, and establish recurring payments.

In FY 2017, ANRA also finished implementing new utility billing software. The new utility billing software offers great improvements over the previous program, including the ability to digitally record water meter readings in the field for increased efficiency and accuracy. The software is also easier to utilize, provides an excellent customer service history, and allows for added notifications to customers at decreased costs for the utility.

## Budget

In April/May of each year, ANRA begins the process of budget preparation for the next fiscal year. Over the past several years, steps have been put in place to streamline and centralize the budget process.

## Financial Audit

ANRA's fiscal year runs from September 1<sup>st</sup> to August 31<sup>st</sup> of each year. ANRA has a financial audit performed each year by an independent firm. For FY 2017, a Single Source audit was also performed, as ANRA exceeded the threshold for federal funds received during a fiscal year. ANRA's Board of Directors approved the engagement of Goff & Herrington for the performance of the FY 2017 Financial Audit.

Per bond requirements, ANRA's audit is required to be completed within 120 calendar days following the fiscal year end. ANRA's financial audit is presented in this report.



## Customer Relations, Compliance Support, and Regulatory Reporting

Other major functions of the Administration Division relate to customer interactions. This includes receipt of laboratory samples, laboratory report generation, handling of customer inquiries, customer complaints, and processing of payments (laboratory testing, water/sewer bills, and on-site sewage facility permits).

### Data Entry

For the Environmental Laboratory, administrative staff receive water and wastewater samples, enter data for those samples into the Laboratory Information Management System (LIMS), and generate laboratory analysis reports. All laboratory records are scanned and stored on ANRA's servers for ease of retrieval. Administrative staff also electronically submit a record of all drinking water analyses to TCEQ on monthly basis.

For the On-Site Sewage Facilities Program, administrative staff receive and process permit applications for new systems or system transfers, enter property and homeowner information into ANRA's OSSF Database, generate licenses for approval by a Designated Representative, and track maintenance reports. All permit files, including applications, designs, licenses, etc., are stored electronically on ANRA's servers and linked to ANRA's OSSF Database for ease of retrieval. A monthly report of applications is submitted to TCEQ.

For the Clean Rivers Program, administrative personnel enter data from Surface Water Quality Monitoring Field Sheets into the CRP Database. This data, along with the results of laboratory analyses, is then submitted to TCEQ several times per year for inclusion in their water quality database. This data is used by the state for developing water quality standards, wastewater permitting, and water quality assessments.

For the Field Operations Division, operations checklists for ACE, HMU, NACRWF, and Contract Operations are entered into various computer systems. This

data is used to prepare operational reports, regulatory compliance reports, and invoices.

### Self Reporting

For ANRA's North Angelina County Regional Wastewater Facility, administrative staff prepare Monthly Operator Reports, Monthly Discharge Monitoring Reports, and Annual Sludge Discharge Reports. This data is reported to TCEQ for regulatory compliance purposes. Monthly, Annual, and Point-Of-Entry (if applicable) reports are also prepared for participants in the facility.

For wastewater treatment plants operated by contract, Process Control Reports and Operator Reports are generated weekly. The customer utilizes those reports in preparing their own Discharge Monitoring Report for submittal to TCEQ.

For Angelina County Freshwater Supply District No. 1, a Monthly Water and Wastewater Report and a Quarterly Disinfectant Report is prepared and submitted to TCEQ.

For Holmwood Utilities, a Monthly Water Report and a Quarterly Disinfectant Report is prepared. A report is also prepared quarterly for the Southeast Texas Groundwater Conservation District.

For the Neches Compost Facility, weekly trucking manifest documents are provided to participants. Monthly and Annual Sludge Disposal Reports are prepared for both participants and non-participants. On an annual basis, the facility submits to TCEQ a Benchmark Monitoring Yearly Report (as part of the NCF's Stormwater Pollution Prevention Plan), and an Annual Summary Report of Sludge Transported.



# Information Technology

Information Technology (IT) improves the day-to-day operations of the River Authority and enables things that would have been difficult or impossible only a few years ago.

Data is stored in databases and on file servers rather than on paper to improve the searchability of the data, as well as enabling data mining and trend analysis.

Storing data electronically also allows backups, revision tracking, and options for disaster recovery that are not easily accomplished with paper copies.

The IT department works to automate routine and mundane tasks that can be done without human intervention so that our staff can devote their time to more important tasks that need a human touch or intuition.

ANRA is actively working towards paperless for maps, work orders, daily checklists, etc. This allows improved access to data, easier collaboration, reduced manual data entry, instant quality control, reduction of labor, and reduction of waste.

Information Technology supports virtually every aspect of ANRA's day-to-day operations. The IT department works to make sure that ANRA's information is secure and accessible in useful formats to ANRA staff and the public. This involves making sure that servers, networks, computers, printers, scanners, copiers, phones, and mobile devices are all up to date, and working optimally, and that automated processes are in place where appropriate.

On any given day, the River Authority has over 30 computers in use, as well as 4 physical servers with a combined storage availability of 27.2 Terabytes, 10 virtual servers, 2 copier/scanners, 16 desktop printers, 1 scanner, 20 pieces of networking gear, 13 uninterruptible power supplies, and 8 mobile devices. We have 10+ databases, and 15+ software applications in daily use.

Several software applications, such as our Point-Of-Sale system and our OSSF Database, were developed in-house by ANRA's IT personnel.

ANRA works diligently to keep up with best practices for security, backups and staff education.

In FY 2018, Information Technology will be transferring to the Environmental Division. This organizational change is being made due to the data needs of ANRA, and the need to better integrate and distribute that data amongst departments for the most efficient operations of ANRA's many enterprises.



ANRA'S INFORMATION TECHNOLOGY SERVERS





LA NANA CREEK AT LOOP 224N IN NACOGDOCHES





# ENVIRONMENTAL DIVISION



**Clean Rivers Program**



**Environmental Laboratory**



**On-Site Sewage Facilities Program**



# Clean Rivers Program

## About the Clean Rivers Program

The Texas Clean Rivers Act, enacted in 1991 by the Texas legislature, requires that each Texas River Basin conduct ongoing water quality assessments, integrating water quality issues using a watershed management approach. The Clean Rivers Program (CRP) implements the Clean Rivers Act through water quality monitoring, assessment, and public outreach. Currently, monitoring in the state of Texas includes over 1800 sites and regional water quality assessments within the 23 major river and coastal basins and their sub-watersheds.

The mission of the CRP is to maintain and improve the quality of water within each river basin in Texas through an ongoing partnership involving the Texas Commission on Environmental Quality (TCEQ), river authorities, other agencies, regional entities, local governments, industry, and citizens. The program's watershed management approach is designed to identify and evaluate water quality issues, establish priorities for corrective action, work to implement those actions, and adapt to changing priorities.

As a department within ANRA's Environmental Division, the Clean Rivers Program staff conduct water quality monitoring activities within the basin. The staff also evaluates water quality data and prepares assessment reports related to the water quality in the Neches Basin. ANRA actively coordinates with other entities within the basin to ensure that monitoring activities are spatially represented throughout the basin and that important water quality concerns are addressed.

In FY 2017, ANRA conducted routine water quality monitoring at 40 monitoring stations on a quarterly basis. All data collected by ANRA was reported to TCEQ for use in water quality assessments, wastewater permitting decisions, and development of water quality standards and nutrient criteria.



COLLECTING SAMPLES AT ANGELINA RIVER AT SH 21

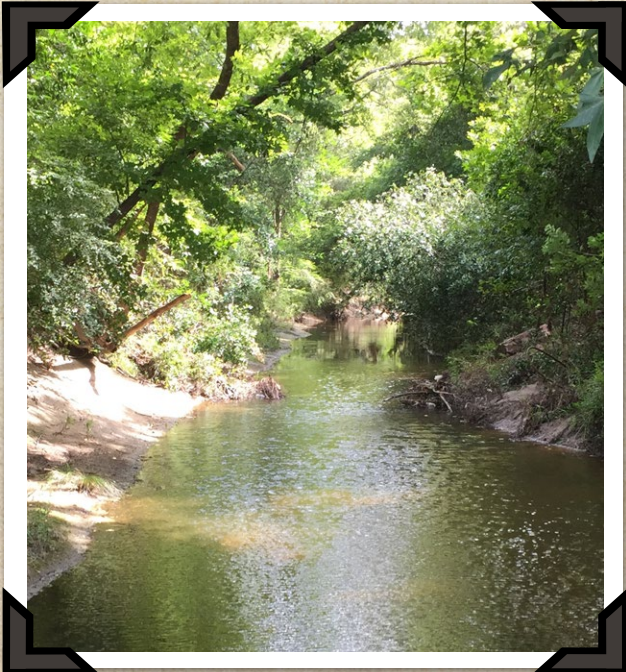


CALIBRATION OF THE MULTIPROBE SONDE





ANGELINA RIVER AT SH 204



HURRICANE CREEK



ATTOYAC BAYOU

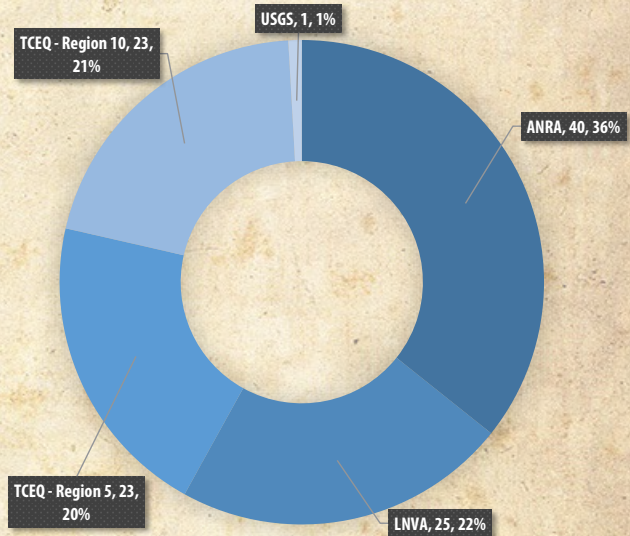


## Water Quality Monitoring

As part of the Clean Rivers Program, ANRA performs routine water quality monitoring at 40 monitoring stations per quarter. Routine water quality monitoring includes analysis of field parameters, conventional parameters, and bacteria.

Parameters for Routine Quarterly Monitoring
<b>Field Parameters</b>
Dissolved Oxygen
Days Since Last Significant Rainfall
Flow Severity
Instantaneous Stream Flow
pH
Present Weather
Secchi Transparency
Specific Conductance
Total Water Depth
Water Temperature
<b>Conventional Parameters</b>
Ammonia-N
Chloride
Chlorophyll- <i>a</i>
Nitrate-N
Nitrite-N
Pheophytin- <i>a</i>
Sulfate
Total Phosphorus
Total Suspended Solids (TSS)
<b>Bacteriological Parameters</b>
<i>E. coli</i>

Routine Monitoring Stations in the Neches Basin



### ANRA performs monitoring on 4 classified segments:

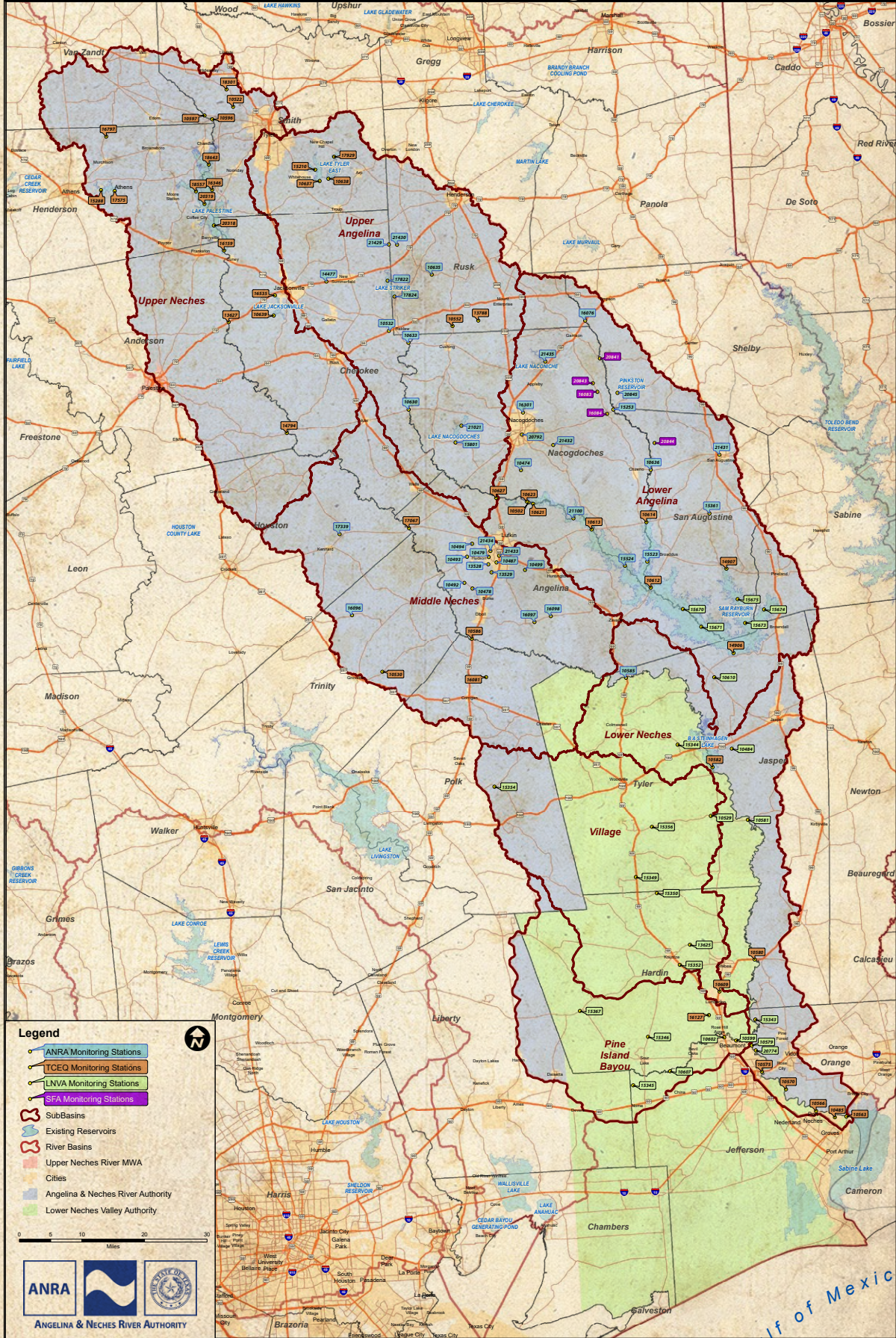
- Neches River Below Lake Palestine
- Sam Rayburn Reservoir
- Angelina River Above Sam Rayburn Reservoir
- Attoyac Bayou

### ANRA also monitors water quality on 17 unclassified waterbodies, including:

- Cedar Creek, Hurricane Creek, Jack Creek, Piney Creek, Biloxi Creek, Buck Creek, Lake Ratcliff, Ayish Bayou, Bayou Carrizo, La Nana Bayou, Mud Creek, Lake Nacogdoches, Lake Striker, Bowles Creek, Johnson Creek, West Creek, and Lake Naconiche



# Neches River Basin Monitoring Sites FY 2017





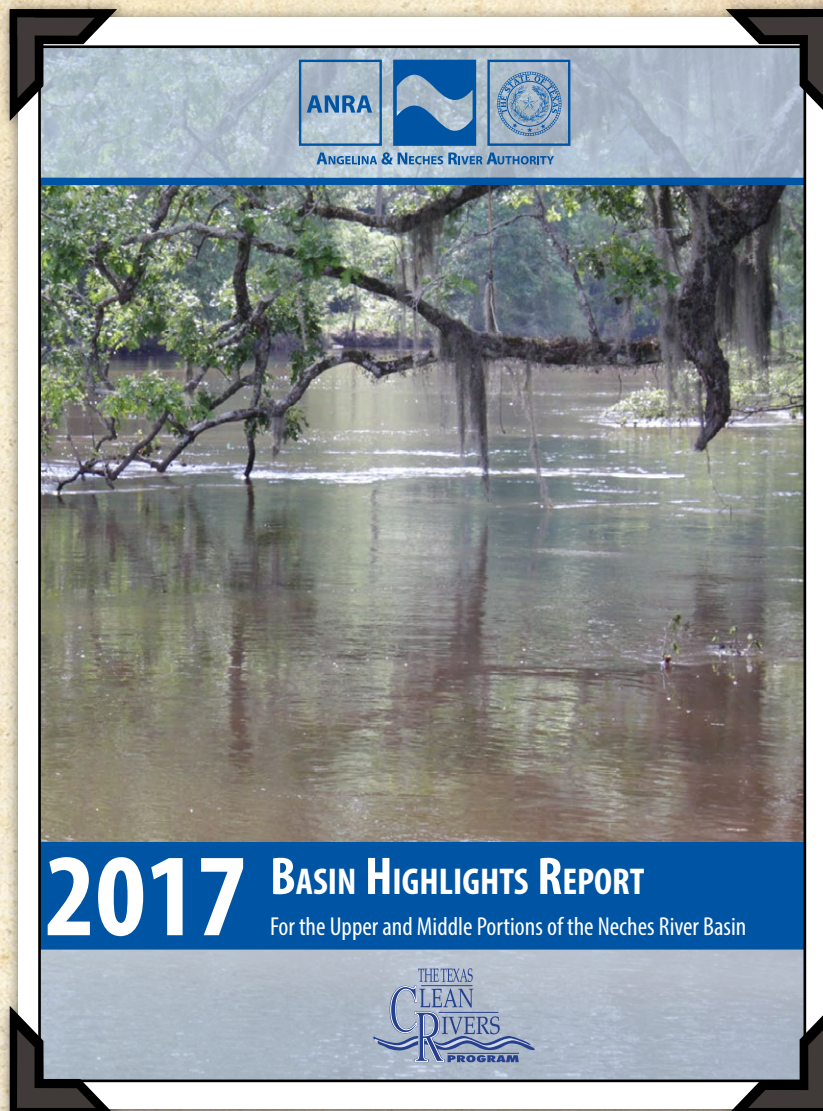
## Water Quality Reports

Every year, as part of the Clean Rivers Program, ANRA prepares a Basin Highlights Report that provides ongoing updates on Clean Rivers Program activities. This report is prepared in coordination with the Texas Commission on Environmental Quality and ANRA's Clean Rivers Program Steering Committee. This report is distributed to steering committee members, as well as other interested parties in either print or electronic versions.

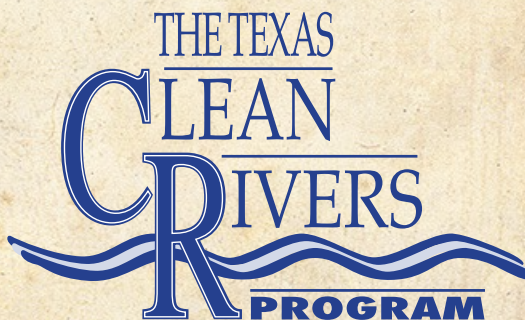
Every fifth year, ANRA prepares a Basin Summary Report, which provides an assessment of the Neches River Basin. The summary report identifies concerns related to the watershed, including an identification of water bodies with impaired or potentially impaired uses. The report also discusses the cause(s) and possible source(s) of use impairment, and recommends actions that may be used to address those concerns. The summary report also discusses the public benefits of the water quality monitoring and assessment program, including efforts to increase public input in activities related to water quality.

The most recent Basin Summary Report was prepared in 2015. Much like the Basin Highlights Report, this report is prepared in conjunction with the Texas Commission on Environmental Quality and ANRA's Clean Rivers Program Steering Committee. This report is distributed to steering committee members, as well as other interested parties in either print or electronic versions. Current and historical reports are available on ANRA's website at [www.anra.org](http://www.anra.org).

As required by Section 26.0135 of the Texas Water Code, this report is provided to the Governor, Lieutenant Governor, Speaker of the House, and the Executive Directors of the Texas State Soil and Water Conservation Board and the Texas Parks and Wildlife Department.



BASIN HIGHLIGHTS REPORT FOR FY 2017





## Steering Committee

Through the Clean Rivers Program, ANRA has established a Steering Committee of stakeholders to guide us in our monitoring activities. The Steering Committee's role is advisory in nature and involves assistance with the review of local issues and creation of priorities for the Upper Neches river basin. Committee members assist with the review and development of work plans, reports, basin monitoring plans, allocation of resources, and basin action plans. CRP Steering Committee meetings are held annually, typically in the spring. The committee is made up from a diverse group of stakeholders, including:

- Private citizens
- Fee-payers (identified in Texas Water Code TWC 26.0135(h))
- Political subdivisions (including local, regional, and state officials)
- Texas State Soil and Water Conservation Board
- Other appropriate state agencies including: Texas Parks and Wildlife Department, Texas Water Development Board, Texas General Land Office, Texas Department of State Health Services, Texas Department of Agriculture, Texas Railroad Commission, and Texas Department of Transportation.
- Other entities interested in water quality matters including: Texas Commission on Environmental Quality regional staff, business and industry, agriculture, environmental and other public interest groups.

One of the objectives of the CRP Long-Term Plan is to engage and inform stakeholders. The Steering Committee process gives stakeholders an opportunity to contribute their ideas and concerns through Steering Committee meetings, public meetings, and other forums. The process also allows for the communication of issues related to water quality so that priorities may be set which consider local, regional, state, and federal needs. The Steering Committee aids in increasing opportunities for citizens to identify pressing issues and concerns, contribute ideas to the CRP process, and functions to expand the public's role in water quality management issues.

ANRA's Clean Rivers Program Steering Committee met on July 11, 2017 at the Texas Forestry Association office in Lufkin. The meeting had an excellent turnout, with representatives from ANRA, Upper Neches Municipal Water Authority, The Sentinels, the Texas Commission on Environmental Quality, Texas Parks and Wildlife Department, the Texas Forestry Association, the Texas Forest Service, Campbell Global, the Texas Water Resources Institute, Stephen F. Austin State University Department of Forestry, Nacogdoches County, the U.S. Army Corps of Engineers, and private citizens.

Presentations at the meeting included a discussion on ANRA's water quality monitoring activities, a photographic tour of the Neches River, the Interagency Flood Risk Management program, the U.S. Army Corps of Engineers' Sam Rayburn Reservoir Master Plan Revision, Forestry Best Management Practices, and an update on water quality projects in the Attoyac Bayou, La Nana Creek, and Angelina River watersheds.

## Contact Information

**For more information on ANRA's Clean Rivers Program, including how to participate in the Steering Committee process, please contact:**

Brian Sims  
Environmental Division Manager  
Angelina & Neches River Authority  
210 E. Lufkin Ave  
Lufkin, TX 75901  
Phone: 936-633-7527  
Fax: 936-632-2564  
Email: [bsims@anra.org](mailto:bsims@anra.org)

Hannah Lucia  
Quality Assurance Officer  
Angelina & Neches River Authority  
210 E. Lufkin Ave  
Lufkin, TX 75901  
Phone: 936-633-0063  
Fax: 936-632-2564  
Email: [hlucia@anra.org](mailto:hlucia@anra.org)



# Environmental Laboratory

## Location

ANRA's Environmental Laboratory comprises the first floor of ANRA's Central Office, located at 210 E. Lufkin Avenue in downtown Lufkin.

## Services

The Environmental Laboratory operations include the chemical and microbiological analyses of drinking water, wastewater, and surface water. This includes analysis of municipal and industrial wastewater, lake and stream water quality, and public and private drinking water samples.

The laboratory utilizes state-of-the-art instrumentation, including an ion chromatograph and a flow-injection analyzer. This equipment allows for automated analysis, higher throughput, greater reproducibility and quality control, and lower detection limits.

ANRA's Environmental Laboratory provides environmental testing services to numerous clients throughout the East Texas area. These clients include municipalities (such as the City of Lufkin), industrial facilities, government agencies, water supply corporations, and private individuals. The Environmental Laboratory also provides analytical services and project support for other ANRA programs and contract utilities, such as the Clean Rivers Program, On-Site Sewage Facilities Program, North Angelina County Regional Wastewater Facility, Holmwood Utilities, Angelina County Freshwater Supply District No. 1, and the Neches Compost Facility.

## Accreditation

ANRA's Environmental Laboratory is accredited by the National Environmental Laboratory Accreditation Program (NELAP) in the State of Texas through the Texas Commission on Environmental Quality. The laboratory is NELAP-accredited for the chemical and microbiological analysis of surface water, wastewater, and drinking water.

## Mission

It is the mission of the ANRA Environmental Laboratory to produce scientifically valid and defensible data for its clients in a timely and efficient manner. The laboratory operates under a NELAP-approved Quality System to maintain the highest level of data integrity.

## Experience

Combined, the laboratory staff has nearly 50 years of experience with the analysis of environmental samples. ANRA's Environmental Laboratory staff is available to consult on sampling procedures, analytical methodology, quality control procedures, regulatory requirements, well disinfection, and other needs of our clients.







Texas Commission on Environmental Quality

NELAP-Recognized Laboratory Accreditation is hereby awarded to



### Angelina and Neches River Authority Environmental Laboratory

210 Lufkin Avenue  
Lufkin, TX 75901-0310

in accordance with Texas Water Code Chapter 5, Subchapter R, Title 30 Texas Administrative Code Chapter 25, and the National Environmental Laboratory Accreditation Program.

The laboratory's scope of accreditation includes the fields of accreditation that accompany this certificate. Continued accreditation depends upon successful ongoing participation in the program. The Texas Commission on Environmental Quality urges customers to verify the laboratory's current location(s) and accreditation status for particular methods and analyses ([www.tceq.texas.gov/goto/lab](http://www.tceq.texas.gov/goto/lab)). Accreditation does not imply that a product, process, system or person is approved by the Texas Commission on Environmental Quality.

Executive Director Texas Commission on Environmental Quality

Certificate Number: T104704292-16-13  
Effective Date: 11/1/2016  
Expiration Date: 10/31/2017

#### ANRA Environmental Laboratory NELAP-Accredited Parameters

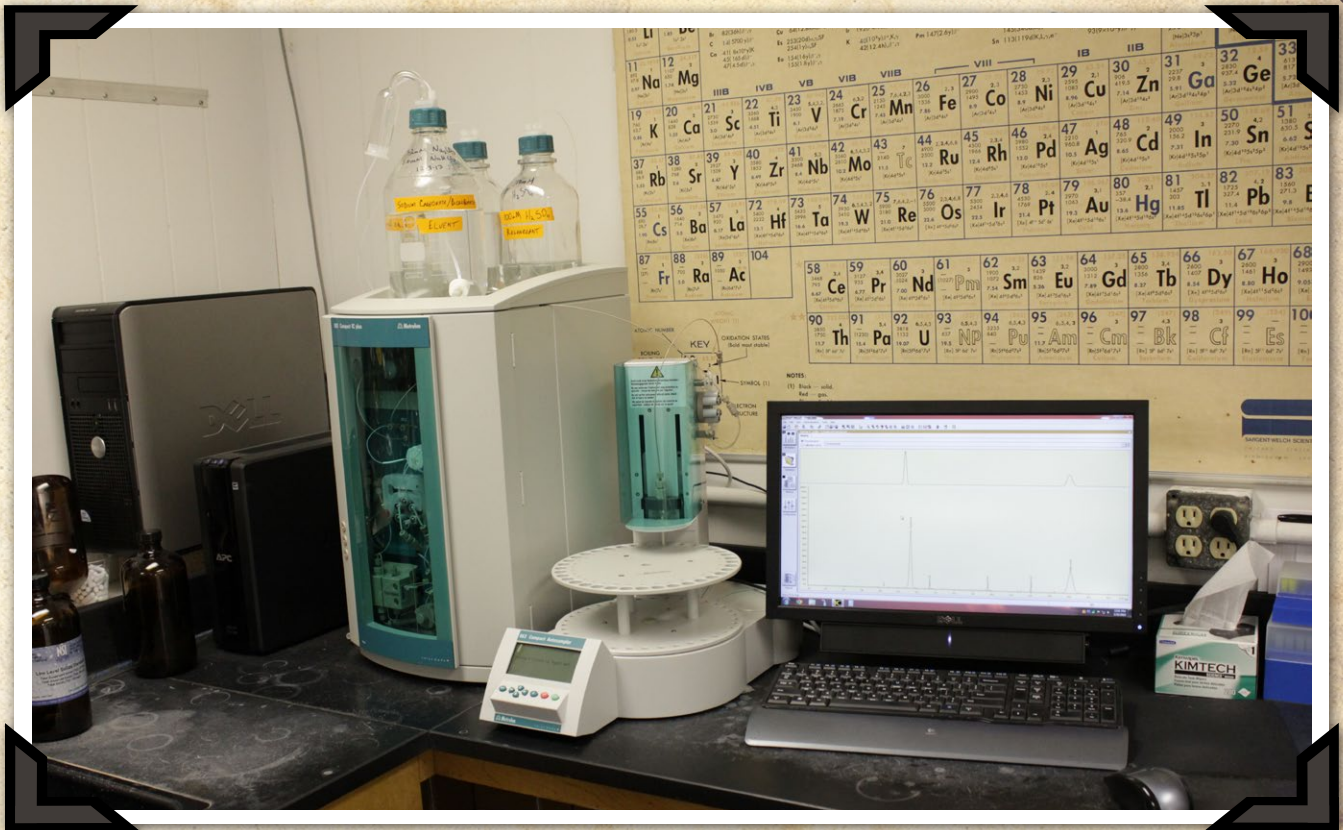
Matrix	Parameter
Drinking Water	Total Coliforms / E. coli (Presence/Absence) Total Coliforms / E. coli (Enumeration)
Non-Potable Water	Ammonia-Nitrogen Nitrate-Nitrogen Nitrite-Nitrogen Nitrate+Nitrite-Nitrogen Orthophosphorus Total Phosphorus Chloride Sulfate Biochemical Oxygen Demand Carbonaceous Biochemical Oxygen Demand Chemical Oxygen Demand Total Solids Total Dissolved Solids Total Suspended Solids Volatile Suspended Solids E. coli Fecal Coliforms
Solids	Paint Filter Liquids Test Total Solids
Additional Parameters (Metals, Organics, Etc.)	For parameters for which ANRA is not NELAP-accredited, samples are subcontracted to an accredited laboratory.



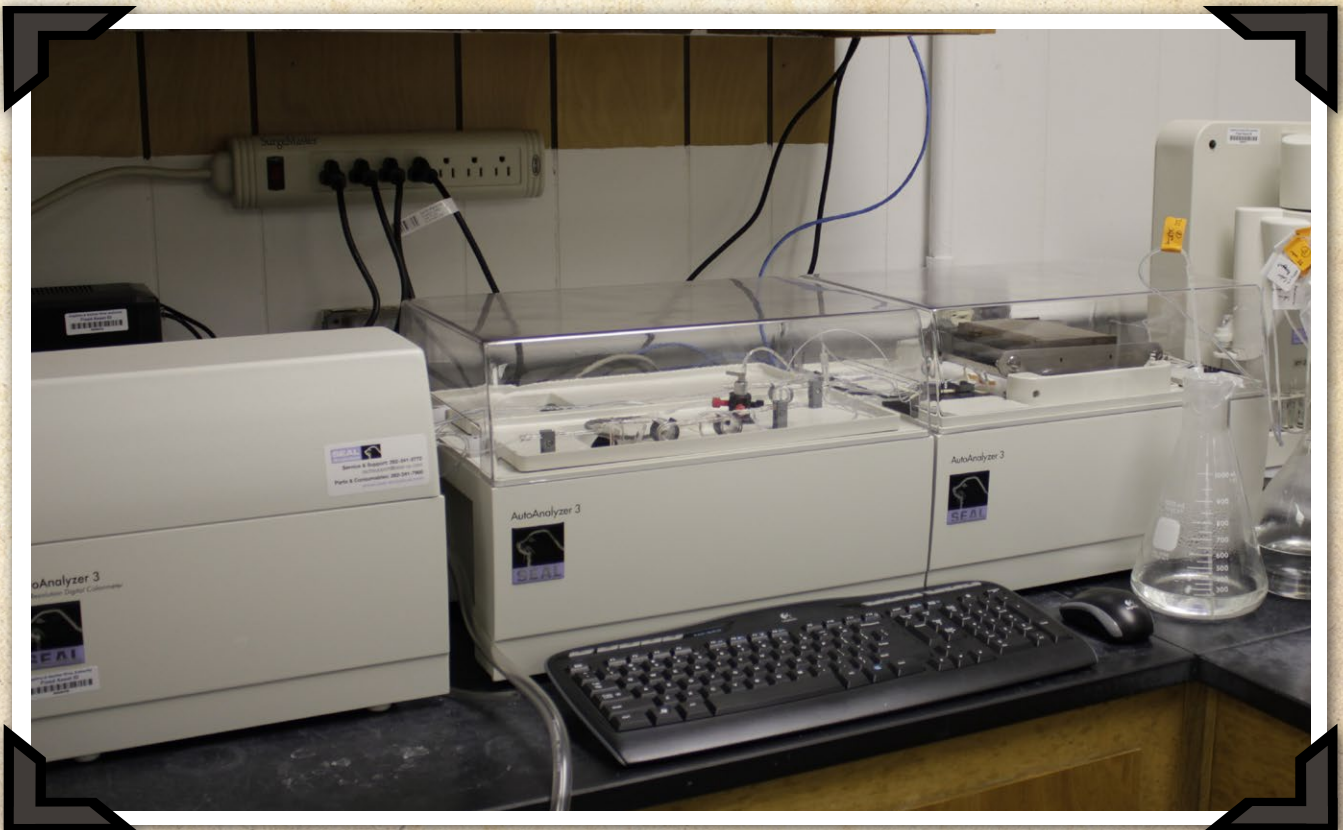
During the period of **Fiscal Year 2017** (September 1, 2016 to August 31, 2017), the Angelina & Neches River Authority Environmental Laboratory analyzed the following number of samples:

Parameter	Number of Samples
Drinking Water Total Coliform Presence/Absence	3,970
<i>E. coli</i> bacteria in non-potable water	985
Fecal Coliform bacteria in non-potable water	102
Total Suspended Solids (TSS)	777
Mixed Liquor Suspended Solids (MLSS)	312
Mixed Liquor Volatile Suspended Solids (MLVSS)	328
Ammonia-Nitrogen (NH <sub>3</sub> -N)	502
Nitrate-Nitrogen (NO <sub>3</sub> -N)	179
Nitrite-Nitrogen (NO <sub>2</sub> -N)	177
Nitrate+Nitrite-Nitrogen (NO <sub>3</sub> +NO <sub>2</sub> -N)	56
Chloride	195
Sulfate	195
Total Phosphorus	195
Biochemical Oxygen Demand (BOD)	313
Carbonaceous Biochemical Oxygen Demand (CBOD)	241
Chemical Oxygen Demand	286
Percent Solids	209
Density	209





METROHM ION CHROMATOGRAPH FOR ANION ANALYSIS.



SEAL AUTOANALYZER3 FOR NUTRIENT ANALYSIS





# On-Site Sewage Facilities Program

## History of the OSSF Program

The On-Site Sewage Facility (OSSF) Program was originally developed in 1972 to provide for the licensing of OSSFs around Sam Rayburn Reservoir. Since that time, the program has been expanded to include Angelina County and the portion of San Augustine County within the Neches Basin. This program's mission has changed very little since its inception.

## OSSF Jurisdiction

ANRA is the Authorized Agent for the TCEQ to regulate OSSFs in Angelina County, San Augustine County, and in the area around Sam Rayburn Reservoir designated as the Control Zone Rayburn (CZR). The CZR begins at the U. S. Army Corp of Engineers take line (171 ft contour) and extends 2000 feet outward. If any part of a subdivision lies within the regulated zone, then the entire subdivision will be in ANRA's jurisdiction.

For property owners within ANRA's jurisdiction, ANRA is responsible for permitting and licensing of all new septic systems, license transfers, and timely response to sewer nuisance complaints.

## Rules Related to OSSFs

As the Authorized Agent, ANRA has the duty and responsibility to implement the rules in the Texas Administrative Code and the Texas Health and Safety Code as they relate to OSSFs. These rules are:

- Title 30, Texas Administrative Code, Chapter 285 (30 TAC §285) - On-Site Sewage Facilities
- Texas Health & Safety Code, Chapter 366 (THSC §366) - On-Site Sewage Disposal Systems
- Texas Health & Safety Code, Chapter 341 (THSC §341) - Minimum Standards of Sanitation and Health Protection Measures

## Rules for Enforcement

ANRA has established rules that outline the policies and procedures that ANRA will follow for investigation and enforcement of complaints related to OSSFs. These Rules provide a guideline for universal enforcement throughout ANRA's OSSF jurisdictional zone. These rules:

- Create ANRA's standard operating procedures to provide consistent enforcement against violations of the state's OSSF regulations;
- Define what enforcement actions ANRA may take to enforce the state's OSSF regulations, and
- Establish a formal appeals process.

## OSSF Permitting

ANRA permits the construction and licenses the operation of conventional and aerobic OSSF/s within our jurisdiction.

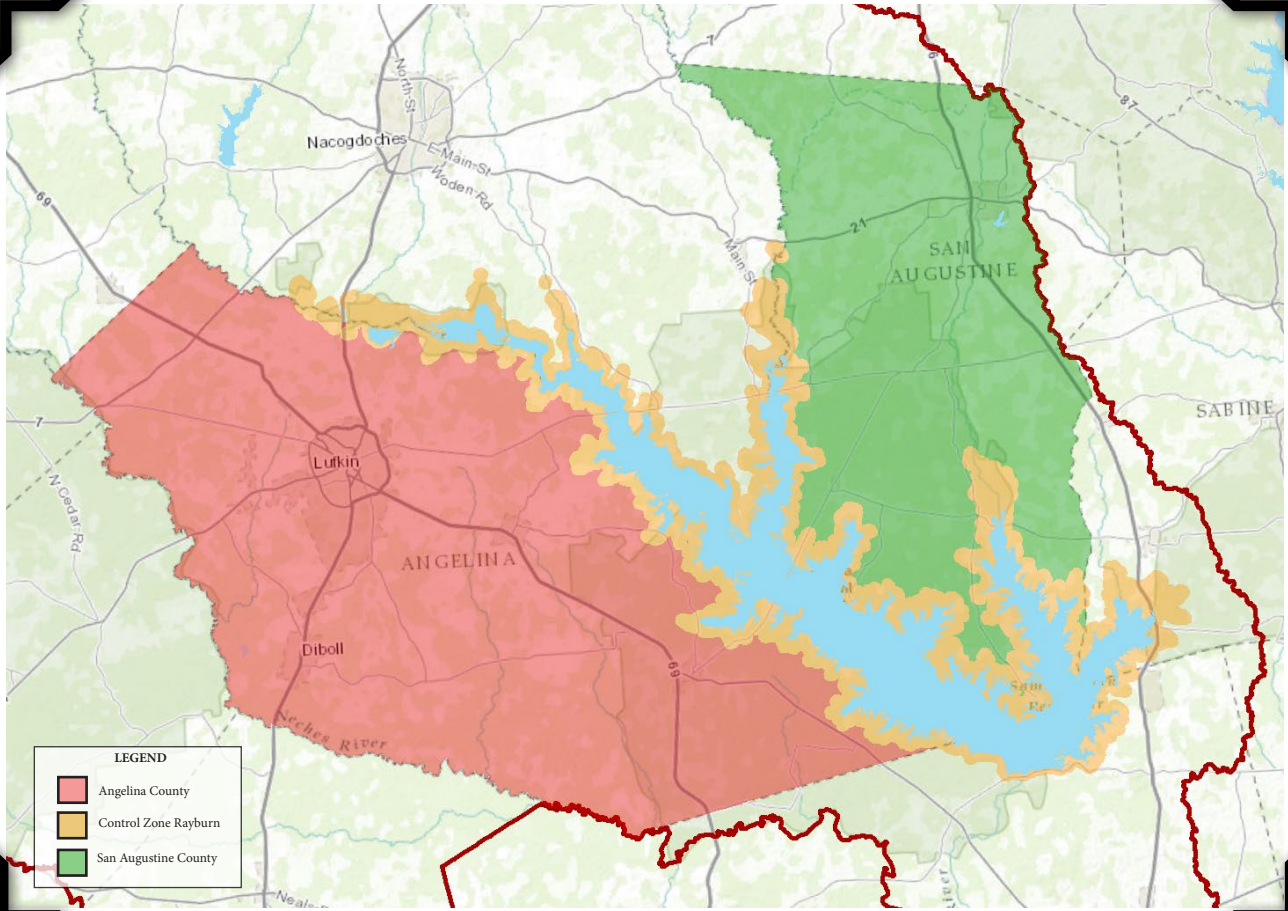
In Fiscal Year 2017, ANRA permitted 391 OSSFs. The breakdown by county is as follows:

County	Permits Issued
Angelina County	291
Jasper County (CZR only)	11
Nacogdoches County (CZR ony)	15
San Augustine County	66
Sabine County (CZR only)	8
<b>TOTAL</b>	<b>391</b>

## OSSF Complaint Investigations

In FY 2017, ANRA conducted 133 complaint investigations related to violations or alleged violations of OSSF rules.





ANRA ON-SITE SEWAGE FACILITY JURISDICTION

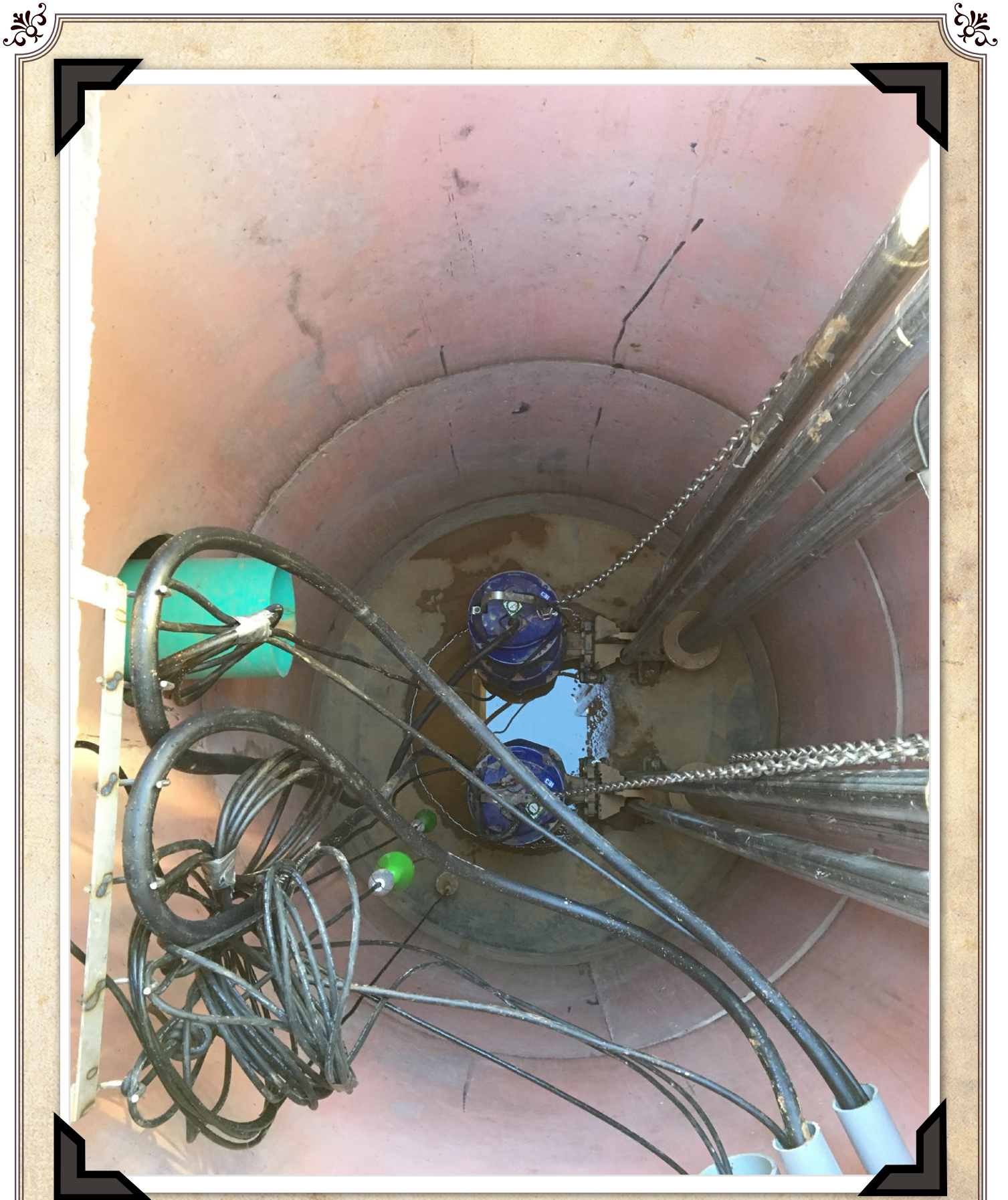


OSSF COMPLAINT INVESTIGATION



OSSF INSTALLATION INSPECTION





NEW LIFT STATION ON FM 2021  
NACRWF SEWER SYSTEM EXPANSION PROJECT





# OPERATIONS DIVISION



Angelina County Fresh Water Supply District No. 1

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Holmwood Utilities

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North Angelina County Regional Wastewater Facility

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Neches Compost Facility



# Angelina County Fresh Water Supply District No. 1



## Angelina County Fresh Water Supply District No.1

### History of the ACFWSD No. 1

Angelina County Fresh Water Supply District No. 1 (“The District” or ACF) is a political subdivision of local government and was established on June 21, 1966 by an act of the Angelina County Commissioners Court as the result of a petition from local landowners. The District was created under the authority of Article 16, Section 59 of the Texas Constitution as a “conservation and reclamation” district. The District boundaries encompass 1,495 acres of land in the Cedar Grove community and are described by a metes and bounds description.

In 1971, the District issued \$120,000 in revenue bonds for the construction of water and sewer lines in the “new addition”. These bonds were purchased from the US Department of Housing and Urban Development and had a 20 year repayment term. The new constructed system served approximately 80 water and sewer customers.

Over the years, the District has slowly grown and extended water lines to service other portions of the District. The Sewer collection system was upgraded in 1998 and provided first time service to approximately 25 residences. Since that time, no major improvements to either the water or sewer system have been made.

In 1997, the District initiated and executed a management agreement with the Angelina & Neches River Authority. The agreement requires ANRA to manage the affairs of the District, maintain compliance with regulatory and environmental requirements, and provide services necessary to repair and maintain the District’s water and sewer systems.

In 2009, the residents of Redland Estates Subdivision

petitioned the District to annex their subdivision and failing sewer system. As part of the annexation, the residents of Redland Estates Subdivision agreed to take on the Districts ad valorem tax rate, all loans and debts, and sewer rates.

On May 12, 2012, the District held a confirmation election to put the annexation measure in front of the District’s voters. The measure passed by a wide margin. After the May confirmation election, the Board of Supervisors worked to secure grant funding to construct the necessary improvements to provide sewer services to the subdivision as well as providing first time sewer service to approximately 100 water customers.

As of July 1, 2016, the expansion project was fully designed and funded with construction beginning on December 21, 2016. The project will expand the District’s sewer system and connect it to the North Angelina County Regional Wastewater Facility.

Angelina County Water Control and Improvement District No. 3 (ACWCID3) owned and operated a wastewater collection system and wastewater treatment plant that served the communities of Rivercrest and Duncan Slough, approximately 8 miles north of the City of Lufkin Texas. ACWCID3 was close to defaulting on a funding obligation from the Texas Water Development Board. The District was asked if it would consider incorporating ACWCID3 into the District to take over management and operations of the wastewater system. The District presented this matter to its Board of Supervisors for consideration and was unanimously approved on March 24, 2017. The Texas Legislature then passed Texas Senate Bill 2282 on July 12, 2017. Texas Senate Bill 2282 dissolved ACWCID3 and transferred all of its assets and liabilities to the District. This consolidation increased the District’s service area by approximately 90 wastewater service connections.



## About the ACFWSD No. 1

### Water System

The District purchases all of its water directly from the City of Lufkin. Water is taken under direct pressure and is already treated to meet regulatory guidelines.

The District distributes water through a series of 2 inch, 4 inch and 6 inch PVC lines. The distribution system generally runs along FM 2251 beginning at the District office and extends all the way to County Barn Road serving water customer along the route. It also extends down Jackson Road to service customers on Smallwood Road, Ruth Lane, Ethel Lewis Road, Bar-B-Q Road and Garner Loop.

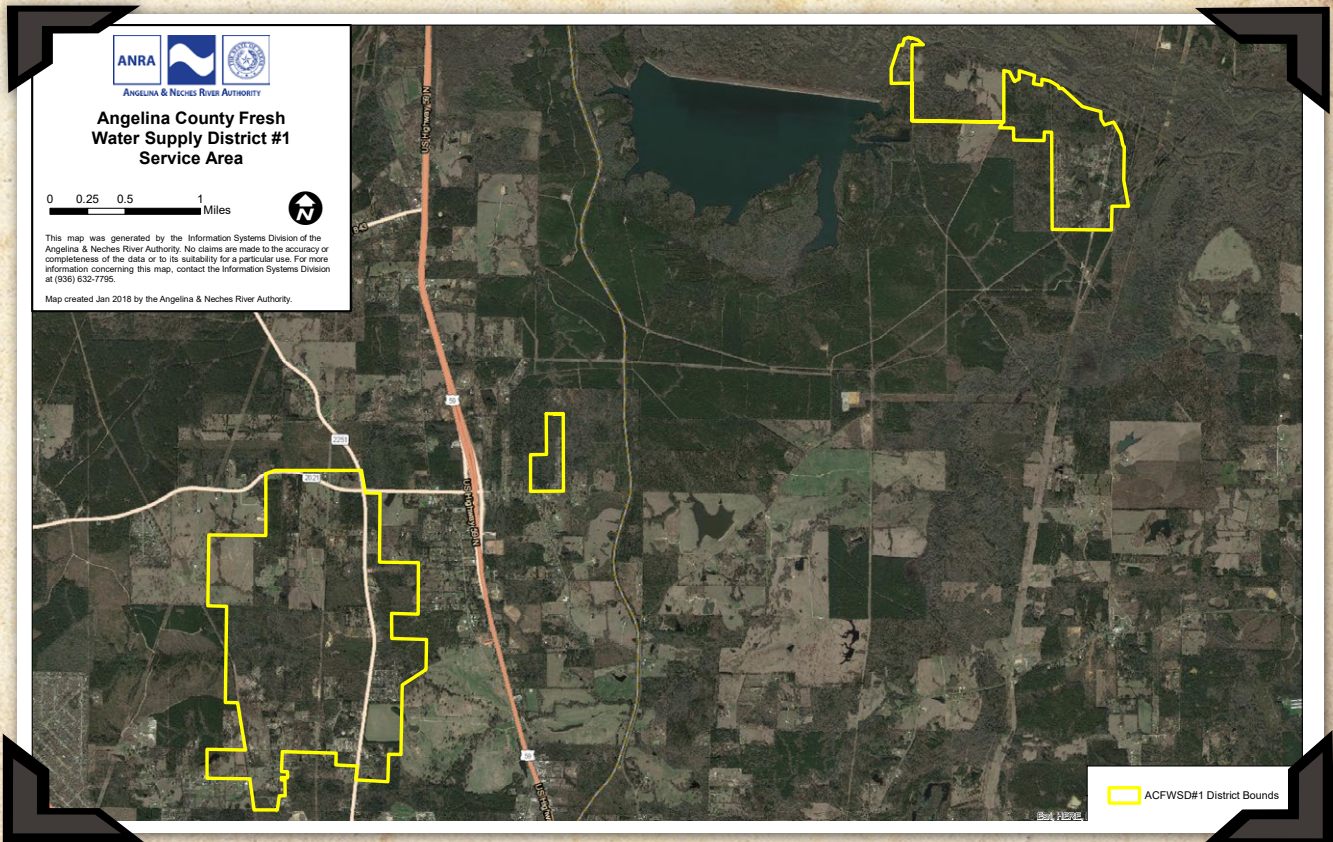
### Wastewater System

The District's collection system was originally installed in the early 1970's and made of vitrified clay tile pipe and PVC pipe. The system currently serves a limited number of customers and begins on FM 2251 near

I.D. Henderson Road and extends north up to County Barn Road. Currently, only about 80 customers have sewer service along the route.

With the consolidation of the wastewater system serving the Rivercrest and Duncan Slough communities, the District has added approximately 90 new sewer customers. This brings the total quantity of customers being served with sewer service to 170.

The ongoing sanitary sewer collection system expansion project will connect sewer from the Redland Estates Subdivision and The District to the North Angelina County Regional Wastewater Facility and provide first-time sewer service to additional residents within the area. This will add yet another 145 sewer connections to the District.



ANGELINA COUNTY FRESH WATER SUPPLY DISTRICT NO. 1 SERVICE AREA



# Holmwood Utilities

## History of Holmwood Utilities

### Water System

Holmwood Utilities was originally built in the early 1960's, as an Individually Owned Utility (IOU) serving about a dozen homes. Over the years, the subdivision continued to grow and expand adding new residential connections at a rate of about 5 homes per year. During the early 90's, as regulatory requirements increased, the original owner began searching for an entity to assume control of the Utility.

Coping with failing facilities, regulatory pressure, and deteriorating health, the owner eventually worked out an agreement with ANRA to purchase the Utility and all of its assets. In October of 1996, ANRA closed on the sale of Holmwood Utilities. At the time of closing, ANRA also closed on a loan for funds to purchase and construct water and wastewater facilities.

In May of 1998, Holmwood Utilities completed construction of its Well #3. This production facility was capable of supplying enough water for 100 homes, while Well #2 supplied the additional capacity. Since that time, Holmwood Utilities has expanded the Well #3 production facility as a standalone facility which has a supply of water for up to 250 homes, while Well #2 has been shut down.

### Wastewater System

Since the early days of Holmwood Utilities existence, the wastewater treatment system consisted of five ponds that treated wastewater and discharged into a drainage ditch beside the facility. The wastewater treatment system operated without a surface water discharge permit since its creation back in the mid 1960's until the time of purchase by ANRA in 1996.

The Utility was placed under formal enforcement proceedings by the TCEQ because it could not meet the standard discharge limits and the treatment system was never permitted. The original owner of the subdivision

and water/wastewater system, under pressure from the community and facing increased regulatory action, began to market the Utility for sale to the highest bidder.

After a number of years, ANRA was approached by the owner offering to sell the utility for a small portion of the value of the water and sewer facilities. ANRA began to appraise the Utility and to negotiate a contract for the purchase of the facilities which included existing inventories, utility easements, and facilities.

During the 1996 purchase by ANRA, an agreement was made with the TCEQ to suspend enforcement action pending construction of a new wastewater treatment system. In the interim, local residents helped secure an agreement with the City of Jasper for wholesale wastewater treatment services.

After contract negotiations, in March of 2000, Holmwood Utilities and the City of Jasper completed construction of a lift station and forcemain from the Holmwood subdivision to the City of Jasper. Since that time, ANRA has provided retail sewer services while wholesale treatment services are provided by the City of Jasper.

## About Holmwood Utilities

Holmwood Utilities is a water and sewer utility owned and operated by ANRA. The Utility is located 3.0 miles west of the City of Jasper on Hwy 190. ANRA purchased the Utility, which was initially created in the mid 1960's, from an individual owner in October 1996. ANRA manages all aspects of the water and sewer related finances, administration, physical management, and operation of the water distribution and sewer collection systems.

The Utility produces, treats, and distributes water from a single water well. The wastewater from the subdivision is collected by the Utility and then transmitted to the City of Jasper for treatment under the terms of an



Interlocal Agreement. The Utility employs a remote monitoring system which monitors system pressure, ground storage tank levels, and electrical power.

The Utility currently has 176 water and sewer customers. Operations are currently conducted on a two day-per-week basis by ANRA personnel based from ANRA's Central Office in Lufkin.



HOLMWOOD UTILITIES SERVICE AREA



HOLMWOOD UTILITIES WELL #3



HOLMWOOD UTILITIES WELL #3 PUMP HOUSE



# North Angelina County Regional Wastewater Facility

## History of the NACRWF

The North Angelina County Regional Wastewater Facility (NACRWF) represents ANRA's initial step toward providing wholesale regional services for both water and wastewater in the Angelina & Neches River Basins. The NACRWF was originally conceived in the early 1990's in an effort to address water quality issues in the Angelina River. Originally, the concept was to combine wastewater discharges from Central ISD and Idlewood Subdivision. The concept was shelved because of a lack of economies of scale and its effect on rates as well as other local factors.

In 1995, Central ISD was cited by the TCEQ for higher than normal wastewater flows as a result of a sharp increase in student population. The School District began work on upgrades to satisfy TCEQ. In the fall of 1998, the School District initiated a study to identify alternatives for wastewater treatment. The study identified three alternatives; upgrade of the existing wastewater facility, construct a new wastewater facility, or participate in a Regional Wastewater System.

At the request of Central ISD, ANRA revised its original plan and began to develop the project as a regional system. In December of 2000, Central ISD, Idlewood WCID and Lufkin State Supported Living Center (LSSLC) were invited to participate in the North Angelina County Regional Wastewater Facility. The meeting eventually led to contract development and subsequently an agreement for cost effective wholesale wastewater service that was signed by all three participants.

In October 2001, the ANRA Board of Directors approved a \$3,100,000 bond issue with the Texas Water Development Board for the purchase and upgrade of the newly constructed Idlewood WCID wastewater treatment plant and installation of a transmission

line linking Central ISD and the LSSLC back to the wastewater treatment facility located behind the Idlewood Subdivision. Both Central ISD and LSSLC have been able to close down their older and less effective treatment facilities. NACRWF combined the effluent discharges from the three existing facilities into one discharge with significantly higher water quality.

NACRWF completed construction of transmission lines and a wastewater treatment plant upgrade in 2003 as part of the original creation of the system.

## About the NACRWF

The North Angelina County Regional Wastewater Facility (NACRWF, or NAC) was officially created in November 2001 and is located 1.0 mile north of the City of Lufkin on Hwy 69. ANRA purchased the existing, newly constructed treatment plant from the Idlewood WCID. ANRA entered into long term contracts with Central ISD, Idlewood WCID, and Lufkin State Supported Living Center for the provision of wholesale wastewater services. This facility has consolidated three existing individual wastewater discharges into a centralized regional system with higher quality effluent discharge.

ANRA owns the treatment facility, transmission lines, and primary trunk lines within the service area. Each participants' wastewater stream is metered at a point of entry owned and maintained by ANRA. Each participant makes monthly payments for operations & maintenance and debt service based on their pro-rata share of wastewater contribution. Idlewood WCID retains the responsibility for retail service to all non-participant sewer service connections within their existing subdivision as well as the entire service area.



## Participants of the NACRWF

### Central ISD

Central Independent School District traces its origins to five small schools in the Pollok-Central area. A new building housing the five schools forming the Central Consolidated School District was opened in 1929. Additional schools merged with Central Consolidated in 1939-1940. In 1955, Central converted from a common to an Independent School District.

Central ISD, the geographic summit of Angelina County, is a school that envisions educational excellence for East Texas. It strives to prepare productive citizens who can think critically, have the marketable skills necessary to function successfully and have a strong sense of self-worth by providing a comprehensive, quality curriculum in an environment conducive to learning, delivered by caring, competent and dedicated professional staff.

Providing a strong educational foundation and extra-curricular activities for students in the Northwestern part of Angelina County, Central ISD has played a significant role in the County's educational history.

### Idlewood Water Control & Improvement District

Idlewood Subdivision was created by a local developer in the early 1970's as a residential development with 500 lots. The subdivision was served by a small package sewer plant initially capable of serving approximately 200 homes. The Idlewood Property Owners Association (the Association) was created in 1980, in an effort to protect and maintain the characteristics on the subdivision.

In the early 1990's, the developer was under pressure by the then Texas Water Commission to make upgrades to the treatment plant because of operational deficiencies associated with the wastewater treatment plant. In the mid 1990's, the Association began negotiation with the developer to purchase the antiquated wastewater system. In 1992, the Association purchased the system for \$150,000.00. Plans to upgrade the facility began immediately.

The Association was instrumental in the creation of Idlewood Water Control & Improvement District (WCID). Idlewood WCID's service area included the Idlewood and Briar Village subdivisions. The District sought to borrow, and did obtain, a loan from the Texas Water Development Board in the amount of \$1.6 million dollars. The proceeds from the loan were used to construct a new wastewater facility and to perform collection system improvements, both of which were completed in 1998.

### Lufkin State Supported Living Center

Established in 1962, Lufkin State Supported Living Center is a 24-hour residential facility for approximately 430 people who have mental retardation with varying degrees of abilities and disabilities. Approximately one-half of the consumers require mobility assistance. Some consumers require 24-hour nursing care due to medical conditions, while others require intensive intervention to address behavioral challenges. Many live semi-independently by working on-campus or in the local community, and by enjoying quality of life activities of their choice.





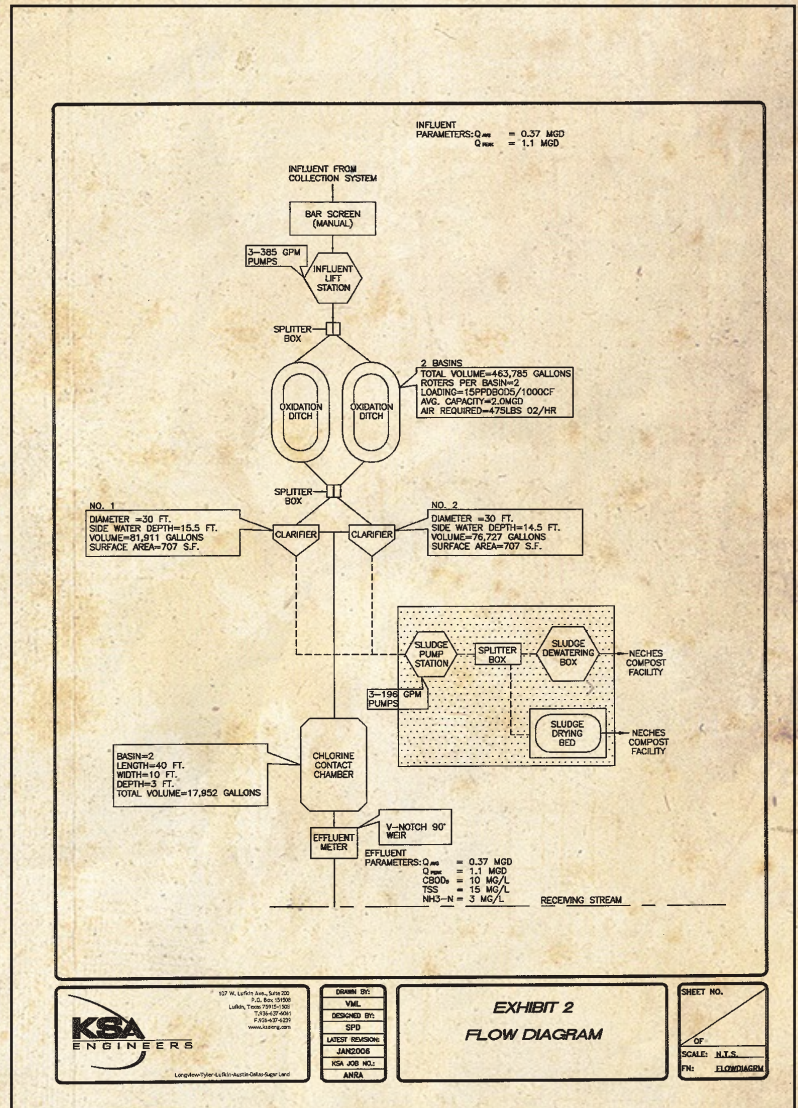
## Technical Details of the NACRWF

The facility lies in the middle of a 14 acre site which includes a 150' buffer zone, and an access road from the subdivision. This treatment plant consists of two oxidation ditches, two clarifiers, one triplex variable speed RAS station, one twin basin chlorine contact chamber, two drying beds, and a housed 1.5 meter belt press.

Untreated sewer is collected and transmitted to the facility via a series of gravity flow transmission lines and lift stations. In total there are over 5 miles of sewer lines collecting wastewater from each participant's points of entry.

The Wastewater Facility is currently permitted to discharge 370,000 gallons per day, with effluent limits for Carbonaceous Biochemical Oxygen Demand (CBOD) at 10 mg/L, Total Suspended Solids (TSS) at 15 mg/L, and Ammonia Nitrogen at 3.0 mg/L. The discharge from this facility is consistently less than 5.0 mg/L, 5.0 mg/L, and 1.0 mg/L respectively.

The facility treats wastewater for an estimated 3,000 people on a full time basis, and 5,000 on a part time basis. The community served by the facility is primarily residential with light commercial establishments scattered throughout Idlewood WCID's service area. ANRA estimates having to implement phase III upgrades within 5 to 10 years.



## Wastewater Treatment

In Fiscal Year 2017 (the period from September 1, 2016 - August 31, 2017), the North Angelina County Regional Wastewater Facility:

- received and treated **40 million** gallons of wastewater.
- received an average of **36.26** lbs/day of Ammonia-Nitrogen and discharged **1.89** lbs/day of Ammonia-Nitrogen. This represents a **94.8%** reduction in Ammonia-Nitrogen Loading.
- received an average of **94.52** lbs/day of Total Suspended Solids (TSS) in its wastewater influent. The effluent discharge from the plant had an average TSS loading of **8.539** lbs/day. This is a reduction of **91.0%**.
- received an Influent loading average of **180.14** lbs/day for Carbonaceous Biochemical Oxygen Demand (CBOD), while discharging an average CBOD loading of **3.903** lbs/day, representing a reduction of **97.8%**.





**NORTH ANGELINA COUNTY REGIONAL WASTEWATER FACILITY**  
**GOOGLE EARTH AERIAL IMAGERY**



**AUTOMATED BAR SCREEN**  
**LUFKIN STATE SUPPORTED LIVING CENTER LIFT STATION**

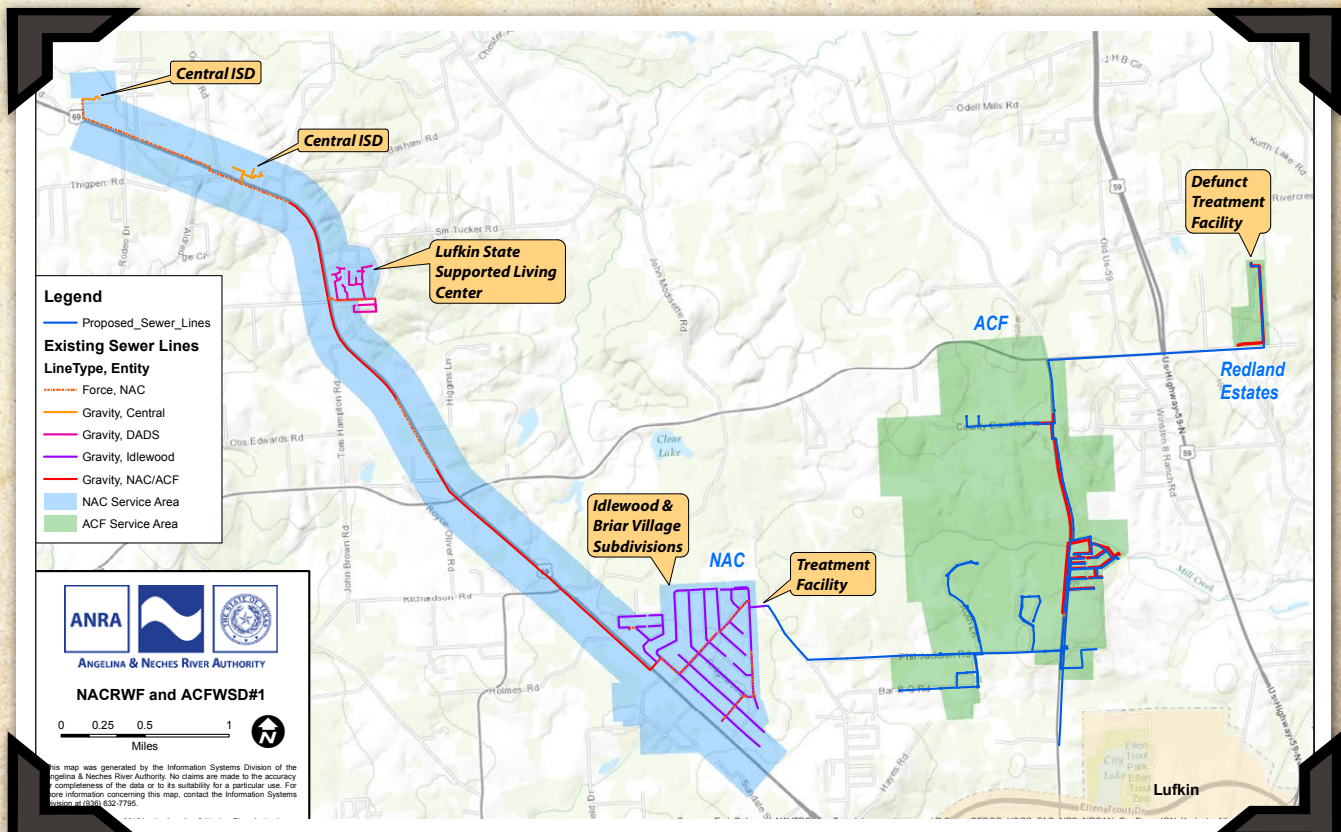


## Sanitary Sewer Collection System Expansion and Headworks Improvements

In 2009, the Angelina & Neches River Authority (ANRA) was approached by the Redland Estates Subdivision with a petition that requested help to provide proper and environmentally safe sewer service for their community. Although the Redland Estates Subdivision already had an existing public sewer system, their system had not been properly maintained and operated since the 1980's. This also began discussions with the Angelina County Fresh Water Supply District No. 1 (the District) for a much needed public sewer system to serve their community as well. Public sewer service was not available to most of the District's customers and they primarily relied on on-site sewage facilities to serve their sewer needs, many of which were out of compliance and needed replacement. After eight years of planning and hard work, ANRA was finally able to turn a dream into reality. As of July 1, 2016, a new sewer service expansion project was fully designed and funded through the Texas Water Development Board Clean Water State Revolving Fund to serve the Redland Estates Subdivision and the community that the District serves.

The final design of the project (prepared by KSA Engineers) consists of approximately 55,000 linear feet of sewage collection lines (gravity and forcemain), 10 sewer lift stations, approximately 1,580 linear feet of gravel access road to the NACRWF Treatment Plant, a new mechanical bar screen structure, a new influent lift station, and all associated appurtenances.

Sealed Construction bids were received on October 13, 2016. The project was successfully awarded to Dupli-chain Contractors of Alto, Texas, with construction beginning on December 21, 2016. All gravity sewer and forcemain sewer lines (with associated appurtenances) have been installed and the 10 sewer lift stations have been installed up to a 90% completion phase. Improvements to the NACRWF Treatment Plant are expected to begin by November 2017 with overall project completion anticipated to be in May of 2018.



SANITARY SEWER COLLECTION SYSTEM EXPANSION PROJECT AREA MAP



## Project Size

The North Angelina County Regional Wastewater Facility sanitary sewer collection system (including subscriber systems) currently contains approximately **16 miles (84,500 feet)** of sewer lines. The expansion project will add **29,300 feet** of existing sewer lines from Angelina County Fresh Water Supply District No. 1, as well as **52,800 feet** of newly constructed sewer lines, after which the system will include **31.5 miles (166,600 feet)** of sewer lines.

Including subscriber systems, there are **113** manholes in the system and **8** lift stations. The expansion project will add **47** existing manholes, **102** new manholes, **1** existing lift station, and **11** new lift stations, for a total of **262** manholes and **20** lift-stations.

### NAC Before Expansion

Approximate linear feet of gravity sewer:	17,000
Approximate linear feet of force main sewer:	19,100
Number of manholes:	46
Number of lift stations:	8

### NAC Subscriber Systems

Approximate linear feet of gravity sewer:	48,400
Number of manholes:	67

### ACFWSD No. 1 Before Expansion

Approximate linear feet of gravity sewer:	19,600
Approximate linear feet of force main sewer:	9,700
Number of manholes:	47
Number of lift stations:	1

### Expansion Project

Approximate linear feet of gravity sewer:	22,200
Approximate linear feet of force main sewer:	30,600
Number of manholes:	102
Number of lift stations:	11

### Total system after Expansion Project

Approximate linear feet of gravity sewer:	107,200
Approximate linear feet of force main sewer:	59,400
Number of manholes:	262
Number of lift stations:	20



## Collection System Assessment and Corrosion Study

Although much of the collection system in NACRWF's service area was installed in 2003, a sanitary sewer overflow (SSO) event that occurred in November 2015 revealed severe corrosion problems within the collection system. Therefore, ANRA executed an engineering services agreement with Alan Plummer Associates, Inc. to perform a Corrosion Assessment Study of the NACRWF collection system. This pro-active effort began the implementation process of a portion of the future SSO Plan.

The Corrosion Assessment Study was presented to and approved by ANRA's Board of Directors on May 9, 2017. The Study determined that high organic loading in combination with long detention times contributes to reduced dissolved oxygen resulting in the formation of high hydrogen sulfide concentrations within the wastewater collection system. The increased hydrogen sulfide concentrations causes corrosion of the concrete material within the collection system infrastructure. The corroded concrete is then washed away during high flow conditions, which are attributed to increased Inflow and Infiltration issues. The Study recommended that a Phase II Study be implemented to further analyze each of the Participant's wastewater collection system, as well as conducting a detailed assessment of all concrete manholes and lift station wet wells.

ANRA executed an additional engineering services contract with Alan Plummer Associates, Inc. for Phase II of the Corrosion Assessment Study. The Phase II Study is scheduled to begin in September of 2017.

### ANGELINA AND NECHES RIVER AUTHORITY WASTEWATER COLLECTION SYSTEM CONDITION ASSESSMENT REPORT



Prepared for: Alan Plummer Associates Inc.

Date: November 2016

Prepared by:



V&A Consulting Engineers, Inc.  
Texas Board of Professional Engineers  
Firm Registration No. 9154

V&A Project No. 16-0098

This document is released for interim review and is not intended for construction, bidding, or permit purposes.

Christopher D. Hunniford, P.E.  
TBPE No. 107411  
11/15/16  
V&A Consulting Engineers, Inc.  
Texas Registered Engineering  
Firm F-9154





CORROSION INSIDE MANHOLE



CALCIUM SULFATE FORMATION ON INTERNAL CONCRETE SURFACES IN MANHOLE



# Neches Compost Facility

## History of the Neches Compost Facility

The Neches Compost Facility (NCF) was first conceived in February of 1992 as a means to help preserve landfill capacity, preserve water quality, and to beneficially reuse wastewater treatment plant sludge through the composting process. Initially, over 20 entities participated in a planning study to determine the viability of constructing a Regional Composting Process.

In November of 1996, the facility became a reality when six participants signed long term agreements for operations & maintenance and debt service. In August of 1997, the Angelina & Neches River Authority in conjunction with the City of Athens, City of Bullard, Georgia-Pacific Chemicals, LLC, City of New London, City of Palestine, and the City of Whitehouse filed an application with the Texas Water Development Board, Texas Natural Resource Conservation Commission, and East Texas Council of Governments for funding of the project.

In the Spring of 1998, ANRA began construction of the compost facility, located near the Neches River on Hwy 79 West of Jacksonville. The facility construction was certified complete by ANRA's Consulting Engineers, the Board of Directors, and officially opened in August of 2000. Though the facility was officially opened in August of 2000, NCF began receiving wastewater biosolids during the spring of that year and began the composting process.

The facility was originally designed to receive and compost an annual total of 1.3 million dry pounds or 2,600 cubic yards of biosolid sludge from its participant cities, which consumed nearly 5,000 cubic yards of tree trimmings and wood waste material. The facility produced between 5,000 and 7,000 cubic yards of finished compost on an annual basis.

In January of 2003, NCF began a capital improvement project to expand and enhance the operation of the composting process. The facility covered the existing compost processing area with concrete for additional ground water protection and added a metal roof to allow compost operations to continue 12 months a year. These improvements included approximately 50,000 square feet of concrete surface area and 45,000 square feet of metal roof.

These improvements were estimated to increase the volume of biosolids treated to approximately 3 million dry pounds or 5,500 cubic yards and consume nearly 11,000 cubic yards of tree trimmings and wood waste. This capital improvement project effectively doubled the production volume of the facility.

These improvements give the facility the flexibility to produce compost a full 12 months out of the year, rain or shine, as well as providing a stable environment in which to meet end product quality assurance guidelines and to expand the facility's product lines.

The facility markets its product under the trade name Soil Therapy Compost™. For more information about Soil Therapy Compost™ visit our retail website at [www.soiltherapy.org](http://www.soiltherapy.org).

For additional information, call 903-584-3415 or send us your questions via e-mail to [info@soiltherapy.org](mailto:info@soiltherapy.org).

**SOIL**  
**THERAPY COMPOST™**





AERIAL VIEW OF THE NECHES COMPOST FACILITY



WINDROW TURNER



## Neches Compost Facility Participants

Current active participants in the Neches Compost Facility are the City of Athens, City of Bullard, Georgia-Pacific Chemicals, LLC., City of Palestine, and the City of Whitehouse. The Neches Compost Facility offers numerous benefits to its participants. These benefits include guaranteed sludge disposal, potential for

wood waste disposal, allows the participants to meet all current regulatory requirements for municipal sewer sludge disposal (and avoid future regulatory burdens), offers a level of cost control, revenue from non-participant disposal, and rebates from compost sales revenue.

Participant	FY 2017 Pro Rata Share	
	Percentage	Dry Pounds of Biosolids
City of Athens	31.83%	723,700
City of Bullard	3.30%	75,000
Georgia-Pacific Chemicals, LLC.	17.59%	400,000
City of Palestine	32.98%	749,826
City of Whitehouse	14.29%	325,00
<b>TOTAL</b>	<b>100.00%</b>	<b>2,273,526</b>

## Neches Compost Facility Sludge Disposal Fiscal Year 2017 (September 1, 2016 - August 31, 2017)

In FY 2017, the Neches Compost Facility was able to dispose of 2,715,998 dry pounds of solids. These solids were used to produce biosolids compost. By recycling

these solids in this manner, the Neches Compost Facility reduced the amount of solids which are disposed of in landfills.

Participant	FY 2017 Sludge Disposal		
	Number of Loads	Cubic Yards	Dry Pounds of Biosolids
City of Athens	25	625	882,320
City of Bullard	24	367	88,109
Georgia-Pacific Chemicals, LLC.	25	625	382,854
City of Palestine	101	2,525	1,030,016
City of Whitehouse	32	800	265,454
NACRWF (non-participant)	6	168	67,245
<b>TOTAL</b>	<b>213</b>	<b>5,110</b>	<b>2,715,998</b>



LAWN AND LANDSCAPE BLEND

EXCELLENT SOIL CONDITIONER FOR GRASS, TREES & SHRUBS

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# SOIL

## THERAPY COMPOST™ FOR HAPPY LAWN AND LANDSCAPES

SOIL THERAPY:  
A HEALING ART WHICH  
USES SOIL AMENDMENTS  
AND CONDITIONERS TO  
PROMOTE HEALTHY  
LAWNS AND LANDSCAPES.

LOOK FOR EXPERT  
PLANTING TIPS  
ON BACK.

SOIL THERAPY COMPOST™ LAWN AND LANDSCAPE BLEND



APPROXIMATELY 40LBS

### SOIL THERAPY COMPOST™

REJUVENATE YOUR SOIL

*for happy lawns and landscapes*

INCORPORATING SOIL THERAPY BIO-SOLID COMPOST™ INTO YOUR  
LAWN AND LANDSCAPE IMPROVES IT'S OVERALL HEALTH, WELL BEING, AND BEAUTY .

SOIL THERAPY COMPOST™ IS A SPECIALLY BLENDED PRODUCT OF ANGELINA & NECHES RIVER AUTHORITY.

BAG DESIGN FOR SOIL THERAPY COMPOST





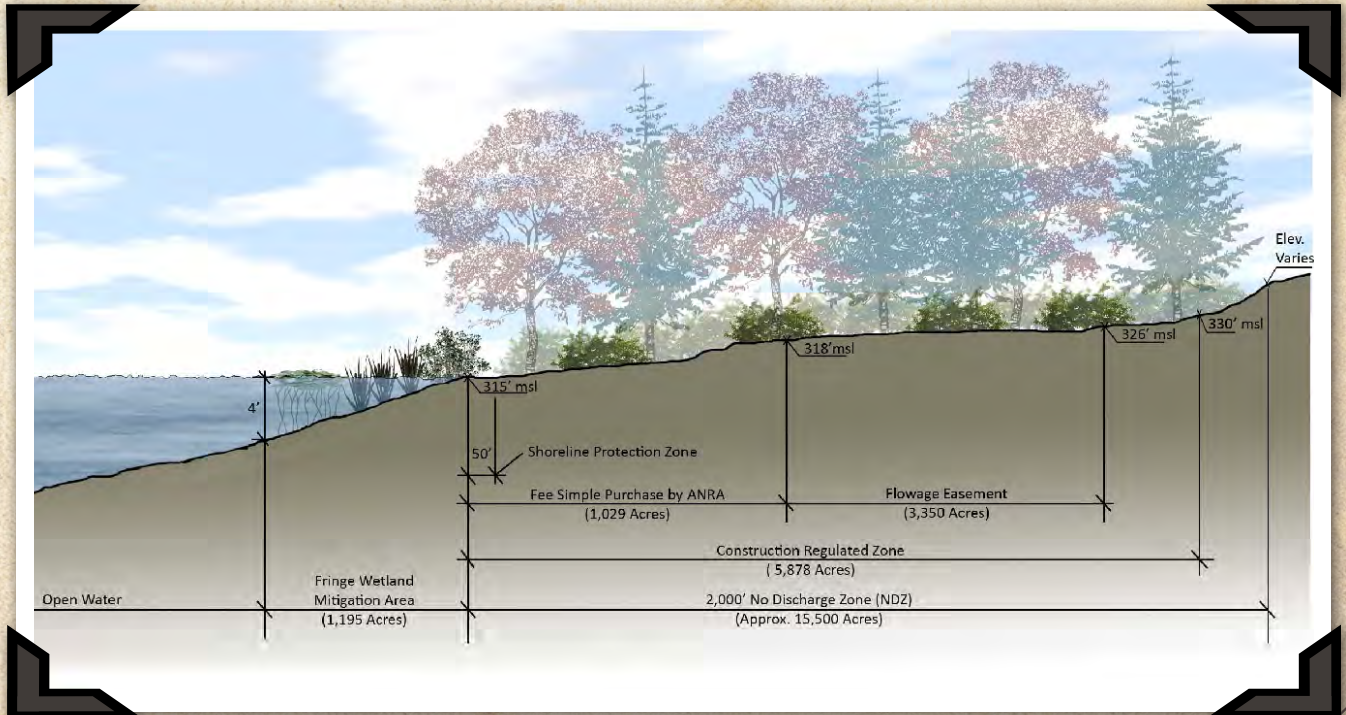
MAP OF THE PROPOSED LAKE COLUMBIA WATERSHED



# LAKE COLUMBIA

## Key Physical Information for Lake Columbia

Normal Pool Elevation	315 ft NGVD (10,133 acres)	Probable maximum flood elevation (Equals 41" of rain in 72 hours)	334.08 ft NGVD
Fee simple purchase	318 ft NGVD (11,500 acres)	Top of dam	336 ft NGVD
Emergency spillway elevation	324 ft NGVD	Dam length	6,800 feet
2 year flood elevation	317.12 ft NGVD	Dam height (from stream bed)	67 feet
5 year flood elevation	318.57 ft NGVD	Dam footprint	164 acres
10 year flood elevation	319.69 ft NGVD	Total volume of above-grade fill in dam	3.6 million cubic yards
25 year flood elevation	320.77 ft NGVD	Reservoir volume at 315 NGVD	195,500 acre feet
50 year flood elevation	321.72 ft NGVD	Emergency spillway width	1,100 feet
100 year flood elevation	322.59 ft NGVD	Shoreline length	94.5 miles
500 year flood elevation	326.65 ft NGVD	Drainage Area	384 square miles





# Lake Columbia

## Update on Lake Columbia Activities

ANRA staff have been working with the U.S. Army Corps of Engineers (USACE) to further clarify the requirements contained in the August 2016 Application Reinstatement document. ANRA continues to work to establish the water demands sufficient to satisfy USACE's requirements. The Lake Columbia project continues to be a vital part of the solution for the state's growing water demands.

The reinstatement places a five year timeline in which to accomplish eight criteria associated with specific aspects of the Environmental Impact Statement. Those criteria are as follows:

- Adequate documentation of participant involvement and commitment to supporting the full need of the proposed action. The formal agreements must include who the entity is, how much water they are requesting (which is adequately supported by a participant-specific needs analysis), when the water is required over the study period of the project, where the water is to be delivered, and if it is to be raw or treated when delivered from Angelina and Neches River Authority;
- Demonstrating the willingness and ability to execute a contract with a new 3rd party contractor for the Environmental Impact Statement process through permit decision;
- Draft Request for Proposals (RFP) and proposed release/advertising process to solicit a new 3<sup>rd</sup> party contractor;
- Proposed schedule to get a new 3<sup>rd</sup> party contractor on board (e.g. when Draft Request for Proposals will be ready for review, length of period to review proposals, interviews, selection, and kick off meeting);
- A revised project description including all associated actions to allow development of the project including road relocations, pipeline alignments, pump stations, intakes, treatment facilities, terminal storage sites, etc.;
- A draft reservoir operations plan outline that includes projected withdrawals by participant based on projected demands, releases downstream, etc.;
- Initial alternatives analysis that is formulated in relation to the size of the proposed project which is supported by the need in item a above; and
- A conceptual mitigation plan.

Based on these criteria, ANRA is moving forward with the Lake Columbia Regional Water Supply Reservoir Project.





MUD CREEK AT US 84



MUD CREEK AT SH 204





HOLMWOOD UTILITIES WELL #3





# FINANCIAL SECTION



**Fiscal Year 2017**  
**September 1, 2016 - August 31, 2017**

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**FINANCIAL AUDIT**









**ANGELINA & NECHES RIVER AUTHORITY**

December 27, 2017

Please accept, with our compliments, the Annual Financial Report for FY 2017 of the Angelina & Neches River Authority (ANRA). This Annual Financial Report was audited by the firm of Goff and Herrington, P.C. and approved by the Angelina & Neches River Authority Board of Directors on December 12, 2017.

If you have any questions regarding this report or any other issue, please contact either myself or General Manager Kelley Holcomb. The contact information is listed below for your convenience.

Kelley Holcomb, General Manager  
Angelina & Neches River Authority  
P.O. Box 387  
Lufkin, Texas 75902  
Phone: (936) 632-7795  
Email: [kholcomb@anra.org](mailto:kholcomb@anra.org)

Dyan Stanford, Administration Division Manager  
Angelina & Neches River Authority  
P.O. Box 387  
Lufkin, Texas 75902  
Phone: (936) 633-7549  
Email: [dstanford@anra.org](mailto:dstanford@anra.org)

Respectfully,

Dyan Stanford  
Administration Division Manager









Certified Public Accountants

**Goff & Herrington, P.C.**

P.O. Box 153320 • Lufkin, TX 75915-3320 • (936) 875-3317 • Fax: (936) 622-6823

A.J. Goff, CPA  
Ronnie Herrington, CPA  
Daniel Raney, CPA

November 11, 2017

Members of the Board of Directors and Management  
Angelina & Neches River Authority  
P.O. Box 387  
210 E. Lufkin Avenue  
Lufkin, Texas 75902

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, 2017, 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. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 21, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the Authority's financial statements were:

*Allowance for Doubtful Accounts.* Management's estimate of the allowance for doubtful accounts is based on historical utility billing collections.

*Useful Life of Capital Assets.* The estimated useful lives of capital assets are based on management's estimate of the economic life of the assets.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.



*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached Schedule A summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, the attached Schedule B contains a listing of audit adjustments that have been corrected by management. These adjustments, which are material in the aggregate, were detected as a result of audit procedures and corrected by management as part of the audit process.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 11, 2017.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

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

Restriction on Use

This information is intended solely for the information and use of the board of directors and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

*Goff & Herrington, P.C.*

GOFF & HERRINGTON, P.C.  
Certified Public Accountants



Schedule A

Summary of Passed Audit Adjustments  
Angelina & Neches River Authority  
August 31, 2017

Description of Passed Audit Adjustment (PAJE)

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PAJE #1 - To record accrued payroll at 8/31/2017 and adjust equity for payroll expense recorded in the current year that were incurred in the prior year.

Effect on the Financial Statements

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	<b>Total Assets</b>	<b>Total Liabilities</b>	<b>Fund Balance/ Net Position</b>	<b>Revenues</b>	<b>Expenses</b>	<b>Change in Fund Balance/ Net Position</b>
PAJE #1	-	58,183	51,274	-	6,909	6,909
Total PAJEs	-	58,183	51,274	-	6,909	6,909
Financial Statement Caption Total	15,639,258	8,545,277	6,926,601	2,627,317	2,314,955	2,818,712
% PAJE Effect of Financial Statement Item	0.00%	0.68%	0.74%	0.00%	0.30%	0.25%



## Schedule B

Client: **Angelina Neches River Authority**  
 Engagement: **2017 - ANRA**  
 Period Ending: **8/31/2017**  
 Trial Balance: **2100.00 - Trial Balance - ANRA**  
 Workpaper: **Adjusting Journal Entries Report - ANRA**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>				
To adjust accrued vacation at year end.				
330.05	Accrued - Compensated Absences		1,551.93	
700.00	Salaries			1,551.93
<b>Total</b>			<b>1,551.93</b>	<b>1,551.93</b>
<b>Adjusting Journal Entries JE # 2</b>				
To adjust due to/from accounts				
133.01	Due From ACF		7,776.62	
133.02	Due From HMU			7,776.62
<b>Total</b>			<b>7,776.62</b>	<b>7,776.62</b>
<b>Adjusting Journal Entries JE # 3</b>				
To adjust loan ending balance to confirmation and debt schedule per bank.				
327.02	Unit#46,47,48 Trucks 2013		688.28	
799.08	Debt Service - Interest		846.56	
799.12	Debt Service Mini X - Interest		386.33	
799.20	Debt Service Vehicles 2016 - Interest		965.38	
327.01	Consolidated Loan 2013			846.56
327.03	Backhoe 2013			386.33
365.00	Lease - Chevy Trucks (2)			965.38
799.10	Debt Service Unit #46,47,48 - Interest			688.28
<b>Total</b>			<b>2,886.55</b>	<b>2,886.55</b>
<b>Adjusting Journal Entries JE # 4</b>				
To reclassify capital expenditures to fixed assets.				
201.00	Machinery & Equipment		9,477.25	
201.03	Jet Machine 2008		6,450.00	
754.01	Equipment - Lab/Field			9,477.25
754.04	Electronic Equipment			6,450.00
<b>Total</b>			<b>15,927.25</b>	<b>15,927.25</b>
<b>Adjusting Journal Entries JE # 5</b>				
To record depreciation expense during the year ended 8/31/2017.				
201.00	Machinery & Equipment		10,000.00	
800.00	Depreciation		60,113.14	
205.00	Accumulated Depreciation			10,000.00
205.00	Accumulated Depreciation			60,113.14
<b>Total</b>			<b>70,113.14</b>	<b>70,113.14</b>
<b>Adjusting Journal Entries JE # 6</b>				
To reclassify receipt of prior year receivable to correct account.				
130.00	A/R Operations		42,440.08	
135.01	Due from Clean Water Act 2013		29,909.49	
130.00	A/R Operations			29,909.49
135.01	Due from Clean Water Act 2013			42,440.08
<b>Total</b>			<b>72,349.57</b>	<b>72,349.57</b>
<b>Adjusting Journal Entries JE # 7</b>				
To record CRP receivable at year end				
134.01	Due from Clean Rivers Program		40,991.53	
100.60.01	CRP - TCEQ Contract			40,991.53
<b>Total</b>			<b>40,991.53</b>	<b>40,991.53</b>



Client: **Angelina Neches River Authority**  
Engagement: **2017 - ANRA**  
Period Ending: **8/31/2017**  
Trial Balance: **2100.00 - Trial Balance - ANRA**  
Workpaper: **Adjusting Journal Entries Report - ANRA**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 8</b>				
To adjust TWC liability to actual and correct prior period mis-posting of \$2,570 and to correct rate change over accrual in the current period.				
333.04	Payroll Liabilities:333.04 -- SUTA - State Unemployment Comm		5,513.86	
702.03	SUTA - State Unemployment Comm			5,513.86
<b>Total</b>			<b>5,513.86</b>	<b>5,513.86</b>
<b>Adjusting Journal Entries JE # 9</b>				
To adjust beginning equity to prior year audit balance				
451.00	Retained Earnings		1,620.00	
100.55.02	Miscellaneous Income			1,620.00
<b>Total</b>			<b>1,620.00</b>	<b>1,620.00</b>
<b>Adjusting Journal Entries JE # 10</b>				
To reclassify current portion of Capital leases				
327.01	Consolidated Loan 2013		8,347.00	
327.02	Unit#46,47,48 Trucks 2013		8,666.00	
327.03	Backhoe 2013		5,548.00	
365.00	Lease - Chevy Trucks (2)		10,303.00	
315.00	Curr Portion Long Term Debt			32,864.00
<b>Total</b>			<b>32,864.00</b>	<b>32,864.00</b>



Client:  
Engagement: 2017 - ANRA  
Period Ending: 8/31/2017  
Trial Balance: 2100.02 - Trial Balance - NAC RWF  
Workpaper: Adjusting Journal Entries Report - NAC RWF

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 1</b>				
To reclass \$43,835 and \$17,300 escrow Releases to the correct Loan forgiveness escrow account. These related to LF1000397, but were coded to the LF1000258 account.				
120.02	BOT- RestrictedCash- 469k-LF		61,135.73	
122.02	BOT-RestrictedCash- 3,176,250-LF			61,135.73
<b>Total</b>			<b>61,135.73</b>	<b>61,135.73</b>
<b>Adjusting Journal Entries JE # 2</b>				
To reclassify final release of \$4,429 on FL1000258 to correct account.				
122.02	BOT-RestrictedCash- 3,176,250-LF		4,429.40	
120.02	BOT- RestrictedCash- 469k-LF			4,429.40
<b>Total</b>			<b>4,429.40</b>	<b>4,429.40</b>
<b>Adjusting Journal Entries JE # 3</b>				
To reclassify interest income on LF1000258 to interest income.				
122.02	BOT-RestrictedCash- 3,176,250-LF		69.71	
500.06	IncomeInterest - CD/Bonds			69.71
<b>Total</b>			<b>69.71</b>	<b>69.71</b>
<b>Adjusting Journal Entries JE # 4</b>				
To reclassify releases to correct L1000257 account.				
120.02	BOT- RestrictedCash- 469k-LF		67,137.00	
122.02	BOT-RestrictedCash- 3,176,250-LF		94,498.91	
120.01	BOT-RestrictedCash- 205k-L			67,137.00
120.01	BOT-RestrictedCash- 205k-L			94,498.91
<b>Total</b>			<b>161,635.91</b>	<b>161,635.91</b>
<b>Adjusting Journal Entries JE # 5</b>				
To consolidate loan forgiveness liability accounts on general ledger.				
498.02	Loan - TWDB 2014 - ACF PAD -Loan Forgiveness		360,263.00	
480.20	TWDB Loan Forgiveness 2014			360,263.00
<b>Total</b>			<b>360,263.00</b>	<b>360,263.00</b>
<b>Adjusting Journal Entries JE # 6</b>				
To recognize the final release on FL1000258 as single audit federal revenues.				
480.20	TWDB Loan Forgiveness 2014		4,430.00	
510.00	Single Audit Revenue			4,430.00
<b>Total</b>			<b>4,430.00</b>	<b>4,430.00</b>
<b>Adjusting Journal Entries JE # 7</b>				
To recognize 2017 escrow release on LF1000357 as single audit federal revenue.				
480.10	TWDB Loan Forgiveness 2016		2,708,870.05	
510.00	Single Audit Revenue			2,708,870.05
<b>Total</b>			<b>2,708,870.05</b>	<b>2,708,870.05</b>
<b>Adjusting Journal Entries JE # 8</b>				
To record interest income on loan \$1,820,000 escrow account.				
122.01	BOT-RestrictedCash- 1,820,000-L		10,587.87	
500.06	IncomeInterest - CD/Bonds			10,587.87
<b>Total</b>			<b>10,587.87</b>	<b>10,587.87</b>
<b>Adjusting Journal Entries JE # 9</b>				
To record interest income on loan \$250k escrow account.				
120.01	BOT-RestrictedCash- 205k-L		567.86	
500.06	IncomeInterest - CD/Bonds			567.86
<b>Total</b>			<b>567.86</b>	<b>567.86</b>
<b>Adjusting Journal Entries JE # 10</b>				
To record interest income on loan forgiveness \$3,186,000 escrow account.				
122.02	BOT-RestrictedCash- 3,176,250-LF		15,050.03	
500.06	IncomeInterest - CD/Bonds			15,050.03
<b>Total</b>			<b>15,050.03</b>	<b>15,050.03</b>
<b>Adjusting Journal Entries JE # 11</b>				
To eliminate duplicate accounts that were intended to be reversed.				
410D0	Accrued Interest - TWDB		31,448.00	
430D0	Accrued Interest TWDB 2016 Bond		25,271.00	
410	Regions - Bond Series 2012 - Accrued Interest			31,448.00
430	TWDB - Bond Series 2016 - Accrued Interest - TWDB			25,271.00
<b>Total</b>			<b>56,719.00</b>	<b>56,719.00</b>



## NAC RWF - Page 2

<b>Adjusting Journal Entries JE # 12</b>			
To adjust accrued interest to actual at 8/31/2017.			
414.02	TWDB - Bond Series 2016 - Accrued Interest	2,923.65	
970.24	Debt Service - Regions Bond 2012 - Interest	387.65	
970.26	Debt Service - TWDB Bond 2014 - Interest	9.89	
411.02	Regions - Bond Series 2012 - Accrued Interest - TWDB		387.65
413.02	TWDB - Bond Series 2014 - Accrued Interest		9.89
970.28	Debt Service- TWDB Series 2016 - Interest		2,923.65
<b>Total</b>		<b>3,321.19</b>	<b>3,321.19</b>
<b>Adjusting Journal Entries JE # 13</b>			
To record depreciation expense during the year ended 8/31/2017.			
211.00	Plant General	30.00	
980.00	Depreciation	150,849.59	
212.00	Accumulated Depreciation		150,849.59
968.00	Miscellaneous Expense		30.00
<b>Total</b>		<b>150,879.59</b>	<b>150,879.59</b>
<b>Adjusting Journal Entries JE # 14</b>			
To adjust beginning equity to prior year audit balance and post prior auditor eliminating entry			
350.00	Retained Earnings	300,000.00	
968.00	Miscellaneous Expense	1,058.00	
213.02	NACRW System-ACF Sewer In Const - Loan Forgiveness		300,000.00
350.00	Retained Earnings		1,058.00
<b>Total</b>		<b>301,058.00</b>	<b>301,058.00</b>
<b>Adjusting Journal Entries JE # 15</b>			
To reclassify to capital assets			
206.00	Treatment Facilities	49,850.00	
924.00	Reserve - Maintenance & Equipment		49,850.00
<b>Total</b>		<b>49,850.00</b>	<b>49,850.00</b>
	<b>Total Adjusting Journal Entries</b>	<b>3,888,867.34</b>	<b>3,888,867.34</b>
	<b>Total All Journal Entries</b>	<b>3,888,867.34</b>	<b>3,888,867.34</b>



Client: **Angelina Neches River Authority**  
Engagement: **2017 - ANRA**  
Period Ending: **8/31/2017**  
Trial Balance: **2100.01 - Trial Balance - Lake Columbia**  
Workpaper: **Adjusting Journal Entries Report - Lake Columbia**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>				
To reclassify amount due to ANRA				
300.00	Accounts Payable		33,964.61	
312.00	Due to ANRA/Mgt Expenses			33,964.61
<b>Total</b>			<b><u>33,964.61</u></b>	<b><u>33,964.61</u></b>
<b>Adjusting Journal Entries JE # 2</b>				
To relieve deferred interest per the amortization schedule in the loan document				
330.01	L.C. Contract Revenue Bonds - Deferred Interest 800K		38,114.29	
330.02	L.C. Contract Revenue Bonds - Deferred Interest 230K		9,698.00	
970.03	Debt Service - Contract Bond - Interest			47,812.29
<b>Total</b>			<b><u>47,812.29</u></b>	<b><u>47,812.29</u></b>
<b>Adjusting Journal Entries JE # 3</b>				
To continue to accrue \$40,664 annual deferred interest per amortization schedule				
970.03	Debt Service - Contract Bond - Interest		40,664.00	
331.01	TWDB ST Participation Loan - Deferred Interest 734K			40,664.00
<b>Total</b>			<b><u>40,664.00</u></b>	<b><u>40,664.00</u></b>
<b>Adjusting Journal Entries JE # 4</b>				
To True-up accrued interest at 8/31/2017. Note that \$7,287 of true-up is related to old accruals still on the books.				
325.00	Accrued Interest on Payable		6,837.96	
330.03	L.C. Contract Revenue Bonds - Accrued Interest		3,833.00	
970.03	Debt Service - Contract Bond - Interest			10,670.96
<b>Total</b>			<b><u>10,670.96</u></b>	<b><u>10,670.96</u></b>
<b>Adjusting Journal Entries JE # 5</b>				
To adjust beginning equity to prior year audit balance				
350.00	Retained Earnings		25.00	
958.00	Travel & Per Diem.			25.00
<b>Total</b>			<b><u>25.00</u></b>	<b><u>25.00</u></b>



Client: *Angelina Neches River Authority*  
Engagement: *2017 - ANRA*  
Period Ending: *8/31/2017*  
Trial Balance: *2100.03 - Trial Balance - Holmwood*  
Workpaper: *Adjusting Journal Entries Report - Holmwood*

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 1</b>				
To reclassify amounts due to ANRA				
300.00	Accounts Payable		623.40	
307.00	Due to ANRA Ops			623.40
<b>Total</b>			<b>623.40</b>	<b>623.40</b>
<b>Adjusting Journal Entries JE # 2</b>				
To adjust accrued interest to actual at 8/31/2017				
411.02	Regions 2012-Accrued Interest		1,895.83	
970.24	Debt Service:970.24 -+ Regions Bond - Interest			1,895.83
<b>Total</b>			<b>1,895.83</b>	<b>1,895.83</b>
<b>Adjusting Journal Entries JE # 3</b>				
To record depreciation expense during the year ended 8/31/2017.				
980.00	Depreciation.		28,238.87	
212.00	Accumulated Depreciation			28,238.87
<b>Total</b>			<b>28,238.87</b>	<b>28,238.87</b>
<b>Adjusting Journal Entries JE # 4</b>				
To adjust customer deposit balance to actual.				
480.00	Meter Deposits Payable		1,351.24	
500.12	Income - Miscellaneous Income			1,351.24
<b>Total</b>			<b>1,351.24</b>	<b>1,351.24</b>
<b>Adjusting Journal Entries JE # 5</b>				
To record allowance for bad debts on utility accounts over 120 days past due.				
969.00	Bad Debt Expense		2,116.30	
1210.03	Allowance for Doubtful Accounts			2,116.30
<b>Total</b>			<b>2,116.30</b>	<b>2,116.30</b>
<b>Adjusting Journal Entries JE # 6</b>				
To adjust beginning equity to prior year audit balance				
968.00	Miscellaneous Expense		7,330.00	
350.00	Retained Earnings			7,330.00
<b>Total</b>			<b>7,330.00</b>	<b>7,330.00</b>
	<b>Total Adjusting Journal Entries</b>		<b>41,555.64</b>	<b>41,555.64</b>
	<b>Total All Journal Entries</b>		<b>41,555.64</b>	<b>41,555.64</b>



Client:  
Engagement: 2017 - ANRA  
Period Ending: 8/31/2017  
Trial Balance: 2100.04 - Trial Balance - Compost  
Workpaper: Adjusting Journal Entries Report - Compost

Account	Description	W/P Ref	Debit	Credit
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**Adjusting Journal Entries**

**Adjusting Journal Entries JE # 1**

To adjust accrued vacation liability at year end.

900.00	Personnel Expenses - Salaries		2,063.62	
415.00	Accrued Vacation Payable			2,063.62
<b>Total</b>			<b>2,063.62</b>	<b>2,063.62</b>

**Adjusting Journal Entries JE # 2**

To reclassify due to/from ANRA

300.00	Accounts Payable		310.24	
310.00	Due To ANRA/Mgt Expenses			310.24
<b>Total</b>			<b>310.24</b>	<b>310.24</b>

**Adjusting Journal Entries JE # 3**

Client prepared entry reversing an entry posted twice to the general ledger.

408.00	Regions - Accrued Principal		400.00	
970.15	Debt Service - Windrow Turner - Principal		18,175.60	
970.23	Debt Service - Regions Bond - Principal		48,000.00	
458.00	TSB Loan - Windrow Turner			18,175.60
463.01	Region Refunding Bonds - Tax Exempt			42,100.00
463.02	Region Refunding Bonds- Taxable			6,300.00
<b>Total</b>			<b>66,575.60</b>	<b>66,575.60</b>

**Adjusting Journal Entries JE # 4**

To reclassify interest and principal.

316.00	Principal Payable-Current		1,300.00	
970.24	Debt Service: - Regions Bond - Interest		300.00	
463.01	Region Refunding Bonds - Tax Exempt			1,300.00
463.02	Region Refunding Bonds- Taxable			300.00
<b>Total</b>			<b>1,600.00</b>	<b>1,600.00</b>

**Adjusting Journal Entries JE # 5**

To reclass insurance proceeds to other revenue account

208.00	Equipment		500.00	
208.02	Equipment: - Heavy Equipment		19,898.00	
500.50	Insurance proceeds			20,398.00
<b>Total</b>			<b>20,398.00</b>	<b>20,398.00</b>

**Adjusting Journal Entries JE # 6**

To adjust accrued interest to actual at 8/31/2017.

410.00	Regions - Accrued Interest		3,321.20	
970.24	Debt Service: - Regions Bond - Interest			3,321.20
<b>Total</b>			<b>3,321.20</b>	<b>3,321.20</b>

**Adjusting Journal Entries JE # 7**

To adjust loan ending balance to confirmation and debt schedule per bank.

970.24	Debt Service: - Regions Bond - Interest		2,013.08	
458.00	TSB Loan - Windrow Turner			2,013.08
<b>Total</b>			<b>2,013.08</b>	<b>2,013.08</b>



## Neches Compost Facility - Page 2

### Adjusting Journal Entries JE # 8

To record depreciation expense during the year ended 8/31/2017.

206.00	Treatment Facilities	30.00	
207.00	Land	8,041.00	
980.00	Depreciation	83,810.68	
206.00	Treatment Facilities		8,041.00
212.00	Accumulated Depreciation		83,810.68
212.00	Accumulated Depreciation		13.00
968.00	Miscellaneous Expense		17.00
<b>Total</b>		<b>91,881.68</b>	<b>91,881.68</b>

### Adjusting Journal Entries JE # 9

To adjust beginning equity to prior year audit balance

968.00	Miscellaneous Expense	2,554.00	
350.00	Retained Earnings		2,554.00
<b>Total</b>		<b>2,554.00</b>	<b>2,554.00</b>
	<b>Total Adjusting Journal Entries</b>	<b>190,717.42</b>	<b>190,717.42</b>
	<b>Total All Journal Entries</b>	<b>190,717.42</b>	<b>190,717.42</b>







**ANGELINA & NECHES  
RIVER AUTHORITY**

**ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED**

**AUGUST 31, 2017**







ANGELINA & NECHES RIVER AUTHORITY  
ANNUAL FINANCIAL REPORT FOR THE YEARS ENDED  
AUGUST 31, 2017

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## FINANCIAL SECTION









Goff & Herrington, P.C.

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A.J. Goff, CPA  
Ronnie Herrington, CPA  
Daniel Raney, CPA

## INDEPENDENT AUDITOR'S 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, 2017, 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 financial statements of the Authority as of August 31, 2016 and for the year then ended were audited by other auditors whose report dated December 1, 2016 expressed an unmodified opinion on these 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.

### *Auditor's Responsibility*

Our responsibility is to express opinions 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 opinions.



***Opinions***

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, 2017, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***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 4-7 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 combining statements, Texas supplementary information and other information sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining statements, Texas supplementary information and the schedule of expenditures of federal awards 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 combining statements, Texas supplementary information and the schedule of expenditures of federal awards 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 November 11, 2017, 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.

*Goff & Herrington, P.C.*

GOFF & HERRINGTON, P.C.  
Certified Public Accountants

November 11, 2017



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2017. 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, 2017, the Authority's total combined net position was \$6,926,601. During the year, the Authority had operating revenues of \$2,627,317, operating expenses of \$2,314,955 and net non-operating revenues of \$2,506,350, resulting in a combined increase in net position of \$2,818,712 for the year ended August 31, 2017.

The Authority's total cash and investments decreased \$2,908,343 from the previous year largely due to the significant funds spent on capital improvement projects.

The Authority's fixed assets (net of accumulated depreciation) increased \$3,255,248.

### 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, 2017, has five funds – ANRA Operations, Holmwood Utilities, Lake Columbia Preconstruction, Neches Compost Facility and North Angelina County Regional Wastewater Facility. All of these funds together comprise the Basic Financial Statements and none of the funds independently depend on governmental funds as a major source of revenue. Therefore, all of the funds are presented in a combined financial statement. The supplemental schedules portion of the report includes a Statement of Net Assets, Statement of Revenue, Expenditures, and Changes in Net Position and Statement of Cash Flows by fund.



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Authority's combined net position was \$6,926,601 as of August 31, 2017. The following table provides a summary of the Authority's net position.

**Table I  
Authority's Net Position**

	2017	2016	% Change
<b>Assets:</b>			
Current Assets	\$ 2,891,394	\$ 5,921,238	-51.2%
Capital Assets, net	12,747,864	9,492,616	34.3%
Total Assets	<u>15,639,258</u>	<u>15,413,854</u>	<u>1.5%</u>
<b>Liabilities:</b>			
Current Liabilities	919,875	499,635	84.1%
Long-term Debt	7,625,402	7,925,650	-3.8%
Total Liabilities	<u>8,545,277</u>	<u>8,425,285</u>	<u>1.4%</u>
<b>Deferred Inflows of Resources:</b>			
Loan forgiveness - TWDB	167,380	2,880,680	-94.2%
Total deferred inflows	<u>167,380</u>	<u>2,880,680</u>	<u>-94.2%</u>
<b>Net Position:</b>			
Invested in Capital Assets, net of related debt	5,310,097	1,761,971	201.4%
Restricted	2,109,880	4,758,169	-55.7%
Unrestricted	(493,376)	(2,412,251)	-79.5%
Total Net Position	<u>\$ 6,926,601</u>	<u>\$ 4,107,889</u>	<u>68.6%</u>

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

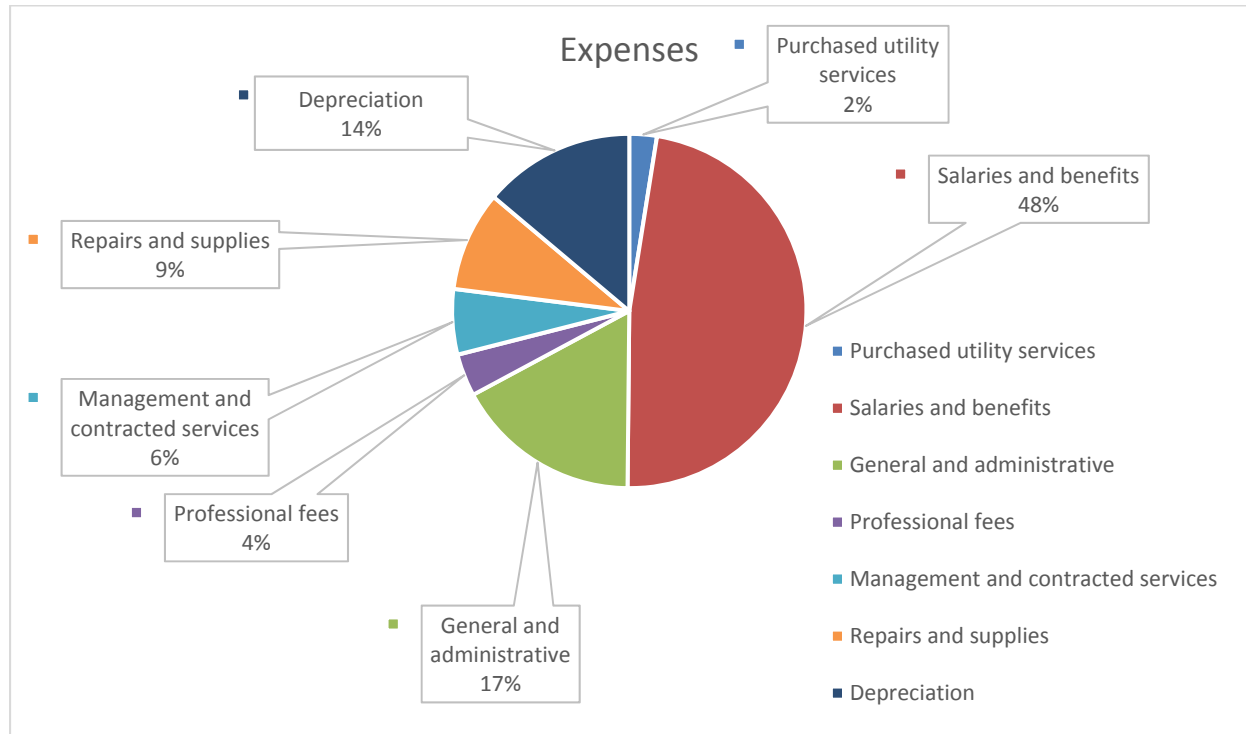
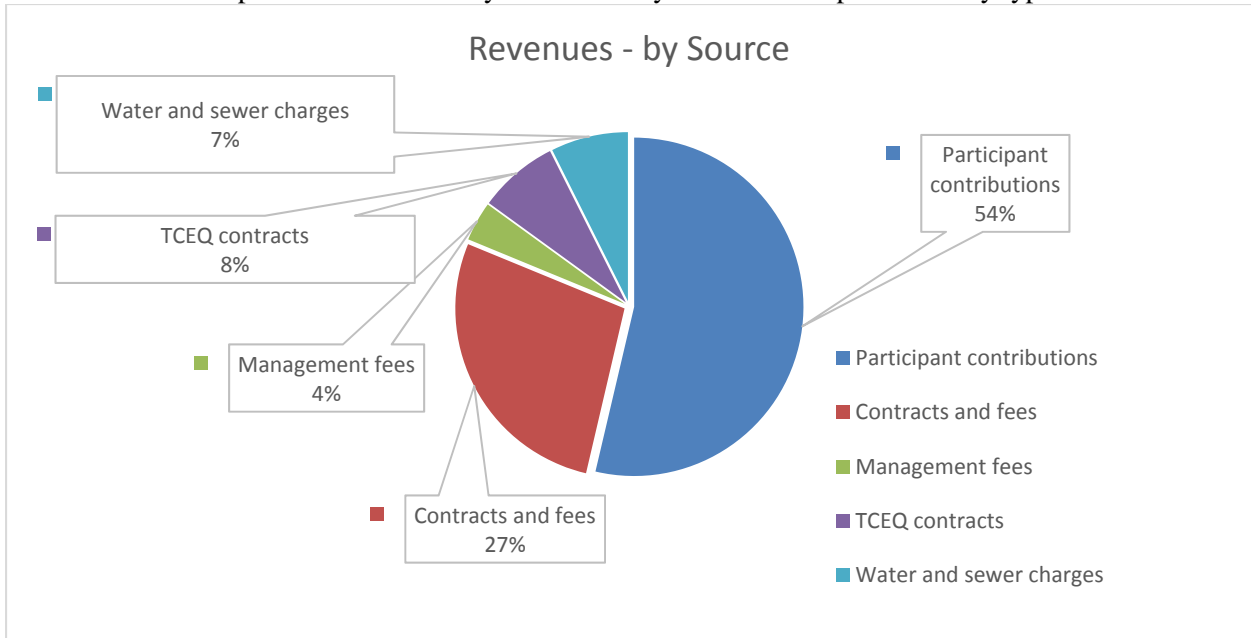
**Table II  
Change in Authority's Net Position**

	2017	2016	% Change
<b>Revenues:</b>			
Charges for Services	\$ 2,627,317	\$ 2,668,006	-1.5%
Investment income	26,275	15,819	66.1%
Other income - loan forgiveness	2,713,300	655,833	313.7%
Other income	25,932	-	100.0%
Total Revenue	<u>5,392,824</u>	<u>3,339,658</u>	<u>61.5%</u>
<b>Expenses:</b>			
General services	1,485,962	1,505,175	-1.3%
Holmwood Utility	93,078	102,607	-9.3%
Lake Columbia	126,528	153,209	-17.4%
North Angelina County RWF	359,797	472,451	-23.8%
Neches Composting	508,747	444,622	14.4%
Total Expense	<u>2,574,112</u>	<u>2,678,064</u>	<u>-3.9%</u>
Change in net position	2,818,712	661,594	326.0%
Beginning net position	4,107,889	3,446,295	19.2%
Ending net position	<u>\$ 6,926,601</u>	<u>\$ 4,107,889</u>	<u>68.6%</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

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### 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 20.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At the end of fiscal year 2017, the Authority had invested \$16,707,103, less depreciation of \$3,959,239 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:

	<u>2017</u>	<u>2016</u>	<u>% Change</u>
Land	1,178,695	1,153,249	2.21%
Treatment Facilities	2,583,224	2,681,880	(3.68%)
Facilities & improvements	395,847	399,475	(0.91%)
Machinery and equipment	245,549	274,509	(10.55%)
Construction in progress	8,344,549	4,983,503	67.44%
Net capital assets	<u>12,747,864</u>	<u>9,492,616</u>	<u>34.29%</u>

A large portion of the Authority's net position, 76.67%, 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, 2017, net of the current portion, totaled \$7,625,402 for leases payable and revenue bonds. The current portion of the long-term debt was \$340,740. 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 \$274,400 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) 633-7543.



**ANGELINA & NECHES RIVER AUTHORITY**  
**STATEMENT OF NET POSTION**  
**AUGUST 31, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 638,444	\$ 898,498
Restricted cash and cash equivalents	2,109,880	4,758,169
Accounts Receivable, net	143,070	264,571
Total current assets	2,891,394	5,921,238
<b>Capital Assets:</b>		
Land	1,178,695	1,145,208
Other capital assets, net of depreciation	11,569,169	8,347,408
Total capital assets	12,747,864	9,492,616
Total Assets	15,639,258	15,413,854
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts payable	485,298	65,812
Compensated absences	30,301	29,787
Accrued interest payable	63,536	89,144
Bonds and leases payable - current	340,740	314,892
Total current liabilities	919,875	499,635
<b>Long-term Liabilities:</b>		
Deferred interest	591,911	599,059
Bond and leases payable - noncurrent	7,033,491	7,326,591
Total long-term liabilities	7,625,402	7,925,650
Total Liabilities	8,545,277	8,425,285
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Loan forgiveness - TWDB	167,380	2,880,680
Total deferred inflows of resources	167,380	2,880,680
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	5,310,097	1,761,971
Restricted for debt service	175,648	151,572
Restricted for construction	1,934,232	4,606,597
Unrestricted	(493,376)	(2,412,251)
Total Net Position	\$ 6,926,601	\$ 4,107,889

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, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>Operating Revenues:</b>		
Participant contributions	\$ 1,410,052	\$ 1,193,425
Contracts and fees	723,657	810,223
Management fees	99,145	92,957
TCEQ contracts	200,243	372,214
Water and sewer charges	<u>194,220</u>	<u>199,187</u>
<b>Total Operating Revenues</b>	<u>2,627,317</u>	<u>2,668,006</u>
<b>Operating Expenditures:</b>		
Purchased utility services	58,208	67,384
Salaries and benefits	1,101,718	929,264
General and administrative	393,471	497,093
Professional fees	89,418	106,623
Management and contracted services	137,953	264,560
Repairs and supplies	211,175	213,414
Depreciation	<u>323,012</u>	<u>318,905</u>
<b>Total Expenditures</b>	<u>2,314,955</u>	<u>2,397,243</u>
Excess (deficiency) revenues over expenditures	<u>312,362</u>	<u>270,763</u>
<b>Non-operating Revenues (Expenditures):</b>		
Investment income	26,275	15,819
Interest expense	(259,157)	(280,821)
Other income - loan forgiveness	2,713,300	655,833
Other non-operating revenues (expenditures)	<u>25,932</u>	<u>-</u>
Total other financing sources (uses)	<u>2,506,350</u>	<u>390,831</u>
Net change in fund balance	2,818,712	661,594
Net position, beginning	<u>4,107,889</u>	<u>3,446,295</u>
Net position, ending	<u>\$ 6,926,601</u>	<u>\$ 4,107,889</u>

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, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
Cash Flows from Operation Activities:		
Cash received from customers	\$ 2,748,841	\$ 2,511,450
Cash paid to suppliers	(870,595)	(1,172,851)
Cash paid to employees	(1,101,204)	(917,829)
Net cash provided by operating activities	777,042	420,770
Cash Flows from Capital and Related Financing Activities:		
Purchase of capital assets	(3,178,410)	(722,837)
Debt proceeds	53,691	5,326,914
Principal payments on long-term debt	(329,230)	(350,681)
Interest paid on long-term debt	(283,643)	(245,504)
Net cash (used) provided by capital and related financing activities:	(3,737,592)	4,007,892
Cash Flows from Investing Activities:		
Interest from investments	26,275	15,819
Other income	25,932	-
Net cash provided by capital and related financing activities:	52,207	15,819
Net increase (decrease) in cash and cash equivalents	(2,908,343)	4,444,481
Cash and cash equivalents, beginning of period	5,656,667	1,212,186
Cash and cash equivalents, end of period	\$ 2,748,324	\$ 5,656,667
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 312,362	\$ 270,763
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation	323,012	318,905
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	121,524	(124,180)
Increase (Decrease) in:		
Accounts payable	19,630	(53,101)
Accrued liabilities	514	8,383
Net cash provided by operating activities	\$ 777,042	\$ 420,770
Non-Cash Financing Activities:		
Loan forgiveness	2,713,300	655,833
Net non-cash financing activities:	2,713,300	655,833

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



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**ANGELINA & NECHES RIVER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2017**

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 - (Article 8280-108, Vernon’s Texas Civil Statutes, amended in 1977 by an Act of the Legislature of the State of Texas). 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.



**ANGELINA & NECHES RIVER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2017**

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 and maintenance 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.

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.

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



**ANGELINA & NECHES RIVER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2017**

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 rights 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 State 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 adopted by 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, 2017**

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 November 11, 2017 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, 2017.

*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, 2017, all of the Authority's \$2,748,324 deposit balance was collateralized with securities held by the pledging financial institution.



**ANGELINA & NECHES RIVER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2017**

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2017, was as follows:

	Balance 8/31/2016	Additions	Deletions	Balance 8/31/2017
Capital assets not being depreciated				
Land	\$1,153,249	25,447	-	1,178,696
Treatment facilities	4,625,681	77,299	-	4,702,980
Machinery and equipment	1,628,428	114,468	-	1,742,896
Facilities & improvements	737,982	-	-	737,982
Construction in progress	4,983,503	3,361,046	-	8,344,549
Total assets at cost	<u>13,128,843</u>	<u>3,578,260</u>	<u>-</u>	<u>16,707,103</u>
Less accumulated depreciation	<u>(3,636,227)</u>	<u>(323,012)</u>	<u>-</u>	<u>(3,959,239)</u>
Total net capital assets	<u>\$9,492,616</u>	<u>3,255,248</u>	<u>-</u>	<u>\$12,747,864</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, 2017:

Fund	Issue Date	Original Amount	Balance 8/31/16	Additions	Retirements	Balance 8/31/2017	Current Portion
<b>Leases Payable</b>							
ANRA	2013	\$142,027	\$74,353	\$53,691	(\$29,367)	\$98,677	\$32,864
Neches Compost	2008	260,000	145,730	-	(18,176)	127,554	17,876
		<u>402,027</u>	<u>220,083</u>	<u>53,691</u>	<u>(47,543)</u>	<u>226,231</u>	<u>50,740</u>
<b>Revenue Bonds</b>							
ANRA Ops	2015	590,000	590,000	-	(5,000)	585,000	5,000
Holmwood	2012	510,000	400,000	-	(30,000)	370,000	30,000
Lake Columbia	2005	230,000	230,000	-	-	230,000	-
Deferred Interest	2005	67,884	67,884	-	(9,698)	58,186	-
Lake Columbia	2009	734,000	734,000	-	-	734,000	-
Deferred Interest	2005	1,429,100	264,315	40,664	-	304,979	-
Lake Columbia	2005	800,000	800,000	-	-	800,000	-
Deferred Interest	2005	266,860	266,860	-	(38,114)	228,746	-
North Angelina Co.	2012	2,240,000	2,240,000	-	(170,000)	2,070,000	175,000
North Angelina Co.	2014	205,000	185,000	-	(20,000)	165,000	20,000
North Angelina Co.	2016	1,820,000	1,820,000	-	-	1,820,000	10,000
Neches Compost	2014	446,900	366,400	-	(42,100)	324,300	43,400
Neches Compost	2014	67,500	56,000	-	(6,300)	49,700	6,600
Total Bonds		<u>9,407,244</u>	<u>8,020,459</u>	<u>40,664</u>	<u>(321,212)</u>	<u>7,739,911</u>	<u>290,000</u>
Total Debt		<u>\$9,809,271</u>	<u>\$8,240,542</u>	<u>\$94,355</u>	<u>(\$368,755)</u>	<u>\$7,966,142</u>	<u>\$340,740</u>



**ANGELINA & NECHES RIVER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2017**

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
2018	\$290,000	\$252,569	\$47,812	\$590,381
2019	300,400	243,719	47,812	591,931
2020	310,800	234,195	47,812	592,807
2021	318,600	224,295	47,812	590,707
2022	340,400	213,887	47,812	602,099
2023-2027	2,085,800	720,061	47,872	2,853,673
2028-2032	938,000	383,301	-	1,321,301
2033-2037	835,000	229,205	-	1,064,205
2038-2042	575,000	82,518	-	657,518
2043-2047	1,154,000	730,709	304,979	2,189,688
<b>Total</b>	<b>\$7,148,000</b>	<b>\$3,314,459</b>	<b>\$591,911</b>	<b>\$11,054,370</b>

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

Description	Interest Rate	Balance at 8/31/2017
General Improvement Project Revenue Bond, Series 2015 (ANRA)	3.52%	\$585,000
Revenue Bonds, Series 2012 (Holmwood Utilities)	3.47%	370,000
Revenue Bonds, Series 2005 (Lake Columbia)	5.68%-5.83%	288,186
Revenue Bonds, Series 2005 (Lake Columbia)	5.68%-5.83%	1,038,979
Revenue Bonds, Series 2005 (Lake Columbia - TWDB)	5.40%	1,028,746
Revenue Bonds, Series 2012 (North Angelina County)	4.15%-4.65%	2,070,000
Revenue Bonds, Series 2014 (North Angelina County)	0.00%-2.05%	165,000
Revenue Bonds, Series 2016 (North Angelina County)	0.00%-2.36%	1,820,000
Revenue Refunding Bonds, Series 2014 (Neches Compost- Tax Exempt)	3.05%	324,300
Revenue Refunding Bonds, Series 2014 (Neches Compost- Taxable)	5.50%	49,700
		<b>\$7,739,911</b>

The Authority secured debt from Texas Water Development Board in connection with a wastewater system improvements project. The total loan is \$1,820,000 and \$3,176,250 from the Clean Water State Revolving Fund (CWSRF). \$3,176,250 is in the form of loan forgiveness and \$1,820,000 is in the form of revenue bonds as indicated in the above schedule.

The Authority is obligated to maintain Interest and Sinking Fund accounts for all Texas Water Development Board bonds and is in compliance with those bond covenant mandates. These amounts are reflected as restricted cash on the Statement of Net Position.



**ANGELINA & NECHES RIVER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2017**

NOTE 4 – LONG-TERM LIABILITIES (continued)

Future payments under capital leases are as follows:

Year Ending August 31,	Principal	Interest	Total
2018	\$50,740	\$10,626	\$61,366
2019	46,083	8,300	54,383
2020	45,938	6,002	51,940
2021	36,055	3,891	39,946
2022	29,032	2,044	31,076
Thereafter	18,383	430	18,813
Total	<u>\$226,231</u>	<u>\$31,293</u>	<u>\$257,524</u>

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 First Bank & Trust of East Texas serving as the Plan Administrator.

The Plan provides that the Authority make a contribution. The Authority contributed \$21,500 to the Plan for the year ended August 31, 2017. 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. 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, 2017**

Total Assets in the plan at August 31, 2017 are \$216,188. The asset allocation breakdown is as follows:

Fund	Percent Invested	Fund Balance
Federated Government Obligations	2.53%	\$5,477
Certificates of Deposit	23.79%	51,423
U.S. Government Agencies	5.97%	12,917
Dodge & Cox Income Fund	4.05%	8,751
Federated Government Income	2.03%	4,399
USAA Short-term Bond Fund	1.33%	2,868
Vanguard Bond Index Fund	4.23%	9,147
Vanguard Inter-term	4.96%	10,726
Vanguard Short-term	2.45%	5,288
Dodge & Cox Funds	1.48%	3,204
Fidelity Contrafund Income	3.56%	7,702
Fidelity Mt Vernon	5.05%	10,927
T. Rowe Price Midcap Fund	3.49%	7,552
Vanguard World Fund International	2.55%	5,523
Vanguard Small Cap Growth Fund	5.81%	12,554
Vanguard Emerging Market Fund	2.00%	4,326
Vanguard Extended Market Fund	6.07%	13,121
Vanguard 500 Index Fund	18.63%	40,283
Total – All Funds		<u>\$216,188</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, 2017 and 2016 were \$3,347 and \$5,045, 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 the financial records of the District’s utility operations. In addition, the District has the sole responsibility for rate setting as it applies to the District. The original contract between the Authority and the District is 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, 2017**

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 expenses 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.

NOTE 9 – LOAN FORGIVENESS

Loans forgiveness during the year consists of the following:

Fund	Balance 8/31/2016	Additions	Forgiveness	Balance 8/31/2017
TWDB 2014	\$ 4,430	-	4,430	\$ -
TWDB 2015	2,876,250	-	2,708,870	167,380
	<u>\$2,880,680</u>	-	<u>2,713,300</u>	<u>\$167,380</u>

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:

Loan (reflected as debt on the Statement of Net Position)	\$1,820,000
Loan Forgiveness (reflected as deferred inflows of resources)	<u>167,380</u>
	<u>\$1,987,380</u>



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SUPPLEMENTARY INFORMATION







**ANGELINA & NECHES RIVER AUTHORITY  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED AUGUST 31, 2017**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Operating Revenues:</b>			
Participant contributions	\$ 1,350,015	\$ 1,410,052	\$ 60,037
Contracts and fees	569,893	723,657	153,764
Management fees	25,000	99,145	74,145
TCEQ contracts	212,347	200,243	(12,104)
Water and sewer charges	197,414	194,220	(3,194)
<b>Total Operating Revenues</b>	<u>2,354,669</u>	<u>2,627,317</u>	<u>272,648</u>
<b>Operating Expenditures:</b>			
Purchased utility services	70,415	58,208	12,207
Salaries and benefits	1,122,469	1,101,718	20,751
General and administrative	511,136	393,471	117,665
Professional fees	109,095	89,418	19,677
Management and contracted services	143,632	137,953	5,679
Repairs and supplies	238,074	211,175	26,899
Depreciation	-	323,012	(323,012)
<b>Total Expenditures</b>	<u>2,194,821</u>	<u>2,314,955</u>	<u>(120,134)</u>
Excess (deficiency) revenues over expenditures	<u>159,848</u>	<u>312,362</u>	<u>152,514</u>
<b>Non-operating Revenues (Expenditures):</b>			
Investment income	1,901	26,275	24,374
Interest expense	(228,057)	(259,157)	(31,100)
Other income - loan forgiveness	-	2,713,300	2,713,300
Other non-operating revenues (expenditures)	3,120	25,932	22,812
<b>Total other financing sources (uses)</b>	<u>(223,036)</u>	<u>2,506,350</u>	<u>2,729,386</u>
Net change in fund balance	(63,188)	2,818,712	2,881,900
Net position, beginning	<u>4,107,889</u>	<u>4,107,889</u>	<u>-</u>
Net position, ending	<u>\$ 4,044,701</u>	<u>\$ 6,926,601</u>	<u>2,881,900</u>



**ANGELINA & NECHES RIVER AUTHORITY**  
**STATEMENT OF NET POSTION - BY FUND**  
**AUGUST 31, 2017 AND 2016**

	<u>ANRA Operations</u>	<u>Holmwood Utilities</u>	<u>Lake Columbia</u>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 23,700	\$ 15,652	\$ 3,650
Restricted cash and cash equivalents	5,131	18,354	-
Accounts Receivable, net	114,319	16,809	-
Interfund receivables	316,934	-	-
Total current assets	<u>460,084</u>	<u>50,815</u>	<u>3,650</u>
<b>Capital Assets:</b>			
Land	555,040	1,483	-
Other capital assets, net of depreciation	284,590	339,240	4,983,503
Total capital assets	<u>839,630</u>	<u>340,723</u>	<u>4,983,503</u>
 Total Assets	 <u>1,299,714</u>	 <u>391,538</u>	 <u>4,987,153</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable	4,800	14,428	-
Interfund payables	-	8,428	268,048
Compensated absences	24,656	-	-
Accrued interest payable	-	5,426	8,284
Bonds and leases payable - current	37,864	30,000	-
Total current liabilities	<u>67,320</u>	<u>58,282</u>	<u>276,332</u>
<b>Long-term Liabilities:</b>			
Deferred interest	-	-	591,911
Bond and leases payable - noncurrent	645,813	340,000	1,764,000
Total long-term liabilities	<u>645,813</u>	<u>340,000</u>	<u>2,355,911</u>
 Total Liabilities	 <u>713,133</u>	 <u>398,282</u>	 <u>2,632,243</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Loan forgiveness - TWDB	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	155,953	(34,703)	3,211,219
Restricted for debt service	5,131	18,354	-
Restricted for construction	-	-	-
Unrestricted	425,497	9,605	(856,309)
Total Net Position	<u>\$ 586,581</u>	<u>\$ (6,744)</u>	<u>\$ 2,354,910</u>



<u>Neches Compost</u>	<u>North Angelina County RWF</u>	<u>Adjustments</u>	<u>Total 2017</u>	<u>Total 2016</u>
\$ 287,061	\$ 308,381	\$ -	\$ 638,444	\$ 898,498
5,719	2,080,676	-	2,109,880	4,758,169
11,942	-	-	143,070	264,571
-	-	(316,934)	-	-
<u>304,722</u>	<u>2,389,057</u>	<u>(316,934)</u>	<u>2,891,394</u>	<u>5,921,238</u>
52,993	569,179	-	1,178,695	1,145,208
<u>469,376</u>	<u>5,492,460</u>	<u>-</u>	<u>11,569,169</u>	<u>8,347,408</u>
<u>522,369</u>	<u>6,061,639</u>	<u>-</u>	<u>12,747,864</u>	<u>9,492,616</u>
<u>827,091</u>	<u>8,450,696</u>	<u>(316,934)</u>	<u>15,639,258</u>	<u>15,413,854</u>
6,666	459,404	-	485,298	65,812
17,629	22,829	(316,934)	-	-
5,645	-	-	30,301	29,787
3,691	46,135	-	63,536	89,144
<u>67,876</u>	<u>205,000</u>	<u>-</u>	<u>340,740</u>	<u>314,892</u>
<u>101,507</u>	<u>733,368</u>	<u>(316,934)</u>	<u>919,875</u>	<u>499,635</u>
-	-	-	591,911	599,059
<u>433,678</u>	<u>3,850,000</u>	<u>-</u>	<u>7,033,491</u>	<u>7,326,591</u>
<u>433,678</u>	<u>3,850,000</u>	<u>-</u>	<u>7,625,402</u>	<u>7,925,650</u>
<u>535,185</u>	<u>4,583,368</u>	<u>(316,934)</u>	<u>8,545,277</u>	<u>8,425,285</u>
-	167,380	-	167,380	2,880,680
<u>-</u>	<u>167,380</u>	<u>-</u>	<u>167,380</u>	<u>2,880,680</u>
17,124	1,960,504	-	5,310,097	1,761,971
5,719	146,444	-	175,648	151,572
-	1,934,232	-	1,934,232	4,606,597
<u>269,063</u>	<u>(341,232)</u>	<u>-</u>	<u>(493,376)</u>	<u>(2,412,251)</u>
<u>\$ 291,906</u>	<u>\$ 3,699,948</u>	<u>\$ -</u>	<u>\$ 6,926,601</u>	<u>\$ 4,107,889</u>



**ANGELINA & NECHES RIVER AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION - BY FUND**  
**FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016**

	<u>ANRA Operations</u>	<u>Holmwood Utilities</u>	<u>Lake Columbia</u>
<b>Operating Revenues:</b>			
Participant contributions	\$ -	\$ -	\$ 117,094
Contracts and fees	633,482	-	-
Management fees	615,319	-	-
TCEQ contracts	200,243	-	-
Water and sewer charges	-	194,220	-
<b>Total Operating Revenues</b>	<u>1,449,044</u>	<u>194,220</u>	<u>117,094</u>
<b>Operating Expenditures:</b>			
Purchased utility services	10,567	25,457	-
Salaries and benefits	916,984	-	-
General and administrative	146,453	18,738	14,839
Professional fees	66,746	200	22,472
Management and contracted services	137,953	93,320	-
Repairs and supplies	121,277	8,882	-
Depreciation	60,113	28,239	-
<b>Total Expenditures</b>	<u>1,460,093</u>	<u>174,836</u>	<u>37,311</u>
Excess (deficiency) revenues over expenditures	<u>(11,049)</u>	<u>19,384</u>	<u>79,783</u>
<b>Non-operating Revenues (Expenditures):</b>			
Investment income	-	-	-
Interest expense	(25,869)	(11,562)	(89,217)
Other income - loan forgiveness	-	-	-
Other non-operating revenues (expenditures)	5,534	-	-
Total other financing sources (uses)	<u>(20,335)</u>	<u>(11,562)</u>	<u>(89,217)</u>
Net change in fund balance	(31,384)	7,822	(9,434)
Net position, beginning	<u>617,965</u>	<u>(14,566)</u>	<u>2,364,344</u>
Net position, ending	<u>\$ 586,581</u>	<u>\$ (6,744)</u>	<u>\$ 2,354,910</u>



	<u>Neches Compost</u>	<u>North Angelina County RWF</u>	<u>Adjustments</u>	<u>Total 2017</u>	<u>Total 2016</u>
\$	578,599	\$ 714,359	-	\$ 1,410,052	\$ 1,193,425
	89,565	610	-	723,657	810,223
	-	-	(516,174)	99,145	92,957
	-	-	-	200,243	372,214
	-	-	-	194,220	199,187
	<u>668,164</u>	<u>714,969</u>	<u>(516,174)</u>	<u>2,627,317</u>	<u>2,668,006</u>
	-	22,184	-	58,208	67,384
	184,734	-	-	1,101,718	929,264
	178,379	35,062	-	393,471	497,093
	-	-	-	89,418	106,623
	189,555	233,299	(516,174)	137,953	264,560
	39,870	41,146	-	211,175	213,414
	83,811	150,849	-	323,012	318,905
	<u>676,349</u>	<u>482,540</u>	<u>(516,174)</u>	<u>2,314,955</u>	<u>2,397,243</u>
	<u>(8,185)</u>	<u>232,429</u>	<u>-</u>	<u>312,362</u>	<u>270,763</u>
	-	26,275	-	26,275	15,819
	(21,953)	(110,556)	-	(259,157)	(280,821)
	-	2,713,300	-	2,713,300	655,833
	20,398	-	-	25,932	-
	<u>(1,555)</u>	<u>2,629,019</u>	<u>-</u>	<u>2,506,350</u>	<u>390,831</u>
	(9,740)	2,861,448	-	2,818,712	661,594
	301,646	838,500	-	4,107,889	3,446,295
\$	<u>291,906</u>	<u>\$ 3,699,948</u>	<u>-</u>	<u>\$ 6,926,601</u>	<u>\$ 4,107,889</u>



**ANGELINA & NECHES RIVER AUTHORITY**  
**STATEMENT OF CASH FLOWS - BY FUND**  
**FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016**

	<u>ANRA</u> <u>Operations</u>	<u>Holmwood</u> <u>Utilities</u>	<u>Lake</u> <u>Columbia</u>
Cash Flows from Operation Activities:			
Cash received from customers	\$ 1,473,327	\$ 202,741	\$ 146,882
Cash paid to suppliers	(502,498)	(152,605)	(37,336)
Cash paid to employees	(918,536)	-	-
Net cash (used) provided by operating activities	<u>52,293</u>	<u>50,136</u>	<u>109,546</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	(125,318)	(11,392)	-
Debt proceeds	53,691	-	-
Principal payments on long-term debt	(34,367)	(30,000)	-
Loan forgiveness	-	-	-
Interest paid on long-term debt	(25,869)	(13,892)	(107,036)
Net cash from capital and related financing activities:	<u>(131,863)</u>	<u>(55,284)</u>	<u>(107,036)</u>
Cash Flows from Investing Activities:			
Interest from investments	-	-	-
Other income	5,534	-	-
Net cash used by capital and related financing activities:	<u>5,534</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(74,036)	(5,148)	2,510
Cash and cash equivalents, beginning of period	102,867	39,154	1,140
Cash and cash equivalents, end of period	<u>\$ 28,831</u>	<u>\$ 34,006</u>	<u>\$ 3,650</u>
Reconciliation of Operating Income to Net Cash			
Provided by Operating Activities:			
Operating Income	\$ (11,049)	\$ 19,384	\$ 79,783
Adjustments to reconcile operating income to cash provided by operating activities:			
Depreciation	60,113	28,239	-
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	24,283	8,521	29,788
Increase (Decrease) in:			
Accounts payable	(19,502)	(6,008)	(25)
Accrued liabilities	(1,552)	-	-
Net cash provided by operating activities	<u>\$ 52,293</u>	<u>\$ 50,136</u>	<u>\$ 109,546</u>



	<u>Neches Compost</u>	<u>North Angelina County RWF</u>	<u>Adjustments</u>	<u>Total 2017</u>	<u>Total 2016</u>
\$	696,383	\$ 745,682	\$ (516,174)	\$ 2,748,841	\$ 2,511,450
	(404,614)	(289,716)	516,174	(870,595)	(1,172,851)
	(182,668)	-	-	(1,101,204)	(917,829)
	<u>109,101</u>	<u>455,966</u>	<u>-</u>	<u>777,042</u>	<u>420,770</u>
	(107,157)	(2,934,543)	-	(3,178,410)	(1,022,837)
	-	-	-	53,691	5,326,914
	(64,863)	(200,000)	-	(329,230)	(350,681)
	-	-	-	-	(355,833)
	<u>(24,903)</u>	<u>(111,943)</u>	<u>-</u>	<u>(283,643)</u>	<u>(245,504)</u>
	<u>(196,923)</u>	<u>(3,246,486)</u>	<u>-</u>	<u>(3,737,592)</u>	<u>3,352,059</u>
	-	26,275	-	26,275	15,819
	20,398	-	-	25,932	655,833
	<u>20,398</u>	<u>26,275</u>	<u>-</u>	<u>52,207</u>	<u>671,652</u>
	(67,424)	(2,764,245)	-	(2,908,343)	4,444,481
	360,204	5,153,302	-	5,656,667	1,212,186
\$	<u>292,780</u>	<u>2,389,057</u>	<u>-</u>	<u>2,748,324</u>	<u>5,656,667</u>
\$	(8,185)	\$ 232,429	-	\$ 312,362	\$ 270,763
	83,811	150,849	-	323,012	318,905
	-	-	-	-	-
	28,219	30,713	-	121,524	(124,180)
	3,190	41,975	-	19,630	(53,101)
	2,066	-	-	514	8,383
\$	<u>109,101</u>	<u>455,966</u>	<u>-</u>	<u>777,042</u>	<u>420,770</u>



**ANGELINA & NECHES RIVER AUTHORITY  
HOLMWOOD UTILITIES  
TSI – 1 SERVICES AND RATES  
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017**

**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:**

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons Over Minimum	Usage Levels
Water	\$ 42.81	3,000	N	\$1.92	3,001 to 10,000
				\$2.50	10,001 and up
				\$ .	
				\$ .	
Waste Basic Service Fee	\$43.52 \$0.00	3,000	Y	\$3.44	3,001 to 7,000
District employs winter averaging for wastewater usage?					Yes ___ No <u>X</u>
Total water and sewer charges per 10,000 gallons usage (including surcharges)					\$113.53

**b. Water and Wastewater Retail Connections:**

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
≤ 3/4"	183	152	X 1.0	152
1"	6	6	X 2.5	15
1 1/2"			X 5.0	
2"			X 8.0	
3"			X 15.0	
4"			X 25.0	
Total Water	189	158		167
Total Wastewater	166	165	X 1.0	165

\* 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, 2017**

**3. Total Water Consumption during the Fiscal Year:**

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

Gallons pumped into system:	12,351,190	Water Accountability Ratio:
		(Gallons billed / Gallons pumped)
Gallons flushed from system:	114,481	
Gallons billed to customers:	<u>10,142,818</u>	<u>83.0%</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



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**ANGELINA & NECHES RIVER AUTHORITY**  
**TSI-5 - LONG TERM DEBT REQUIREMENTS**  
**ALL BONDED DEBT SERIES - BY YEAR**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

Fiscal Year Ended	Annual Debt Service Requirements - All Series Bonds			
	Principal	Interest	Deferred Interest	Total Debt Service
2018	290,000	252,569	47,812	590,381
2019	300,400	243,719	47,812	591,931
2020	310,800	234,195	47,812	592,807
2021	318,600	224,295	47,812	590,707
2022	340,400	213,887	47,812	602,099
2023	351,500	202,724	47,872	602,096
2024	453,300	152,409	-	605,709
2025	413,000	136,376	-	549,376
2026	425,000	121,889	-	546,889
2027	443,000	106,663	-	549,663
2028	205,000	90,444	-	295,444
2029	218,000	84,349	-	302,349
2030	215,000	75,526	-	290,526
2031	150,000	69,259	-	219,259
2032	150,000	63,723	-	213,723
2033	150,000	58,148	-	208,148
2034	165,000	52,448	-	217,448
2035	165,000	46,077	-	211,077
2036	170,000	39,663	-	209,663
2037	185,000	32,869	-	217,869
2038	190,000	25,407	-	215,407
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	839,000	714,439	304,979	1,858,418
2046	110,000	1,298	-	111,298
	7,148,000	3,314,459	591,911	11,054,370



**ANGELINA & NECHES RIVER AUTHORITY  
 TSI-5 - LONG TERM DEBT REQUIREMENTS  
 GENERAL IMPROVEMENT REVENUE BOND, SERIES 2015  
 ANGELINA & NECHES RIVER AUTHORITY  
 FOR THE YEAR ENDED AUGUST 31, 2017**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2018	5,000	20,490	-	25,490
2019	5,000	20,314	-	25,314
2020	9,000	20,068	-	29,068
2021	10,000	19,734	-	29,734
2022	20,000	19,206	-	39,206
2023	26,000	18,397	-	44,397
2024	66,000	16,779	-	82,779
2025	68,000	14,422	-	82,422
2026	70,000	11,995	-	81,995
2027	73,000	9,480	-	82,480
2028	75,000	6,877	-	81,877
2029	78,000	4,185	-	82,185
2030	80,000	1,402	-	81,402
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
	<u>\$ 585,000</u>	<u>\$ 183,349</u>	<u>\$ -</u>	<u>\$ 768,349</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, 2017**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2018	10,000	37,593	-	47,593
2019	5,000	37,590	-	42,590
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
	<u>\$ 1,820,000</u>	<u>\$ 761,259</u>	<u>\$ -</u>	<u>\$ 2,581,259</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, 2017**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2018	175,000	69,746	-	244,746
2019	185,000	63,850	-	248,850
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	-	-	-	-
	<u>\$ 2,070,000</u>	<u>\$ 402,811</u>	<u>\$ -</u>	<u>\$ 2,472,811</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, 2017**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2018	20,000	1,927	-	21,927
2019	20,000	1,881	-	21,881
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	-	-	-	-
	<u>\$ 165,000</u>	<u>\$ 10,554</u>	<u>\$ -</u>	<u>\$ 175,554</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, 2017**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2018	6,600	2,734	-	9,334
2019	7,000	2,371	-	9,371
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	-	-	-	-
	<u>\$ 49,700</u>	<u>\$ 11,002</u>	<u>\$ -</u>	<u>\$ 60,702</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, 2017**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2018	43,400	9,891	-	53,291
2019	43,400	8,567	-	51,967
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	-	-	-	-
	<u>\$ 324,300</u>	<u>\$ 40,616</u>	<u>\$ -</u>	<u>\$ 364,916</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, 2017**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2018	-	84,114	38,114	122,228
2019	-	84,114	38,114	122,228
2020	-	84,114	38,114	122,228
2021	-	84,114	38,114	122,228
2022	-	84,114	38,114	122,228
2023	-	84,114	38,176	122,290
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	-	-	-	-
	<u>\$ 800,000</u>	<u>\$ 921,573</u>	<u>\$ 228,746</u>	<u>\$ 1,950,319</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, 2017**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2018	-	13,224	9,698	22,922
2019	-	13,224	9,698	22,922
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	-	-	-	-
	<u>\$ 230,000</u>	<u>\$ 197,360</u>	<u>\$ 58,186</u>	<u>\$ 485,546</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, 2017**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest*	
2018	-	-	-	-
2019	-	-	-	-
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	304,979	1,750,592
2046	-	-	-	-
	<u>\$ 734,000</u>	<u>\$ 711,613</u>	<u>\$ 304,979</u>	<u>\$ 1,750,592</u>

\* *Principal and interest are both deferred until 2045*



**ANGELINA & NECHES RIVER AUTHORITY  
 TSI-5 - LONG TERM DEBT REQUIREMENTS  
 CONTRACT REVENUE REFUNDING BOND, SERIES 2012  
 HOLMWOOD UTILITIES  
 FOR THE YEAR ENDED AUGUST 31, 2017**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2018	30,000	12,850	-	42,850
2019	35,000	11,808	-	46,808
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	-	-	-	-
	<u>\$ 370,000</u>	<u>\$ 74,322</u>	<u>\$ -</u>	<u>\$ 444,322</u>



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**ANGELINA & NECHES RIVER AUTHORITY  
 TWDB INTEREST & SINKING FUND WORKSHEETS  
 FOR THE FISCAL YEAR ENDED AUGUST 31, 2017**

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, 2017

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	\$ 145,944	\$ -
REQUIRED PRESENT BALANCE (8/31/2017)	\$ 145,944	\$ -
ACTUAL PRESENT BALANCE (8/31/2017)	\$ 146,444	\$ -
<u>JUNIOR LIEN BONDS</u>		
REQUIRED ULTIMATE BALANCE	\$ -	\$ -
REQUIRED PRESENT BALANCE (8/31/2017)	\$ -	\$ -
ACTUAL PRESENT BALANCE (8/31/2017)	\$ -	\$ -

The above is true and correct to the best of my knowledge: Goff & Herrington, P.C. November 11, 2017  
 Preparer's Signature Date

cc: Goff & Herrington, P.C.  
 Certified Public Accountants



**ANGELINA & NECHES RIVER AUTHORITY  
SCHEDULE OF BOARD MEMBERS AND KEY PERSONNEL  
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017  
(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: 9-5-2017

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

**Ms. Julie Dowell, Director**  
107 Lakeshore Drive  
Bullard, Texas 75757  
Term Ends: 9-5-2017

**Mr. Louis Bronaugh, Director**  
104 Westchester  
Lufkin, Texas 75901  
Term Ends: 9-5-2017

**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) 633-7543  
Fax: (936) 632-2564  
Cell Phone: (936) 635-0413  
E-mail Address: [kholcomb@anra.org](mailto:kholcomb@anra.org)

**Brian Sims**  
Environmental Division Manager  
Telephone: (936) 633-7527  
Fax: (936) 632-2564  
E-mail Address: [bsims@anra.org](mailto:bsims@anra.org)

**Chris Key, P.E.**  
Operations Division Manager  
Telephone: (936) 633-7544  
Fax: (936) 632-2564  
Cell Phone: (936) 240-5589  
E-mail Address: [ckey@anra.org](mailto:ckey@anra.org)

**Dyan Stanford**  
Administration Division Manager  
Telephone: (936) 633-7549  
Fax: (936) 632-2564  
Cell Phone: (936) 635-6004  
E-mail Address: [dstanford@anra.org](mailto:dstanford@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, 2017**  
**(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	7/1/17-7/1/18	Auto Liability	\$ 1,000,000	\$ 5,268
Texas Water Conservation Association	0042	7/1/17-7/1/18	General Liability	\$ 1,000,000	\$ 1,126
Texas Water Conservation Association	0042	7/1/17-7/1/18	Errors & Omissions	\$ 1,000,000	\$ 2,590
Texas Water Conservation Association	0042	7/1/17-7/1/18	Property Liability	\$ 7,239,451	\$ 9,404
Texas Water Conservation Association	0042	7/1/17-7/1/18	Auto Physical Damage	Scheduled	\$ 7,229
Texas Water Conservation Association	0042	7/1/17-7/1/18	Crime	\$10,000/\$25,000	\$ 454
					<u>\$ 26,071</u>



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FEDERAL AWARDS SECTION









Goff & Herrington, P.C.

P.O. Box 153320 • Lufkin, TX 75915-3320 • (936) 875-3317 • Fax: (936) 622-6823

A.J. Goff, CPA  
Ronnie Herrington, CPA  
Daniel Raney, CPA

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

Board of Directors  
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, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 11, 2017.

**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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies, which are described in the accompanying schedule of findings and questioned costs as item **2017-1**.



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

**Page 2**

**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*.

**Authority's Response to Findings**

The Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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.

*Goff & Herrington, P.C.*

GOFF & HERRINGTON, P.C.  
Certified Public Accountants

November 11, 2017





Goff & Herrington, P.C.

P.O. Box 153320 • Lufkin, TX 75915-3320 • (936) 875-3317 • Fax: (936) 622-6823

A.J. Goff, CPA  
Ronnie Herrington, CPA  
Daniel Raney, CPA

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Angelina & Neches River Authority

**Report on Compliance for Each Major Federal Program**

We have audited the Angelina & Neches River Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended August 31, 2017. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2017.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item **2017-2**. Our opinion on each major federal program is not modified with respect to these matters.



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**Page 2**

The Authority's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Goff & Herrington, P.C.*

GOFF & HERRINGTON, P.C.  
Certified Public Accountants

November 11, 2017



**ANGELINA & NECHES RIVER AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017**

**Section I – Summary of Auditor’s Results:**

*Financial Statements*

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	__ Yes <u>X</u> No
Significant deficiencies identified that are not considered to be material weaknesses?	<u>X</u> Yes __ No
Noncompliance material to financial statements noted?	__ Yes <u>X</u> No

*Federal Awards*

Type of auditor’s report on compliance for major programs:	Unmodified
Internal control over major programs:	
Material weaknesses identified?	__ Yes <u>X</u> No
Significant deficiencies identified that are not considered to be material weaknesses?	<u>X</u> Yes __ No
Any audit findings disclosed that are required to be reported in compliance with section 2 CFR 200.516(a) of OMB Uniform Guidance?	__ Yes <u>X</u> No

*Identification of Major Programs*

<u>CFDA No.</u>	<u>Name of Federal Program</u>
66.458	Capitalization Grants for Clean Water State Revolving Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low risk? X Yes \_\_ No

**Section II – Financial Statement Findings**

***Finding 2017-1***

**Criteria:** Balance Sheet Account reconciliations are a critical control to help ensure the accuracy of the Authority’s financial information. Proper and timely account reconciliations are an important aspect of strong internal controls.

**Condition:** During the 2017 audit, it was noted that certain general ledger accounts including accounts receivables, fixed assets, and long-term debt were not being reconciled on a regular timely basis.

**Cause:** During the audit year, the Authority had an unexpected change in accounting service providers that resulted in an extended period of time in which the account reconciliation processes were not performed.

**Effect:** The lack of timely account reconciliations increases the likelihood that material misstatements within the Authority’s financial information will not be identified by Authority personnel. Several audit adjustments were required in order to complete the audit.

**ANGELINA & NECHES RIVER AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017**

***Finding 2017-1 (Continued)***

**Recommendation:** The Authority should implement a monthly reconciliation process in which all balance sheet accounts are reconciled on a timely basis.

**Authority Response:** The Authority agrees with this finding and will adhere to the corrective action plan on page 50.

***Finding 2017-2***

**Criteria:** In accordance with the Office of Management and Budget's (OMB) Uniform Guidance, the Authority is required to maintain documentation of all internal control processes and monitor adherence to these processes. This helps to ensure that all policies, procedures, and activities are designed to provide reliable assurance regarding achievement of objectives in effectiveness and efficiency of operations, reliability of reporting, and compliance with applicable laws and regulations.

**Condition:** During the 2017 audit, it was noted that the Authority did not have complete formal written internal control documentation of its policies and procedures. The OMB Uniform Guidance requires that this documentation of written policies and procedures be in place by July 1, 2015.

**Questioned Cost:** None

**Cause:** The Authority was unaware of the requirement.

**Effect:** The effect of this condition is a technical noncompliance with the OMB Uniform Guidance.

**Recommendation:** We recommend the Authority closely monitor State and Federal compliance requirements and proceed with documentation of all internal control processes.

**Authority Response:** The Authority agrees with this finding and will adhere to the corrective action plan on page 50.



**ANGELINA & NECHES RIVER AUTHORITY  
SCHEDULE OF STATUS OF PRIOR FINDINGS  
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017**

There were no findings or questioned costs reported in the prior year.

**ANGELINA & NECHES RIVER AUTHORITY  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017**

**2017-1:** Management has proactively implemented procedures to insure all balance sheet accounts are now reconciled on a timely basis. The procedures included engaging a new CPA consultant to assist with these reconciliations on a go-forward basis.

**2017-2:** Prior to the audit, the Authority was in the process of documenting standard operating procedures, including documentation and monitoring of the Authority's system of internal controls. The Authority will develop an adequate internal control system that includes the required written policies and procedures that adheres to the requirements under OMB Uniform Guidance. The Authority anticipates the documentation to be complete by December 31, 2017.



**ANGELINA & NECHES RIVER AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AUGUST 31, 2017**

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass through Grantor's Number</u>	<u>Federal and State Expenditures</u>
Texas Commission on Environmental Quality (TCEQ) Clean Water Act 319(H), Lake Sam Rayburn OSSF Program Support and Attoyac Bayou Remediation	66.460	582-14-40162	\$ 36,637
Texas Water Development Board (TWDB) Loan Forgiveness, Clean Water State Revolving Fund Project 73677	66.458	LF1000258	4,430
Texas Water Development Board (TWDB) Loan Forgiveness, Clean Water State Revolving Fund Project 73677	66.458	LF1000397	<u>2,708,870</u>
<b>Total Federal Assistance</b>			<u><u>\$ 2,749,937</u></u>

**ANGELINA & NECHES RIVER AUTHORITY  
NOTES TO THE SCHEDULE OF EXPENDITURES  
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017**

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Angelina & Neches River Authority under programs of the federal government for the year ended August 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Angelina & Neches River Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Angelina & Neches River Authority.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) The Angelina & Neches River Authority elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE C – BALANCES OF LOANS AND LOAN FORGIVENESS

Loans forgiveness during the year consists of the following:

Fund	Balance 8/31/2016	Additions	Forgiveness	Balance 8/31/2017
TWDB 2014	\$ 4,430	-	4,430	\$ -
TWDB 2015	2,876,250	-	2,708,870	167,380
	<u>\$2,880,680</u>	<u>-</u>	<u>2,713,300</u>	<u>\$167,380</u>

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:

Loan (reflected as debt on the Statement of Net Position)	\$1,820,000
Loan Forgiveness (reflected as deferred inflows of resources)	167,380
	<u>\$1,987,380</u>

NOTE D – SUBRECIPIENTS

No amounts were provided to subrecipients.







**ANGELINA & NECHES  
RIVER AUTHORITY**

**210 E. LUFKIN AVE.  
LUFKIN, TX 75901  
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