

December 29, 2020

To All Interested Parties

Please accept, with our compliments, the Annual Financial Report (Report) of the Angelina & Neches River Authority (ANRA). The Report was compiled by ANRA's virtual CFO, Goff & Herrington, P.C. and subsequently audited by Axley & Rode, LLP. The Report was presented and approved at a regular meeting of ANRA's Board of Directors on December 08, 2020.

If you have any questions regarding this Report or any of the information that it contains, please contact Mrs. Alexis Hudspeth or myself using the contact information listed below.

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Respectfully,



Kelley Holcomb
General Manager

**ANGELINA & NECHES
RIVER AUTHORITY**

ANNUAL FINANCIAL REPORT FOR THE YEARS ENDED

AUGUST 31, 2020 and 2019

**ANGELINA & NECHES RIVER AUTHORITY
ANNUAL FINANCIAL REPORT FOR THE YEARS ENDED
AUGUST 31, 2020 and 2019**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Angelina & Neches River Authority
Lufkin, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Angelina & Neches River Authority (the "Authority"), which comprise the statements of net position as of August 31, 2020 and 2019, and the related statements of revenues, expenditures, and changes in net position, and statements of cash flows for the years 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the activities of the Angelina & Neches River Authority, as of August 31, 2020 and 2019, and the respective change in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Lufkin, Texas
December 8, 2020


CERTIFIED PUBLIC ACCOUNTANTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Angelina & Neches River Authority's (the Authority) financial performance provides an overview of the Authority's financial activities for the year ended August 31, 2020. 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, and (4) other supplemental schedules. Please read it in conjunction with the Authority's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

At August 31, 2020, the Authority's total combined net position was \$7,356,709. During the year, the Authority had operating revenues of \$3,080,538, operating expenses of \$2,841,352 and net non-operating expenditures of \$391,984, resulting in a decrease in net position of \$152,798 for the year ended August 31, 2020.

The Authority's total cash and investments increased \$214,660 from the previous year largely due to the proceeds received as part of the bond refunding during the year.

The Authority's fixed assets (net of accumulated depreciation) decreased \$233,001 during the year.

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 additional supplemental schedules.

Basic Financial Statements

The basic financial statements include the Statement of Net Position, the Statement of Revenues, Expenditures, and Changes in Net Position, and the Statement 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 Statement of Net Position reports 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 Statement of Revenue, Expenditures, and Changes in Net Position report all of the revenues and expenses during the time periods indicated. The Statement of Cash Flows reports the cash provided by 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, 2020, has six divisions – ANRA Operations, Holmwood Utilities, Lake Columbia, Neches Compost Facility, Redland Wholesale Utilities (formerly “Angelina County Freshwater Supply District, No.1”, a division of ANRA established to provide management services to the utility district), and North Angelina County Regional Wastewater Facility. All of these divisions together comprise the Basic Financial Statements and none of the divisions independently depend on governmental funds as a major source of revenue. Therefore, all of the divisions are presented in a combined financial statement. The supplemental schedules portion of the report includes a Schedule of Net Assets, Schedule of Revenue, Expenditures, and Changes in Net Position and Schedule of Cash Flows by division. Subsequent to year end, the Authority entered into an asset transfer and utility system consolidation agreement with Prairie Grove Water Supply Corporation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Authority's combined net position was \$7,356,709 as of August 31, 2020. The following table provides a summary of the Authority's net position.

**Table I
Authority's Net Position**

	2020	2019	% Change
Assets:			
Current Assets	\$ 2,121,782	\$ 1,123,025	88.9%
Capital Assets, net	16,730,962	16,963,963	-1.4%
Total Assets	<u>18,852,744</u>	<u>18,086,988</u>	<u>4.2%</u>
Liabilities:			
Current Liabilities	691,969	618,839	11.8%
Long-term Debt	10,800,705	9,958,642	8.5%
Total Liabilities	<u>11,492,674</u>	<u>10,577,481</u>	<u>8.7%</u>
Deferred Inflows of Resources:			
Deferred amount on refunding	3,361	-	100.0%
Total deferred inflows	<u>3,361</u>	<u>-</u>	<u>100.0%</u>
Net Position:			
Invested in Capital Assets, net of related debt	6,171,615	7,202,083	-14.3%
Restricted	206,317	218,243	-5.5%
Unrestricted	978,777	89,181	997.5%
Total Net Position	<u>\$ 7,356,709</u>	<u>\$ 7,509,507</u>	<u>-2.0%</u>

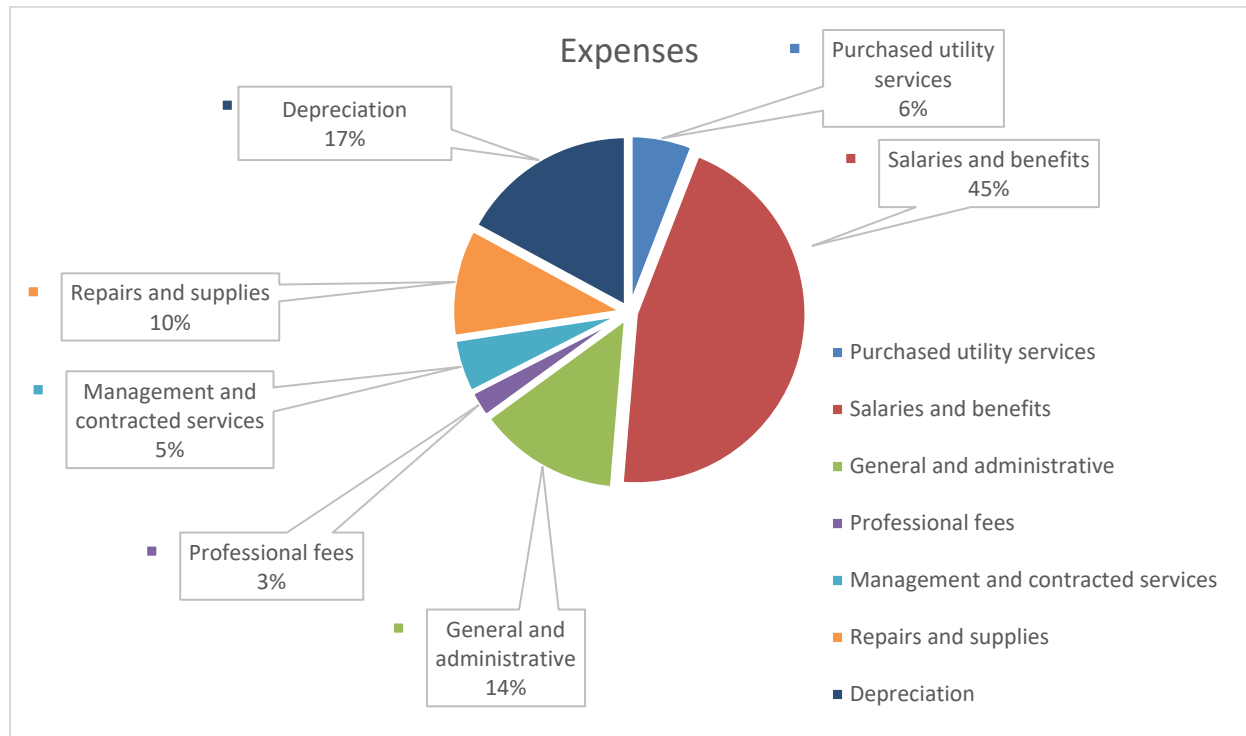
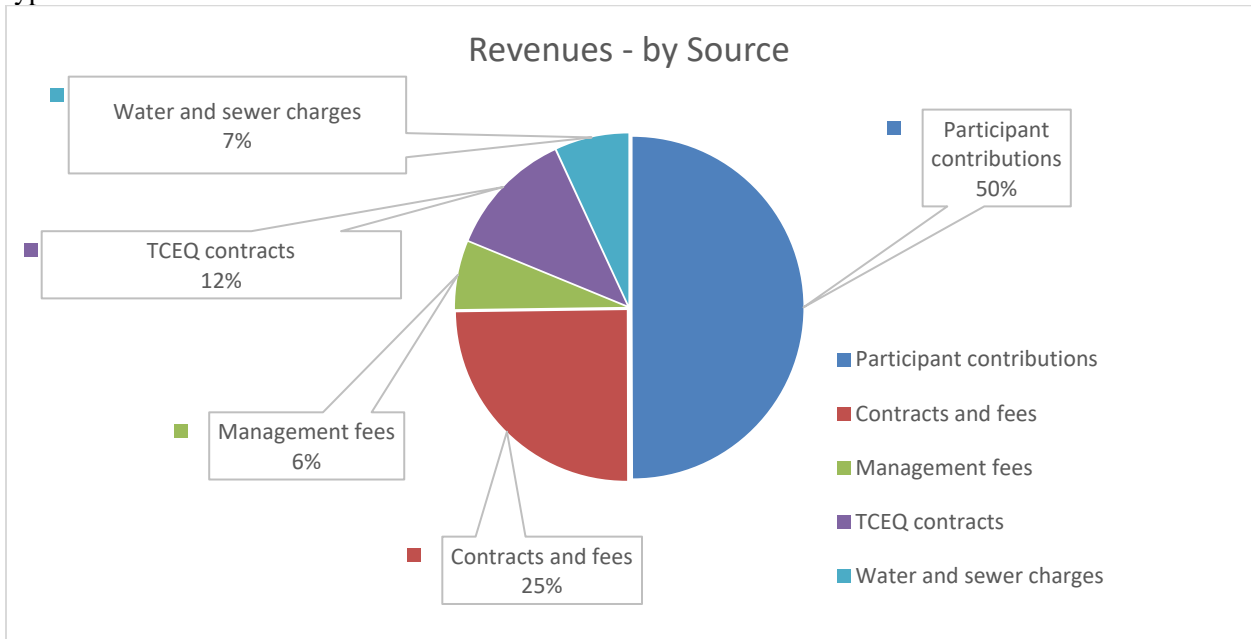
The following table provides a summary of the Authority's changes in net position.

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

	2020	2019	% Change
Revenues:			
Charges for Services	\$ 3,080,538	\$ 3,248,001	-5.2%
Investment income	2,889	17,754	-83.7%
Other income - loan forgiveness	-	6,475	-100.0%
Other income	2,840	7,172	-60.4%
Total Revenue	<u>3,086,267</u>	<u>3,279,402</u>	<u>-5.9%</u>
Expenses:			
General services	1,647,814	1,462,337	12.7%
Redland Wholesale Utilities	165,603	174,873	-5.3%
Holmwood Utility	92,534	94,268	-1.8%
Lake Columbia	96,742	101,052	-4.3%
North Angelina County RWF	701,818	473,727	48.1%
Neches Composting	534,554	480,256	11.3%
Total Expense	<u>3,239,065</u>	<u>2,786,513</u>	<u>16.2%</u>
Change in net position	(152,798)	492,889	-131.0%
Beginning net position	7,509,507	7,016,618	7.0%
Ending net position	<u>\$ 7,356,709</u>	<u>\$ 7,509,507</u>	<u>-2.0%</u>

MANAGEMENT’S DISCUSSION AND ANALYSIS

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



MANAGEMENT'S DISCUSSION AND ANALYSIS

BUDGETARY HIGHLIGHTS

Budget amendments, as needed, are presented to the board at regular meetings. Each amendment must have board approval. The analysis of the budget is reflected on the Budgetary Comparison Schedules following the Notes to the Financial Statements on page 19.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2020, the Authority had invested \$21,686,712, less depreciation of \$4,955,750 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>2020</u>	<u>2019</u>	<u>% Change</u>
Land	\$ 1,185,584	\$ 1,185,538	0.01%
Treatment Facilities	2,084,747	2,322,823	(10.25%)
Facilities & improvements	125,703	180,119	(30.21%)
Machinery and equipment	2,015,388	2,107,618	(4.38%)
Construction in progress	<u>11,319,540</u>	<u>11,167,865</u>	<u>1.36%</u>
Net capital assets	<u>\$ 16,730,962</u>	<u>\$ 16,963,963</u>	<u>(1.37%)</u>

A large portion of the Authority's net position, 83.89%, reflects its investments in capital assets, less any debt used to acquire those assets that is 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, 2020, net of the current portion, totaled \$10,800,705 for leases payable, deferred interest, and revenue bonds. The current portion of the long-term debt was \$329,109. Long-term debt activity for the year consisted of principal and interest payments on existing bonds and capital leases and issuance of the Contract Revenue Refunding and Improvement Bonds, Series 2020. Long term debt had a net increase of \$790,320 during the period. Detailed information is included in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

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

ANGELINA & NECHES RIVER AUTHORITY
STATEMENT OF NET POSITION
AUGUST 31, 2020 AND 2019

	2020	2019
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 752,685	\$ 526,099
Restricted cash and cash equivalents	206,317	218,243
Investments - current	750,345	-
Accounts Receivable, net	412,435	378,683
Total current assets	2,121,782	1,123,025
Capital Assets:		
Land	1,185,584	1,185,452
Other capital assets, net of depreciation	15,545,378	15,778,511
Total capital assets	16,730,962	16,963,963
Total Assets	18,852,744	18,086,988
LIABILITIES		
Current Liabilities:		
Accounts payable	201,552	117,330
Accrued compensated absences	34,153	28,014
Accrued interest payable	73,805	73,328
Other accrued liabilities	53,350	19,315
Bonds and leases payable - current	329,109	380,852
Total current liabilities	691,969	618,839
Long-term Liabilities:		
Deferred interest	570,467	577,614
Bond and leases payable - noncurrent	10,230,238	9,381,028
Total long-term liabilities	10,800,705	9,958,642
Total Liabilities	11,492,674	10,577,481
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on refunding	3,361	-
Total deferred inflows of resources	3,361	-
NET POSITION		
Invested in capital assets, net of related debt	6,171,615	7,202,083
Restricted for debt service	206,317	218,243
Unrestricted	978,777	89,181
Total Net Position	\$ 7,356,709	\$ 7,509,507

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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues:		
Participant contributions	\$ 1,539,239	\$ 1,533,720
Contracts and fees	764,777	835,083
Management fees	197,633	221,532
TCEQ contracts	366,306	455,432
Water and sewer charges	<u>212,583</u>	<u>202,234</u>
Total Operating Revenues	<u>3,080,538</u>	<u>3,248,001</u>
Operating Expenditures:		
Purchased utility services	167,928	167,851
Salaries and benefits	1,290,795	1,163,674
General and administrative	387,421	370,123
Professional fees	71,250	53,829
Management and contracted services	145,057	42,246
Repairs and supplies	293,362	292,800
Depreciation	<u>485,539</u>	<u>322,729</u>
Total Operating Expenditures	<u>2,841,352</u>	<u>2,413,252</u>
Excess (deficiency) revenues over expenditures	<u>239,186</u>	<u>834,749</u>
Non-operating Revenues (Expenditures):		
Investment income	2,889	17,754
Interest expense	(343,356)	(348,511)
Bond issuance costs	(54,357)	(24,750)
Other income - loan forgiveness	-	6,475
Other non-operating revenues (expenditures)	<u>2,840</u>	<u>7,172</u>
Total non-operating revenues (expenses)	<u>(391,984)</u>	<u>(341,860)</u>
Change in net position	(152,798)	492,889
Net position, beginning	<u>7,509,507</u>	<u>7,016,618</u>
Net position, ending	<u>\$ 7,356,709</u>	<u>\$ 7,509,507</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, 2020 AND 2019

	2020	2019
Cash Flows from Operating Activities:		
Cash received from customers	\$ 3,046,786	\$ 2,993,964
Cash paid to suppliers	(955,523)	(607,835)
Cash paid to employees	(1,276,306)	(1,163,505)
Net cash provided by operating activities	814,957	1,222,624
Cash Flows from Capital and Related Financing Activities:		
Purchase of capital assets	(252,125)	(2,287,711)
Debt proceeds	1,128,590	300,000
Bond issuance costs	(54,357)	(24,750)
Principal payments on long-term debt	(331,122)	(399,612)
Interest paid on long-term debt	(350,027)	(349,097)
Net cash provided (used) by capital and related financing activities	140,959	(2,761,170)
Cash Flows from Investing Activities:		
Purchase of investments	(750,000)	-
Interest from investments	2,543	17,754
Other income	6,201	4,312
Net cash provided (used) by capital and related financing activities	(741,256)	22,066
Net increase (decrease) in cash and cash equivalents	214,660	(1,516,480)
Cash and cash equivalents, beginning of period	744,342	2,260,822
Cash and cash equivalents, end of period	\$ 959,002	\$ 744,342
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 239,186	\$ 834,749
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation	485,539	322,729
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(33,752)	(254,037)
Increase (Decrease) in:		
Accounts payable	97,075	330,557
Accrued liabilities	26,909	(11,374)
Net cash provided by operating activities	\$ 814,957	\$ 1,222,624

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

ANGELINA & NECHES RIVER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Fund Financial Statements

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

Basis of Accounting and Financial Statement Presentation

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

The Authority, as of August 31, 2020, has six divisions – ANRA Operations, Holmwood Utilities, Lake Columbia, Neches Compost Facility, Redland Wholesale Utilities (formerly “Angelina County Freshwater Supply District, No.1”, a division of ANRA established to provide management services to the utility district), and North Angelina County Regional Wastewater Facility. All of these divisions together comprise the Basic Financial Statements and none of the divisions independently depend on governmental funds, such as property tax revenues, as a major source of revenue. Therefore, all of the divisions are presented in a combined financial statement.

ANGELINA & NECHES RIVER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

Subsequent to year end, the Authority entered into an asset transfer and utility system consolidation agreement with Prairie Grove Water Supply Corporation (See Note 10).

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

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

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.

The District applies Governmental Accounting Standards Board Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which requires that interest costs incurred during the construction period be expensed in the period incurred, rather than capitalized.

Major outlays for capital assets and improvements are capitalized as projects when constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

ANGELINA & NECHES RIVER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

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

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

Restricted Assets

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

Sick Leave and Vacation

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

Use of Estimates

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

Budgets and Budgetary Accounting

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

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

Net Position

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

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

ANGELINA & NECHES RIVER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

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.

Subsequent Events

The Authority has evaluated subsequent events as of December 8, 2020 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, 2020.

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, 2020, all of the Authority's deposit balances were collateralized with securities held by the pledging financial institution.

ANGELINA & NECHES RIVER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2020, was as follows:

	Balance 8/31/2019	Additions	Adjustments/ Deletions	Balance 8/31/2020
Capital assets				
Land	\$1,185,538	\$ 46	\$ -	\$1,185,584
Treatment facilities	4,798,891	36,820	62,882	4,898,593
Machinery and equipment	1,610,034	-	-	1,610,034
Facilities & improvements	2,671,846	1,115	-	2,672,961
Construction in progress	11,167,865	214,144	(62,469)	11,319,540
Total assets at cost	<u>21,434,174</u>	<u>252,125</u>	<u>413</u>	<u>21,686,712</u>
Less accumulated depreciation	<u>(4,470,211)</u>	<u>(485,539)</u>	<u>-</u>	<u>(4,955,750)</u>
Total net capital assets	<u>\$16,963,963</u>	<u>(233,414)</u>	<u>413</u>	<u>\$16,730,962</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, 2020:

Division	Issue Date	Original Amount	Balance 8/31/2019	Additions	Retirements	Balance 8/31/2020	Current Portion
Leases Payable							
ANRA	2013	\$142,027	\$7,273	\$ -	(\$7,273)	\$ -	\$ -
Neches Compost	2008	260,000	89,006	-	(22,459)	66,547	23,509
Total Leases		<u>402,027</u>	<u>96,279</u>	<u>-</u>	<u>(29,732)</u>	<u>66,547</u>	<u>23,509</u>
Revenue Bonds							
ANRA Ops	2017	2,008,000	1,988,000	-	(21,000)	1,967,000	22,000
ANRA Ops	2018	300,000	300,000	-	(25,000)	275,000	25,000
Holmwood	2012	510,000	305,000	-	(35,000)	270,000	35,000
Lake Columbia	2005	230,000	230,000	-	-	230,000	-
Deferred Interest	2005	67,884	38,790	-	(9,698)	29,092	-
Lake Columbia	2009	734,000	734,000	-	-	734,000	-
Deferred Interest	2005	1,429,100	386,307	40,664	-	426,971	-
Lake Columbia	2005	800,000	800,000	-	-	800,000	-
Deferred Interest	2005	266,860	152,518	-	(38,114)	114,404	-
North Angelina Co.	2012	2,240,000	1,710,000	-	(1,710,000)	-	-
North Angelina Co.	2014	205,000	125,000	-	(20,000)	105,000	20,000
North Angelina Co.	2016	1,820,000	1,805,000	-	(5,000)	1,800,000	5,000
North Angelina Co.	2017	1,400,000	1,395,000	-	(5,000)	1,390,000	5,000
North Angelina Co.	2020	2,700,000	-	2,700,000	-	2,700,000	140,000
Neches Compost	2014	446,900	237,500	-	(44,700)	192,800	46,100
Neches Compost	2014	67,500	36,100	-	(7,100)	29,000	7,500
Total Bonds		<u>15,225,244</u>	<u>10,243,215</u>	<u>2,740,664</u>	<u>(1,920,612)</u>	<u>11,063,267</u>	<u>305,600</u>
Total Debt		<u>\$15,627,271</u>	<u>\$10,339,494</u>	<u>\$2,740,664</u>	<u>(\$1,950,344)</u>	<u>\$11,129,814</u>	<u>\$329,109</u>

ANGELINA & NECHES RIVER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

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
2021	\$305,600	\$318,076	\$47,812	\$671,488
2022	385,400	302,040	47,812	735,252
2023	393,500	289,054	47,872	730,426
2024	465,300	275,758	-	741,058
2025	416,000	259,035	-	675,035
2026-2030	2,361,000	1,056,438	-	3,417,438
2031-2035	2,675,000	631,205	-	3,306,205
2036-2040	1,372,000	237,585	-	1,609,585
2041-2045	1,704,000	807,779	426,971	2,938,750
2046-2048	415,000	10,663	-	425,663
Total	\$10,492,800	\$4,187,633	\$570,467	\$15,250,840

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

Description	Interest Rate	Balance at 8/31/2020
General Improvement Project Revenue Bond, Series 2017 (ANRA)	3.80%	\$1,967,000
General Improvement Project Revenue Bond, Series 2018 (ANRA)	4.75%	\$275,000
Revenue Bonds, Series 2012 (Holmwood Utilities)	3.47%	270,000
Revenue Bonds, Series 2005 (Lake Columbia)	5.68%-5.83%	259,092
Revenue Bonds, Series 2005 (Lake Columbia)	5.54%	1,160,971
Revenue Bonds, Series 2005 (Lake Columbia - TWDB)	5.68%-5.83%	914,404
Revenue Bonds, Series 2014 (North Angelina County)	0.00%-2.05%	105,000
Revenue Bonds, Series 2016 (North Angelina County)	0.00%-2.36%	1,800,000
Revenue Bonds, Series 2017 (North Angelina County)	0.00%-2.03%	1,390,000
Revenue Bonds, Series 2020 (North Angelina County)	3.16%	2,700,000
Revenue Refunding Bonds, Series 2014 (Neches Compost- Tax Exempt)	3.05%	192,800
Revenue Refunding Bonds, Series 2014 (Neches Compost- Taxable)	5.50%	29,000
		<u>\$11,063,267</u>

In March 2020, the Authority issued \$2,700,000 of contract revenue refunding and improvement bonds, Series 2020 to advance refund \$1,710,000 of prior year revenue bonds (Series 2012). A portion of the net proceeds from the Series 2020 bonds, to be used for the refunding of the series 2012 bonds, were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the series 2012 bonds. As a result, the series 2012 bonds are considered to be defeased and the liability for those bonds has been removed from the statement of net position. The new bonds were issued at an interest rate of 3.16%, with final maturity in 2035.

**ANGELINA & NECHES RIVER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019**

NOTE 4 – LONG-TERM LIABILITIES (continued)

The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$3,361. This amount is recorded as a deferred inflow of resources on the statement of net position. In refunding the Series 2012 bonds, the Authority will increase its debt service payments by \$22,371 over the life of the new bonds. As a result, the Authority will incur an economic loss of \$3,922. Issuance costs associated with the bond issue totaled \$54,357, and will be recorded as an expense in the period of issue.

Future payments under capital leases are as follows:

Year Ending August 31,	Principal	Interest	Total
2021	23,509	3,584	27,093
2022	25,071	2,022	27,093
2023	17,966	429	18,395
2024	-	-	-
2025	-	-	-
Thereafter	-	-	-
Total	\$66,546	\$6,035	\$72,581

NOTE 5 – RISK MANAGEMENT

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

NOTE 6 – EMPLOYEE BENEFIT PLANS

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

The Plan provides that the Authority make a contribution. The Authority contributed \$34,809 and \$38,403 to the Plan for the years ended August 31, 2020 and 2019, respectively. The Authority’s contributions will be allocated to the Profit Sharing Contribution Account of each eligible participant on behalf of which the contribution has been made. The Authority’s contributions for each employee (and investment earnings allocated to the employee’s account) are partially vested after two (2) years and fully vested after six (6) years of service. The Authority began monthly contributions to this fund of 3% of eligible employees’ salary in June 2000. In September 2018, the Authority increased contributions to 5%. The Authority’s contributions for investment earnings forfeited by employees who leave employment before six (6) years of service will be used first, when required, to restore forfeited account balances for reemployed participants and any remaining amounts will be added to the employer’s profit sharing contribution for the Plan Year in which the forfeiture occurred.

**ANGELINA & NECHES RIVER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019**

Total Assets in the plan at August 31, 2020 are \$331,571. The asset allocation breakdown is as follows:

Fund	Percent Invested	Fund Balance
Federated Government Obligations	4.75%	\$15,756
Certificates of Deposit	21.47%	71,181
Dodge & Cox Income Fund	5.61%	18,589
USAA Short-term Bond Fund	2.02%	6,683
Vanguard Bond Index Fund	6.47%	21,437
Vanguard Inter-term	4.84%	16,056
Vanguard Short-term	3.22%	10,665
Dodge & Cox Funds	1.82%	6,048
Fidelity Contrafund Income	3.71%	12,417
Fidelity Mt. Vernon	5.04%	16,700
Real Estate Securities	1.44%	4,785
T. Rowe Price Midcap Fund	3.90%	12,937
Vanguard World Fund International	3.29%	10,919
Vanguard Small Cap Growth Fund	6.58%	21,816
Vanguard Equity Income Fund	1.52%	5,044
Vanguard Emerging Market Fund	1.57%	5,219
Vanguard Extended Market Fund	3.29%	10,904
Vanguard 500 Index Fund	19.43%	64,415
Total – All Funds		<u>\$331,571</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, 2020 and 2019 were \$6,581 and \$7,812, respectively. Payments are made to Vantage Point Transfer Agents.

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

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

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

ANGELINA & NECHES RIVER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

The Authority is subject to various other claims and lawsuits which may arise in the ordinary course of business. After consulting with counsel representing the Authority in connection with such claims and lawsuits, it is the opinion of management and counsel that the disposition or ultimate determination of such claims and lawsuits will not have a material effect on the financial position of the Authority. No claim liabilities are reported at year end.

The Authority has incurred costs in connection with the Lake Columbia project, however the amount is not due and payable until the completion of the project and after the expenses are approved by the Texas Water Development Board (TWDB). The total costs incurred by the Authority as of August 31, 2020 was \$4,983,503, and is included in capital assets on the accompanying Statement of Net Position. The Authority has committed to purchase the TWDB's interest in the Lake Columbia project regardless of whether the project is ever completed. If the Authority fails to secure required permits for the construction of the lake, the Lake Columbia project will be determined to be infeasible, and the TWDB may not invest any additional funds. If the Lake Columbia project is determined infeasible, the Authority could choose one of the following actions: (1) continue to make scheduled bond payments, (2) purchase the TWDB interest as described in the master agreement, (3) negotiate with the TWDB to develop alternate repayment terms. The Authority has agreements in place with all Lake Columbia participants that require the participants to continue making the agreed-upon contributions regardless of the status of the project. The Authority established a separate division to account for this activity.

On March 2, 2020, the U.S. Army Corps of Engineers unilaterally withdrew the permit application for a Department of the Army Section 404 Permit that would allow the Authority to construct the dam for Lake Columbia within Jurisdictional Waters of the US. The withdrawal of the permit application is not a denial of the permit, nor does it prevent the Authority from submitting a new application for the Lake Columbia project at any time in the future. The Authority continues its efforts to develop the project elements required as part of a new permit application to be resubmitted at a future date.

NOTE 9 – COVID-19

The outbreak of coronavirus (COVID-19) in early 2020 was declared a pandemic by the World Health Organization. On March 13, 2020, the governor of Texas declared a state of emergency for all Texas counties. As a result, the Authority temporarily suspended certain fees and penalties related to late or non-payment. Although the Authority cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the Authority's results of future operations, financial position, and liquidity.

ANGELINA & NECHES RIVER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

NOTE 10 – SUBSEQUENT EVENTS

Subsequent to August 31, 2020, the Authority entered into an asset transfer and utility system consolidation agreement with Prairie Grove Water Supply Corporation. The agreement is contingent on the Public Utility Commission's (PUC) approval of the transfer of Prairie Grove's certificate of convenience and necessity to the Authority. Until the PUC's approval is received, the Authority will provide management and operations services, as defined in the Agreement for Services dated September 24, 2020.

Also, subsequent to August 31, 2020, the Authority, with ANRA Industrial Development Corporation, a nonprofit corporation created in 1979 pursuant to the Development Corporation Act of 1979, agreed to a plan to issue Industrial Development bonds as a conduit for other entities, not to exceed \$250,000,000, for the purposes of acquiring and revitalizing the Aspen Power Plant and other facilities for the treating of sewage and the treating and disposing of solid waste, the development of a specialty chemicals plant using electricity from the Aspen Power. The grantor, Jefferson Enterprise Energy, LLC, or one or more affiliates thereof, will be the initial owner and operator of the project.

**ANGELINA & NECHES RIVER AUTHORITY
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2020**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues:			
Participant contributions	\$ 1,539,239	\$ 1,539,239	\$ -
Contracts and fees	588,160	764,777	176,617
Management fees	200,136	197,633	(2,503)
TCEQ contracts	337,995	366,306	28,311
Water and sewer charges	207,288	212,583	5,295
Total Operating Revenues	<u>2,872,818</u>	<u>3,080,538</u>	<u>207,720</u>
Operating Expenditures:			
Purchased utility services	156,320	167,928	(11,608)
Salaries and benefits	1,218,608	1,290,795	(72,187)
General and administrative	212,895	387,421	(174,526)
Professional fees	51,690	71,250	(19,560)
Management and contracted services	205,502	145,057	60,445
Repairs and supplies	297,867	293,362	4,505
Total Operating Expenditures	<u>2,142,882</u>	<u>2,355,813</u>	<u>(212,931)</u>
Excess (deficiency) revenues over expenditures before depreciation expense	<u>729,936</u>	<u>724,725</u>	<u>(5,211)</u>
Depreciation expense	<u>-</u>	<u>485,539</u>	<u>(485,539)</u>
Excess (deficiency) revenues over expenditures	<u>729,936</u>	<u>239,186</u>	<u>(490,750)</u>
Non-operating Revenues (Expenditures):			
Investment income	-	2,889	2,889
Interest expense	(723,858)	(343,356)	380,502
Bond issuance costs	-	(54,357)	(54,357)
Other non-operating revenues (expenditures)	-	2,840	2,840
Total non-operating revenues (expenses)	<u>(723,858)</u>	<u>(391,984)</u>	<u>331,874</u>
Change in net position	6,078	(152,798)	(158,876)
Net position, beginning	<u>7,509,507</u>	<u>7,509,507</u>	<u>-</u>
Net position, ending	<u>\$ 7,515,585</u>	<u>\$ 7,356,709</u>	<u>\$ (158,876)</u>

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

ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF NET POSITION - BY DIVISION
AUGUST 31, 2020 AND 2019

	<u>ANRA</u> <u>Operations</u>	<u>Holmwood</u> <u>Utilities</u>	<u>Lake</u> <u>Columbia</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 115,585	\$ 23,820	\$ 5,326
Restricted cash and cash equivalents	28,617	18,990	-
Investments - current	750,345	-	-
Accounts receivable, net	313,961	17,689	2,087
Interfund receivables	339,766	-	-
Total current assets	<u>1,548,274</u>	<u>60,499</u>	<u>7,413</u>
Capital Assets:			
Land	555,040	1,579	-
Other capital assets, net of depreciation	1,850,980	268,034	4,983,503
Total capital assets	<u>2,406,020</u>	<u>269,613</u>	<u>4,983,503</u>
 Total Assets	 <u>3,954,294</u>	 <u>330,112</u>	 <u>4,990,916</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	85,136	17,829	-
Interfund payables	-	8,774	269,808
Accrued compensated absences	30,784	-	-
Accrued interest payable	3,659	391	4,795
Other accrued liabilities	26,096	8,333	-
Bonds and leases payable - current	47,000	35,000	-
Total current liabilities	<u>192,675</u>	<u>70,327</u>	<u>274,603</u>
Long-term Liabilities:			
Deferred interest	-	-	570,467
Bond and leases payable - noncurrent	2,195,000	235,000	1,764,000
Total long-term liabilities	<u>2,195,000</u>	<u>235,000</u>	<u>2,334,467</u>
 Total Liabilities	 <u>2,387,675</u>	 <u>305,327</u>	 <u>2,609,070</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amount on refunding	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Invested in capital assets, net of related debt	164,020	(387)	3,219,503
Restricted for debt service	28,617	18,990	-
Restricted for construction	-	-	-
Unrestricted	1,373,982	6,182	(837,657)
Total Net Position	<u>\$ 1,566,619</u>	<u>\$ 24,785</u>	<u>\$ 2,381,846</u>

See independent auditor's report.

	<u>Neches Compost</u>	<u>North Angelina County RWF</u>	<u>Redland Wholesale Utilities</u>	<u>Adjustments</u>	<u>Total 2020</u>	<u>Total 2019</u>
\$	170,277	\$ 404,998	\$ 32,679	\$ -	\$ 752,685	\$ 526,099
	5,574	153,136	-	-	206,317	218,243
	-	-	-	-	750,345	-
	25,266	26,317	27,115	-	412,435	378,683
	-	-	-	(339,766)	-	-
	<u>201,117</u>	<u>584,451</u>	<u>59,794</u>	<u>(339,766)</u>	<u>2,121,782</u>	<u>1,123,025</u>
	52,993	575,972	-	-	1,185,584	1,185,452
	352,995	8,089,866	-	-	15,545,378	15,778,511
	<u>405,988</u>	<u>8,665,838</u>	<u>-</u>	<u>-</u>	<u>16,730,962</u>	<u>16,963,963</u>
	<u>607,105</u>	<u>9,250,289</u>	<u>59,794</u>	<u>(339,766)</u>	<u>18,852,744</u>	<u>18,086,988</u>
	13,939	74,906	9,742	-	201,552	117,330
	29,401	24,266	7,517	(339,766)	-	-
	3,369	-	-	-	34,153	28,014
	2,317	62,643	-	-	73,805	73,328
	5,754	7,500	5,667	-	53,350	19,315
	77,109	170,000	-	-	329,109	380,852
	<u>131,889</u>	<u>339,315</u>	<u>22,926</u>	<u>(339,766)</u>	<u>691,969</u>	<u>618,839</u>
	-	-	-	-	570,467	577,614
	<u>211,238</u>	<u>5,825,000</u>	<u>-</u>	<u>-</u>	<u>10,230,238</u>	<u>9,381,028</u>
	<u>211,238</u>	<u>5,825,000</u>	<u>-</u>	<u>-</u>	<u>10,800,705</u>	<u>9,958,642</u>
	<u>343,127</u>	<u>6,164,315</u>	<u>22,926</u>	<u>(339,766)</u>	<u>11,492,674</u>	<u>10,577,481</u>
	-	3,361	-	-	3,361	-
	<u>-</u>	<u>3,361</u>	<u>-</u>	<u>-</u>	<u>3,361</u>	<u>-</u>
	117,641	2,670,838	-	-	6,171,615	7,202,083
	5,574	153,136	-	-	206,317	218,243
	-	-	-	-	-	-
	140,763	258,639	36,868	-	978,777	89,181
\$	<u>263,978</u>	<u>3,082,613</u>	<u>36,868</u>	<u>-</u>	<u>7,356,709</u>	<u>7,509,507</u>

ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION - BY DIVISION
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

	<u>ANRA</u> <u>Operations</u>	<u>Holmwood</u> <u>Utilities</u>	<u>Lake</u> <u>Columbia</u>
Operating Revenues:			
Participant contributions	\$ -	\$ -	\$ 108,496
Contracts and fees	703,792	-	-
Management fees	747,363	-	-
Grants and contracts	366,306	-	-
Water and sewer charges	-	212,583	-
Total Operating Revenues	<u>1,817,461</u>	<u>212,583</u>	<u>108,496</u>
Operating Expenditures:			
Purchased utility services	31,417	31,184	-
Salaries and benefits	1,080,230	-	-
General and administrative	164,629	8,393	197
Professional fees	71,250	-	-
Management and contracted services	147,397	102,053	-
Repairs and supplies	176,073	21,536	-
Depreciation	95,195	22,122	-
Total Operating Expenditures	<u>1,766,191</u>	<u>185,288</u>	<u>197</u>
Excess (deficiency) revenues over expenditures	<u>51,270</u>	<u>27,295</u>	<u>108,299</u>
Non-operating Revenues (Expenditures):			
Investment income	755	-	-
Interest expense	(88,653)	(9,299)	(96,545)
Bond issuance costs	-	-	-
Other income - loan forgiveness	-	-	-
Other non-operating revenues (expenditures)	1,869	-	-
Total non-operating revenues (expenses)	<u>(86,029)</u>	<u>(9,299)</u>	<u>(96,545)</u>
Other Sources (Uses)			
Transfers in	750,000	-	-
Transfers out	-	-	-
Total other sources (uses)	<u>750,000</u>	<u>-</u>	<u>-</u>
Change in net position	715,241	17,996	11,754
Net position, beginning	<u>851,378</u>	<u>6,789</u>	<u>2,370,092</u>
Net position, ending	<u>\$ 1,566,619</u>	<u>\$ 24,785</u>	<u>\$ 2,381,846</u>

See independent auditor's report.

	Neches Compost	North Angelina County RWF	Redland Wholesale Utilities	Adjustments	Total 2020	Total 2019
\$	605,503	\$ 825,240	\$ -	\$ -	\$ 1,539,239	\$ 1,533,720
	90,306	19,137	-	(48,458)	764,777	835,083
	-	-	170,133	(719,863)	197,633	221,532
	-	-	-	-	366,306	455,432
	-	-	-	-	212,583	202,234
	<u>695,809</u>	<u>844,377</u>	<u>170,133</u>	<u>(768,321)</u>	<u>3,080,538</u>	<u>3,248,001</u>
	-	38,383	66,944	-	167,928	167,851
	210,565	-	-	-	1,290,795	1,163,674
	214,203	115,980	8,119	(124,100)	387,421	370,123
	-	-	-	-	71,250	53,829
	197,727	261,511	80,590	(644,221)	145,057	42,246
	44,464	41,339	9,950	-	293,362	292,800
	51,120	317,102	-	-	485,539	322,729
	<u>718,079</u>	<u>774,315</u>	<u>165,603</u>	<u>(768,321)</u>	<u>2,841,352</u>	<u>2,413,252</u>
	<u>(22,270)</u>	<u>70,062</u>	<u>4,530</u>	<u>-</u>	<u>239,186</u>	<u>834,749</u>
	-	2,134	-	-	2,889	17,754
	(14,202)	(134,657)	-	-	(343,356)	(348,511)
	-	(54,357)	-	-	(54,357)	(24,750)
	-	-	-	-	-	6,475
	971	-	-	-	2,840	7,172
	<u>(13,231)</u>	<u>(186,880)</u>	<u>-</u>	<u>-</u>	<u>(391,984)</u>	<u>(341,860)</u>
	-	-	-	(750,000)	-	-
	-	(750,000)	-	750,000	-	-
	-	(750,000)	-	-	-	-
	(35,501)	(866,818)	4,530	-	(152,798)	492,889
	<u>299,479</u>	<u>3,949,431</u>	<u>32,338</u>	<u>-</u>	<u>7,509,507</u>	<u>7,016,618</u>
\$	<u>263,978</u>	\$ <u>3,082,613</u>	\$ <u>36,868</u>	\$ <u>-</u>	\$ <u>7,356,709</u>	\$ <u>7,509,507</u>

ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF CASH FLOWS - BY DIVISION
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

	<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	\$ 1,838,808	\$ 209,494	\$ 107,452
Cash paid to suppliers	(556,584)	(153,769)	(197)
Cash paid to employees	(1,069,258)	-	-
Net cash provided by operating activities	<u>212,966</u>	<u>55,725</u>	<u>107,255</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	(1,115)	-	-
Debt proceeds	-	-	-
Bond issuance costs	-	-	-
Principal payments on long-term debt	(53,272)	(35,000)	-
Interest paid on long-term debt	(89,254)	(15,281)	(107,035)
Net cash provided(used) by capital and related financing activities	<u>(143,641)</u>	<u>(50,281)</u>	<u>(107,035)</u>
Cash Flows from Noncapital and Related Financing Activities:			
Transfers	750,000	-	-
Net cash provided(used) by noncapital and related financing activities	<u>750,000</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:			
Purchase of investments	(750,000)	-	-
Interest from investments	409	-	-
Other income (expense)	1,869	-	-
Net cash provided by capital and related financing activities	<u>(747,722)</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	71,603	5,444	220
Cash and cash equivalents, beginning of period	72,599	37,366	5,106
Cash and cash equivalents, end of period	<u>\$ 144,202</u>	<u>\$ 42,810</u>	<u>\$ 5,326</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	\$ 51,270	\$ 27,295	\$ 108,299
Adjustments to reconcile operating income to cash provided by operating activities:			
Depreciation	95,195	22,122	-
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	21,347	(3,089)	(1,044)
Increase (Decrease) in:			
Accounts payable	34,182	6,064	-
Accrued liabilities	10,972	3,333	-
Net cash provided by operating activities	<u>\$ 212,966</u>	<u>\$ 55,725</u>	<u>\$ 107,255</u>

See independent auditor's report.

	Neches Compost	North Angelina County RWF	Redland Wholesale Utilities	Adjustments	Total 2020	Total 2019
\$	692,009	\$ 816,901	\$ 150,443	\$ (768,321)	\$ 3,046,786	\$ 2,993,964
	(443,543)	(412,925)	(156,826)	768,321	(955,523)	(607,835)
	(207,048)	-	-	-	(1,276,306)	(1,163,505)
	<u>41,418</u>	<u>403,976</u>	<u>(6,383)</u>	<u>-</u>	<u>814,957</u>	<u>1,222,624</u>
	-	(251,010)	-	-	(252,125)	(2,287,711)
	-	1,128,590	-	-	1,128,590	300,000
	-	(54,357)	-	-	(54,357)	(24,750)
	(74,260)	(168,590)	-	-	(331,122)	(399,612)
	<u>(14,657)</u>	<u>(123,800)</u>	<u>-</u>	<u>-</u>	<u>(350,027)</u>	<u>(349,097)</u>
	<u>(88,917)</u>	<u>530,833</u>	<u>-</u>	<u>-</u>	<u>140,959</u>	<u>(2,761,170)</u>
	-	(750,000)	-	-	-	-
	-	(750,000)	-	-	-	-
	-	-	-	-	(750,000)	-
	-	2,134	-	-	2,543	17,754
	971	3,361	-	-	6,201	4,312
	<u>971</u>	<u>5,495</u>	<u>-</u>	<u>-</u>	<u>(741,256)</u>	<u>22,066</u>
	(46,528)	190,304	(6,383)	-	214,660	(1,516,480)
	222,379	367,830	39,062	-	744,342	2,260,822
\$	<u>175,851</u>	<u>558,134</u>	<u>32,679</u>	<u>-</u>	<u>959,002</u>	<u>744,342</u>
\$	(22,270)	\$ 70,062	\$ 4,530	\$ -	\$ 239,186	\$ 834,749
	51,120	317,102	-	-	485,539	322,729
	(3,800)	(27,476)	(19,690)	-	(33,752)	(254,037)
	12,851	37,201	6,777	-	97,075	330,557
	3,517	7,087	2,000	-	26,909	(11,374)
\$	<u>41,418</u>	<u>403,976</u>	<u>(6,383)</u>	<u>-</u>	<u>814,957</u>	<u>1,222,624</u>

**ANGELINA & NECHES RIVER AUTHORITY
HOLMWOOD UTILITIES
TSI – 1 SERVICES AND RATES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2020**

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

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

2. Retail Service Providers

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

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

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

b. Water and Wastewater Retail Connections:

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

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

See independent auditor's report.

**ANGELINA & NECHES RIVER AUTHORITY
HOLMWOOD UTILITIES
TSI – 1 SERVICES AND RATES (continued)
FOR THE FISCAL YEAR ENDED AUGUST 31, 2020**

3. Total Water Consumption during the Fiscal Year:

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

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

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

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

Does the District have Debt Service standby fees? Yes No

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

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

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

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

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

Is the District located entirely within one county? Yes No

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

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

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

ETJs in which the District is located: City of Jasper

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

If Yes, by whom? Governor

**ANGELINA & NECHES RIVER AUTHORITY
TSI-5 - LONG TERM DEBT REQUIREMENTS
ALL BONDED DEBT SERIES - BY YEAR
FOR THE YEAR ENDED AUGUST 31, 2020**

Fiscal Year Ended	Annual Debt Service Requirements - All Series Bonds			
	Principal	Interest	Deferred Interest	Total Debt Service
2021	\$ 305,600	\$ 318,076	\$ 47,812	\$ 671,488
2022	385,400	302,040	47,812	735,252
2023	393,500	289,054	47,872	730,426
2024	465,300	275,758	-	741,058
2025	416,000	259,035	-	675,035
2026	435,000	244,121	-	679,121
2027	454,000	228,128	-	682,128
2028	488,000	210,973	-	698,973
2029	507,000	195,453	-	702,453
2030	477,000	177,763	-	654,763
2031	502,000	161,703	-	663,703
2032	522,000	144,558	-	666,558
2033	527,000	126,804	-	653,804
2034	557,000	108,713	-	665,713
2035	567,000	89,427	-	656,427
2036	358,000	69,720	-	427,720
2037	379,000	56,351	-	435,351
2038	275,000	44,747	-	319,747
2039	180,000	35,260	-	215,260
2040	180,000	31,507	-	211,507
2041	185,000	27,670	-	212,670
2042	190,000	23,691	-	213,691
2043	195,000	19,568	-	214,568
2044	200,000	15,299	-	215,299
2045	934,000	721,551	426,971	2,082,522
2046	210,000	6,455	-	216,455
2047	100,000	3,142	-	103,142
2048	105,000	1,066	-	106,066
	<u>\$ 10,492,800</u>	<u>\$ 4,187,633</u>	<u>\$ 570,467</u>	<u>\$ 15,250,900</u>

See independent auditor's report.

**ANGELINA & NECHES RIVER AUTHORITY
 TSI-5 - LONG TERM DEBT REQUIREMENTS
 GENERAL IMPROVEMENT REVENUE REFUNDING BOND, SERIES 2017
 ANGELINA & NECHES RIVER AUTHORITY
 FOR THE YEAR ENDED AUGUST 31, 2020**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2021	\$ 22,000	\$ 74,328	\$ -	\$ 96,328
2022	90,000	72,200	-	162,200
2023	93,000	68,723	-	161,723
2024	98,000	65,094	-	163,094
2025	101,000	61,313	-	162,313
2026	105,000	57,399	-	162,399
2027	109,000	53,333	-	162,333
2028	113,000	49,115	-	162,115
2029	117,000	44,745	-	161,745
2030	122,000	40,204	-	162,204
2031	127,000	35,473	-	162,473
2032	132,000	30,552	-	162,552
2033	137,000	25,441	-	162,441
2034	142,000	20,140	-	162,140
2035	147,000	14,649	-	161,649
2036	153,000	8,949	-	161,949
2037	159,000	3,021	-	162,021
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 1,967,000</u>	<u>\$ 724,679</u>	<u>\$ -</u>	<u>\$ 2,691,679</u>

See independent auditor's report.

**ANGELINA & NECHES RIVER AUTHORITY
 TSI-5 - LONG TERM DEBT REQUIREMENTS
 GENERAL IMPROVEMENT REVENUE REFUNDING BOND, SERIES 2018
 ANGELINA & NECHES RIVER AUTHORITY
 FOR THE YEAR ENDED AUGUST 31, 2020**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2021	\$ 25,000	\$ 12,469	\$ -	\$ 37,469
2022	25,000	11,281	-	36,281
2023	30,000	9,975	-	39,975
2024	30,000	8,550	-	38,550
2025	30,000	7,125	-	37,125
2026	30,000	5,700	-	35,700
2027	35,000	4,156	-	39,156
2028	35,000	2,494	-	37,494
2029	35,000	831	-	35,831
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 275,000</u>	<u>\$ 62,581</u>	<u>\$ -</u>	<u>\$ 337,581</u>

See independent auditor's report.

**ANGELINA & NECHES RIVER AUTHORITY
 TSI-5 - LONG TERM DEBT REQUIREMENTS
 CONTRACT REVENUE REFUNDING BOND, SERIES 2012
 HOLMWOOD UTILITIES
 FOR THE YEAR ENDED AUGUST 31, 2020**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2021	\$ 35,000	\$ 9,378	\$ -	\$ 44,378
2022	35,000	8,162	-	43,162
2023	35,000	6,946	-	41,946
2024	40,000	5,730	-	45,730
2025	40,000	4,342	-	44,342
2026	40,000	2,952	-	42,952
2027	45,000	1,562	-	46,562
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 270,000</u>	<u>\$ 39,072</u>	<u>\$ -</u>	<u>\$ 309,072</u>

See independent auditor's report.

**ANGELINA & NECHES RIVER AUTHORITY
 TSI-5 - LONG TERM DEBT REQUIREMENTS
 CONTRACT REVENUE REFUNDING BOND, SERIES 2005
 LAKE COLUMBIA
 FOR THE YEAR ENDED AUGUST 31, 2020**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2021	\$ -	\$ 13,224	\$ 9,698	\$ 22,922
2022	-	13,224	9,698	22,922
2023	-	13,224	9,696	22,920
2024	10,000	13,224	-	23,224
2025	10,000	12,656	-	22,656
2026	15,000	12,088	-	27,088
2027	10,000	11,236	-	21,236
2028	15,000	10,668	-	25,668
2029	15,000	9,809	-	24,809
2030	15,000	8,950	-	23,950
2031	15,000	8,090	-	23,090
2032	15,000	7,230	-	22,230
2033	15,000	6,371	-	21,371
2034	15,000	5,504	-	20,504
2035	20,000	4,637	-	24,637
2036	15,000	3,481	-	18,481
2037	20,000	2,614	-	22,614
2038	25,000	1,458	-	26,458
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 230,000</u>	<u>\$ 157,688</u>	<u>\$ 29,092</u>	<u>\$ 416,780</u>

See independent auditor's report.

**ANGELINA & NECHES RIVER AUTHORITY
 TSI-5 - LONG TERM DEBT REQUIREMENTS
 CONTRACT REVENUE REFUNDING BOND, SERIES 2005
 LAKE COLUMBIA
 FOR THE YEAR ENDED AUGUST 31, 2020**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest*	
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	426,971	1,872,584
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 734,000</u>	<u>\$ 711,613</u>	<u>\$ 426,971</u>	<u>\$ 1,872,584</u>

* *Principal and interest are both deferred until 2045*

See independent auditor's report.

**ANGELINA & NECHES RIVER AUTHORITY
 TSI-5 - LONG TERM DEBT REQUIREMENTS
 CONTRACT REVENUE REFUNDING BOND, SERIES 2005
 LAKE COLUMBIA
 FOR THE YEAR ENDED AUGUST 31, 2020**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2021	\$ -	\$ 45,970	\$ 38,114	\$ 84,084
2022	-	45,970	38,114	84,084
2023	-	45,970	38,176	84,146
2024	35,000	46,000	-	81,000
2025	35,000	44,012	-	79,012
2026	40,000	42,024	-	82,024
2027	45,000	39,752	-	84,752
2028	40,000	37,196	-	77,196
2029	50,000	34,904	-	84,904
2030	45,000	32,039	-	77,039
2031	55,000	29,461	-	84,461
2032	55,000	26,309	-	81,309
2033	55,000	23,157	-	78,157
2034	65,000	19,979	-	84,979
2035	60,000	16,222	-	76,222
2036	70,000	12,753	-	82,753
2037	75,000	8,708	-	83,708
2038	75,000	4,373	-	79,373
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 800,000</u>	<u>\$ 554,799</u>	<u>\$ 114,404</u>	<u>\$ 1,469,203</u>

See independent auditor's report.

**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, 2020**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2021	\$ 20,000	\$ 1,602	\$ -	\$ 21,602
2022	20,000	1,361	-	21,361
2023	20,000	1,056	-	21,056
2024	20,000	701	-	20,701
2025	25,000	253	-	25,253
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 105,000</u>	<u>\$ 4,973</u>	<u>\$ -</u>	<u>\$ 109,973</u>

See independent auditor's report.

**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, 2020**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2021	\$ 5,000	\$ 37,554	\$ -	\$ 42,554
2022	5,000	37,519	-	42,519
2023	5,000	37,475	-	42,475
2024	10,000	37,394	-	47,394
2025	10,000	37,273	-	47,273
2026	30,000	36,994	-	66,994
2027	30,000	36,547	-	66,547
2028	75,000	35,703	-	110,703
2029	75,000	35,451	-	110,451
2030	75,000	33,135	-	108,135
2031	80,000	31,708	-	111,708
2032	80,000	30,184	-	110,184
2033	80,000	28,620	-	108,620
2034	85,000	26,965	-	111,965
2035	85,000	25,218	-	110,218
2036	85,000	23,429	-	108,429
2037	90,000	21,547	-	111,547
2038	90,000	19,576	-	109,576
2039	95,000	17,518	-	112,518
2040	95,000	15,380	-	110,380
2041	95,000	13,223	-	108,223
2042	100,000	10,990	-	110,990
2043	100,000	8,680	-	108,680
2044	105,000	6,292	-	111,292
2045	105,000	2,826	-	107,826
2046	110,000	1,298	-	111,298
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 1,800,000</u>	<u>\$ 648,499</u>	<u>\$ -</u>	<u>\$ 2,448,499</u>

See independent auditor's report.

**ANGELINA & NECHES RIVER AUTHORITY
 TSI-5 - LONG TERM DEBT REQUIREMENTS
 CONTRACT REVENUE REFUNDING BOND, SERIES 2017
 NORTH ANGELINA COUNTY RWF
 FOR THE YEAR ENDED AUGUST 31, 2020**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2021	\$ 5,000	\$ 25,779	\$ -	\$ 30,779
2022	5,000	25,770	-	30,770
2023	5,000	25,755	-	30,755
2024	5,000	25,733	-	30,733
2025	5,000	25,701	-	30,701
2026	5,000	25,660	-	30,660
2027	5,000	25,610	-	30,610
2028	30,000	25,395	-	55,395
2029	30,000	24,999	-	54,999
2030	30,000	24,567	-	54,567
2031	30,000	24,107	-	54,107
2032	35,000	23,581	-	58,581
2033	35,000	22,991	-	57,991
2034	35,000	22,379	-	57,379
2035	35,000	21,749	-	56,749
2036	35,000	21,108	-	56,108
2037	35,000	20,461	-	55,461
2038	85,000	19,340	-	104,340
2039	85,000	17,742	-	102,742
2040	85,000	16,127	-	101,127
2041	90,000	14,447	-	104,447
2042	90,000	12,701	-	102,701
2043	95,000	10,888	-	105,888
2044	95,000	9,007	-	104,007
2045	95,000	7,112	-	102,112
2046	100,000	5,157	-	105,157
2047	100,000	3,142	-	103,142
2048	105,000	1,066	-	106,066
	<u>\$ 1,390,000</u>	<u>\$ 528,074</u>	<u>\$ -</u>	<u>\$ 1,918,074</u>

See independent auditor's report.

**ANGELINA & NECHES RIVER AUTHORITY
 TSI-5 - LONG TERM DEBT REQUIREMENTS
 CONTRACT REVENUE REFUNDING AND IMPROVEMENT BOND, SERIES 2020
 NORTH ANGELINA COUNTY RWF
 FOR THE YEAR ENDED AUGUST 31, 2020**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2021	\$ 140,000	\$ 90,297	\$ -	\$ 230,297
2022	150,000	80,896	-	230,896
2023	150,000	76,156	-	226,156
2024	160,000	71,413	-	231,413
2025	160,000	66,360	-	226,360
2026	170,000	61,304	-	231,304
2027	175,000	55,932	-	230,932
2028	180,000	50,402	-	230,402
2029	185,000	44,714	-	229,714
2030	190,000	38,868	-	228,868
2031	195,000	32,864	-	227,864
2032	205,000	26,702	-	231,702
2033	205,000	20,224	-	225,224
2034	215,000	13,746	-	228,746
2035	220,000	6,952	-	226,952
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 2,700,000</u>	<u>\$ 736,830</u>	<u>\$ -</u>	<u>\$ 3,436,830</u>

See independent auditor's report.

**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, 2020**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2021	\$ 46,100	\$ 5,880	\$ -	\$ 51,980
2022	47,500	4,474	-	51,974
2023	48,900	3,026	-	51,926
2024	50,300	1,534	-	51,834
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 192,800</u>	<u>\$ 14,914</u>	<u>\$ -</u>	<u>\$ 207,714</u>

See independent auditor's report.

**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, 2020**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2021	\$ 7,500	\$ 1,595	\$ -	\$ 9,095
2022	7,900	1,183	-	9,083
2023	6,600	748	-	7,348
2024	7,000	385	-	7,385
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 29,000</u>	<u>\$ 3,911</u>	<u>\$ -</u>	<u>\$ 32,911</u>

See independent auditor's report.

**ANGELINA & NECHES RIVER AUTHORITY
 TWDB INTEREST & SINKING FUND WORKSHEETS
 FOR THE FISCAL YEAR ENDED AUGUST 31, 2020**

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, 2020

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.

	<u>INTEREST & SINKING FUND</u>	<u>RESERVE FUND</u>
<u>FIRST LIEN BONDS</u>		
REQUIRED ULTIMATE BALANCE	\$ 106,710	\$ -
REQUIRED PRESENT BALANCE (8/31/2020)	<u>\$ 153,136</u>	<u>\$ -</u>
ACTUAL PRESENT BALANCE (8/31/2020)	<u>\$ 153,136</u>	<u>\$ -</u>
 <u>JUNIOR LIEN BONDS</u>		
REQUIRED ULTIMATE BALANCE	\$ -	\$ -
REQUIRED PRESENT BALANCE (8/31/2018)	<u>\$ -</u>	<u>\$ -</u>
ACTUAL PRESENT BALANCE (8/31/2018)	<u>\$ -</u>	<u>\$ -</u>

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

cc: Axley & Rode, LLP.
 Certified Public Accountants

See independent auditor's report.

**ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF BOARD MEMBERS AND KEY PERSONNEL
AUGUST 31, 2020
(UNAUDITED)**

Board of Directors

Mr. Jody Anderson, President
361 Red Loving Road
Lufkin, Texas 75901
Term Ends: 9-5-2025

Mr. Thomas R “Tom” Murphy, Vice President
908 E. Mimosa Lane
Crockett, Texas 75835
Term Ends: 9-5-2025

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

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

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

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

Mrs. Kimberly “Kim” Childs, Director
3290 Oak Creek Drive
Nacogdoches, Texas 75965
Term Ends: 9-5-2025

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

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

Key Personnel

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

Alexis “Lexi” Hudspeth
Administration Division Manager
Telephone: (936) 633-7549
E-mail Address: ahudspeth@anra.org

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

Jeremiah Poling
Information Systems Manager
Telephone: (936) 633-7751
E-mail Address: jpoling@anra.org

Kimberly Wagner
Communications Director
Telephone: (936) 633-7507
E-mail Address: kwagner@anra.org

Executive staff mailing address is 2901 N John Redditt Dr., Lufkin, TX 75904

**ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF INSURANCE IN FORCE
AUGUST 31, 2020
(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	7/1/20-7/1/21	Auto Liability	\$ 1,000,000	\$ 5,270
Texas Water Conservation Association	0042	7/1/20-7/1/21	General Liability	\$ 1,000,000	1,206
Texas Water Conservation Association	0042	7/1/20-7/1/21	Errors & Omissions	\$ 1,000,000	2,618
Texas Water Conservation Association	0042	7/1/20-7/1/21	Property Liability	\$ 8,457,204	16,035
Texas Water Conservation Association	0042	7/1/20-7/1/21	Auto Physical Damage	Scheduled	8,642
Texas Water Conservation Association	0042	7/1/20-7/1/21	Crime	\$10,000/\$25,000	<u>397</u>
					<u><u>\$ 34,168</u></u>

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

Board of Trustees
Angelina & Neches River Authority
Lufkin, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Angelina & Neches River Authority (the "Authority"), as of and for the years ended August 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 8, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Axley & Rode LLP
CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
December 8, 2020

**ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2020**

No findings reported.

**ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2020**

There were no findings in the prior year.

**ANGELINA & NECHES RIVER AUTHORITY
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2020**

None Required.