

December 16, 2022

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 13, 2022.

If you have any questions regarding this Report or any of the information that it contains, please contact Mrs. Stephanie Harris 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 YEAR ENDED

AUGUST 31, 2022

**ANGELINA & NECHES RIVER AUTHORITY
ANNUAL FINANCIAL REPORT FOR THE YEARS ENDED
AUGUST 31, 2022**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Angelina & Neches River Authority
Lufkin, Texas

Opinion

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, 2022 and 2021, 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.

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, 2022 and 2021, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our 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. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Board Members and Key Personnel and Schedule of Insurance in Force but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2022, 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 13, 2022


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, 2022. 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, 2022, the Authority's total combined net position was \$7,296,881. During the year, the Authority had operating revenues of \$3,047,100, operating expenses of \$3,015,109 and net non-operating expenditures of \$253,491, resulting in an overall decrease in net position of \$221,500 for the year ended August 31, 2022.

The Authority's total cash and investments decreased \$792,879 from the previous year largely due to the draws on the restricted amounts related to the Texas Water Development Board (TWDB) loan forgiveness project.

The Authority's fixed assets (net of accumulated depreciation) increased \$184,014 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 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 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, 2022, has seven divisions – ANRA Operations, Holmwood Utilities, Lake Columbia, Neches Compost Facility, Redland Wholesale Utilities, Prairie Grove Utilities, 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 Position, Schedule of Revenue, Expenditures, and Changes in Net Position and Schedule of Cash Flows by division.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Authority's combined net position was \$7,296,881 as of August 31, 2022. The following table provides a summary of the Authority's net position.

Table I
Authority's Net Position

	2022	2021	% Change
Assets:			
Current Assets	\$ 3,545,529	\$ 4,453,007	-20.4%
Capital Assets, net	17,342,217	17,158,203	1.1%
Total Assets	<u>20,887,746</u>	<u>21,611,210</u>	<u>-3.3%</u>
Liabilities:			
Current Liabilities	677,540	896,557	-24.4%
Long-term Liabilities	11,189,373	11,373,151	-1.6%
Total Liabilities	<u>11,866,913</u>	<u>12,269,708</u>	<u>-3.3%</u>
Deferred Inflows of Resources:			
Loan forgiveness - TWDB	1,721,000	1,820,000	-5.4%
Deferred amount on refunding	2,952	3,121	-5.4%
Total deferred inflows	<u>1,723,952</u>	<u>1,823,121</u>	<u>-5.4%</u>
Net Position:			
Invested in Capital Assets, net of related debt	7,134,310	6,675,626	6.9%
Restricted	273,913	249,883	9.6%
Unrestricted	(111,342)	592,872	-118.8%
Total Net Position	<u>\$ 7,296,881</u>	<u>\$ 7,518,381</u>	<u>-2.9%</u>

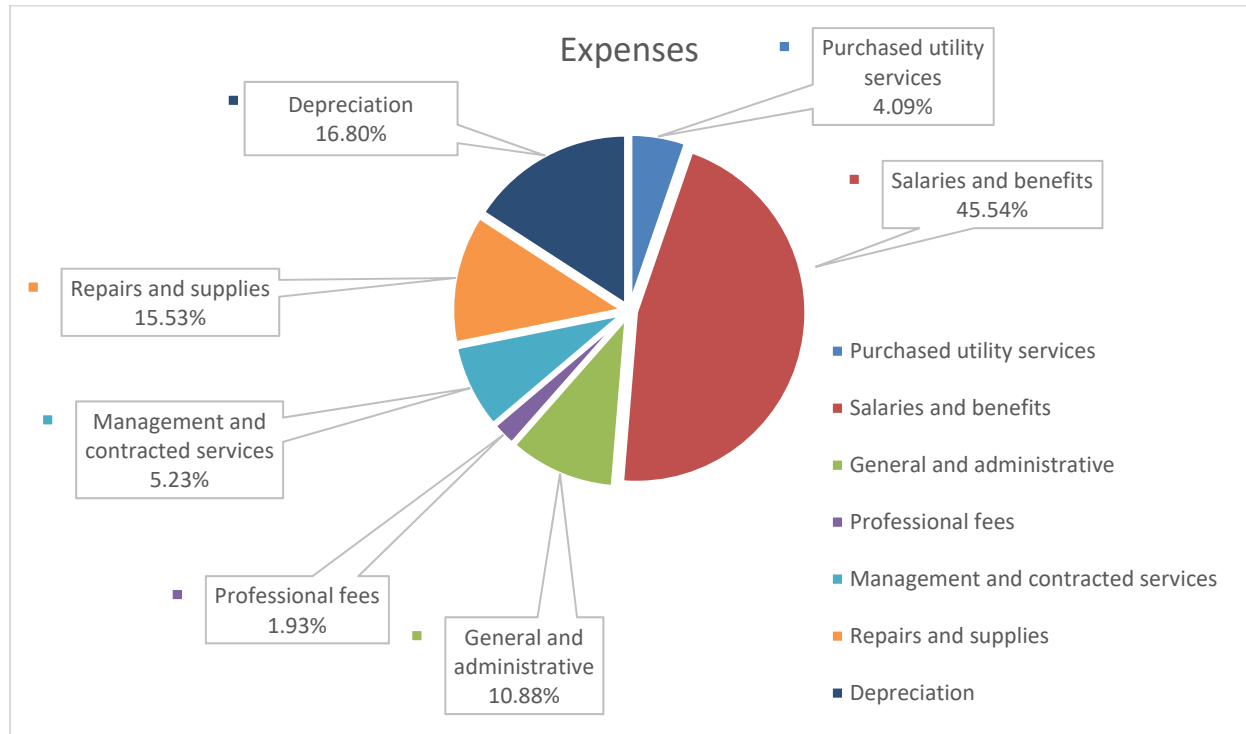
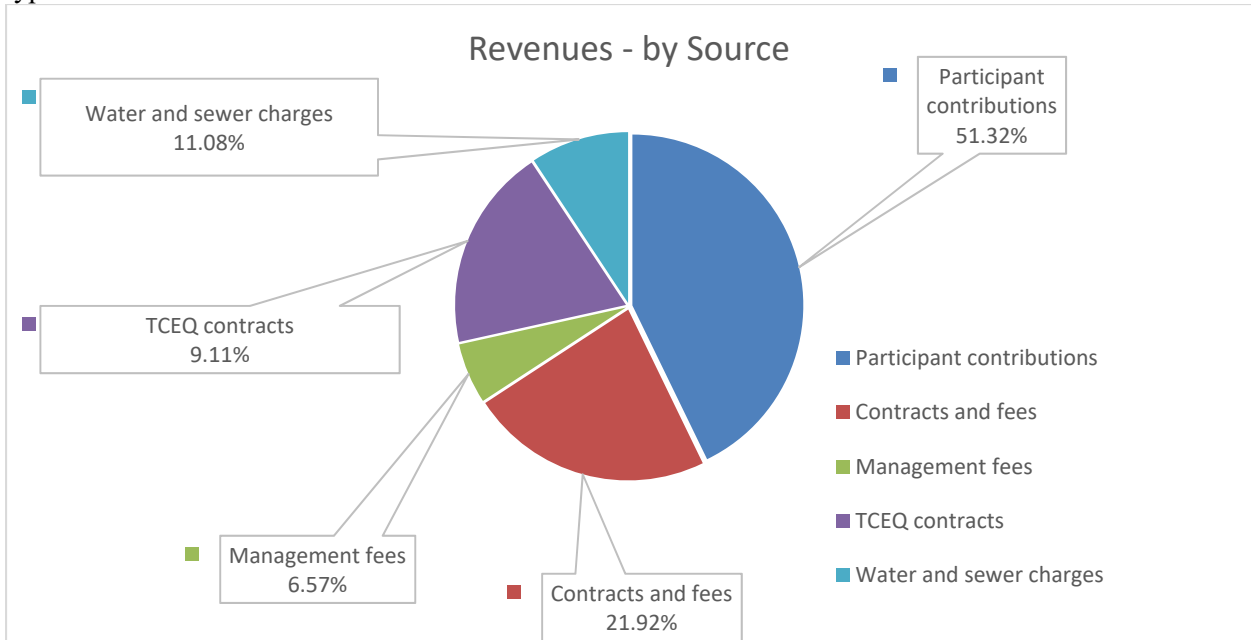
The following table provides a summary of the Authority's changes in net position.

Table II
Change in Authority's Net Position

	2022	2021	% Change
Revenues:			
Charges for Services	\$ 3,047,100	\$ 3,570,527	-14.7%
Investment income	13,197	2,124	521.3%
Other income	122,615	73,996	65.7%
Total Revenue	<u>3,182,912</u>	<u>3,646,647</u>	<u>-12.7%</u>
Expenses:			
General services	1,757,450	1,959,768	-10.3%
Redland Wholesale Utilities	164,240	174,627	-5.9%
Holmwood Utility	127,771	81,433	56.9%
Prairie Grove Utilities	139,765	83,341	67.7%
Lake Columbia	95,365	100,382	-5.0%
North Angelina County RWF	623,197	687,835	-9.4%
Neches Composting	496,624	419,087	18.5%
Total Expense	<u>3,404,412</u>	<u>3,506,473</u>	<u>-2.9%</u>
Change in net position	(221,500)	140,174	258.0%
Beginning net position	7,518,381	7,378,207	1.9%
Ending net position	<u>\$ 7,296,881</u>	<u>\$ 7,518,381</u>	<u>-2.9%</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 20.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2022, the Authority had invested \$23,240,120, less depreciation of \$5,897,903 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:

	2022	2021	% Change
Land	\$ 1,226,636	\$ 1,226,636	0.00%
Treatment Facilities	6,359,648	6,638,903	(4.21)%
Leased equipment	165,842	184,269	(10.00)%
Machinery and equipment	153,575	115,546	32.91%
Facilities & improvements	1,835,051	1,920,452	(4.45)%
Construction in progress	7,601,466	7,072,397	7.48%
Net capital assets	<u>\$ 17,342,217</u>	<u>\$ 17,158,203</u>	<u>1.07%</u>

A large portion of the Authority's net position, 95.76%, 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, 2022, including the current portion, totaled \$11,615,872 for leases payable, deferred interest, and revenue bonds. The current portion of the long-term debt was \$426,499 at August 31, 2022. Long-term debt activity for the year consisted of principal and interest payments on existing bonds and capital leases and issuance of the Improvement and Refunding Bonds, Series 2022. Long term debt had a net decrease of \$159,251 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 funds 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, 2022 AND 2021

	2022	2021
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 633,460	\$ 1,336,763
Restricted cash and cash equivalents	2,712,655	2,802,231
Accounts Receivable, net	199,414	314,013
Total current assets	3,545,529	4,453,007
Capital Assets:		
Land	1,226,636	1,226,636
Other capital assets, net of depreciation	8,514,116	8,859,170
Construction in progress	7,601,465	7,072,397
Total capital assets	17,342,217	17,158,203
Total Assets	20,887,746	21,611,210
LIABILITIES		
Current Liabilities:		
Accounts payable	129,749	329,843
Accrued compensated absences	40,716	40,896
Accrued interest payable	29,574	70,931
Other accrued liabilities	51,002	52,915
Leases payable - current	16,999	16,643
Bonds payable - current	409,500	385,329
Total current liabilities	677,540	896,557
Long-term Liabilities:		
Deferred interest	556,111	563,319
Leases payable - noncurrent	195,962	212,961
Bonds payable - noncurrent	10,437,300	10,596,871
Total long-term liabilities	11,189,373	11,373,151
Total Liabilities	11,866,913	12,269,708
DEFERRED INFLOWS OF RESOURCES		
Loan forgiveness - TWDB	1,721,000	1,820,000
Deferred gain on refunding	2,952	3,121
Total deferred inflows of resources	1,723,952	1,823,121
NET POSITION		
Invested in capital assets, net of related debt	7,134,310	6,675,626
Restricted for debt service	273,913	249,883
Unrestricted	(111,342)	592,872
Total Net Position	\$ 7,296,881	\$ 7,518,381

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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues:		
Participant contributions	\$ 1,563,809	\$ 1,528,351
Contracts and fees	667,908	1,053,150
Management fees	200,136	205,136
TCEQ contracts	277,740	451,490
Water and sewer charges	<u>337,507</u>	<u>332,400</u>
Total Operating Revenues	<u>3,047,100</u>	<u>3,570,527</u>
Operating Expenditures:		
Purchased utility services	123,290	162,976
Salaries and benefits	1,373,097	1,418,983
General and administrative	327,920	314,255
Professional fees	58,052	71,462
Management and contracted services	157,829	247,874
Repairs and supplies	468,349	378,920
Depreciation	<u>506,572</u>	<u>489,131</u>
Total Operating Expenditures	<u>3,015,109</u>	<u>3,083,601</u>
Excess (deficiency) revenues over expenditures	<u>31,991</u>	<u>486,926</u>
Non-operating Revenues (Expenditures):		
Investment income	13,197	2,124
Interest expense	(343,453)	(360,127)
Bond issuance costs	(45,850)	(62,745)
Provision for loan forgiveness	99,000	-
Refunds and rebates	19,720	-
Other non-operating revenues (expenditures)	<u>3,895</u>	<u>73,996</u>
Total non-operating revenues (expenses)	<u>(253,491)</u>	<u>(346,752)</u>
Change in net position	(221,500)	140,174
Net position, beginning	<u>7,518,381</u>	<u>7,378,207</u>
Net position, ending	<u>\$ 7,296,881</u>	<u>\$ 7,518,381</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, 2022 AND 2021

	2022	2021
Cash Flows from Operating Activities:		
Cash received from customers	\$ 3,182,785	\$ 3,735,238
Cash paid to suppliers	(1,335,098)	(1,101,540)
Cash paid to employees	(1,376,968)	(1,402,448)
Net cash provided by operating activities	470,719	1,231,250
Cash Flows from Capital and Related Financing Activities:		
Purchase of capital assets	(690,585)	(916,372)
Proceeds from capital lease	-	229,604
Proceeds from loan forgiveness agreement	-	1,820,000
Proceeds from bond issuance	450,000	795,000
Bond issuance costs	(45,850)	(62,745)
Principal payments on long-term debt	(602,043)	(372,147)
Interest paid on long-term debt	(392,018)	(370,149)
Net cash provided (used) by capital and related financing activities	(1,280,496)	1,123,191
Cash Flows from Investing Activities:		
Proceeds from the sale of investments	-	750,345
Interest from investments	13,197	2,124
Other income	3,701	73,082
Net cash provided (used) by capital and related financing activities	16,898	825,551
Net increase (decrease) in cash and cash equivalents	(792,879)	3,179,992
Cash and cash equivalents, beginning of period	4,138,994	959,002
Cash and cash equivalents, end of period	\$ 3,346,115	\$ 4,138,994
Reconciliation of Operating Income to Net Cash Provided		
by Operating Activities:		
Operating Income	\$ 31,991	\$ 486,926
Adjustments to reconcile operating income to cash provided		
by operating activities:		
Depreciation	506,572	489,131
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	135,685	164,711
Increase (Decrease) in:		
Accounts payable	(201,437)	62,675
Accrued liabilities	(2,092)	27,807
Net cash provided by operating activities	\$ 470,719	\$ 1,231,250

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

ANGELINA & NECHES RIVER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

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 surface 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, 2022, has seven divisions – ANRA Operations, Holmwood Utilities, Lake Columbia, Neches Compost Facility, Redland Wholesale Utilities, Prairie Grove Utilities, and North Angelina County Regional Wastewater Facility. All of these divisions together comprise the Basic Financial Statements and none of the divisions independently depend on governmental funds as a major source of revenue. Therefore, all of the divisions are presented in a combined financial statement.

ANGELINA & NECHES RIVER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 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, loan forgiveness, 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 one year 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 Authority 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, 2022 AND 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 contract revenue bonds and funds designated by the Board of Directors. The bond reserve and sinking funds are segregated as required by certain bond indentures.

Sick Leave and Vacation

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

Use of Estimates

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

Budgets and Budgetary Accounting

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

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

Net Position

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

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

ANGELINA & NECHES RIVER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Change in Accounting Principles

For 2022, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes had no material effect on the beginning net position or changes in net position.

Subsequent Events

The Authority has evaluated subsequent events as of December 13, 2022, the date the financial statements were available to be issued.

NOTE 2 – DEPOSITS AND INVESTMENTS

Investment Policies. The Texas Public Funds Investment Act allows 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, 2022.

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, 2022, 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, 2022 AND 2021

NOTE 3 – CAPITAL ASSETS

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

	Balance 8/31/2021	Additions	Adjustments/ Deletions	Balance 8/31/2022
Capital assets				
Land	\$1,226,636	\$ -	\$ -	\$1,226,636
Treatment facilities	9,735,792	58,484	-	9,794,276
Leased equipment	445,635	-	-	445,635
Machinery and equipment	1,396,113	93,498	-	1,489,611
Facilities & improvements	2,672,961	9,535	-	2,682,496
Construction in progress	7,072,397	529,069	-	7,601,466
Total assets at cost	<u>22,549,534</u>	<u>690,586</u>	<u>-</u>	<u>23,240,120</u>
Less accumulated depreciation	<u>(5,391,331)</u>	<u>(506,572)</u>	<u>-</u>	<u>(5,897,903)</u>
Total net capital assets	<u>\$17,158,203</u>	<u>\$184,014</u>	<u>\$ -</u>	<u>\$17,342,217</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, 2022:

Division	Issue Date	Original Amount	Balance 8/31/2021	Additions	Retirements	Balance 8/31/2022	Current Portion
Leases Payable							
Neches Compost	2021	\$229,604	\$229,604	-	\$(16,643)	\$212,961	\$16,999
Total Leases		<u>229,604</u>	<u>229,604</u>	<u>-</u>	<u>(16,643)</u>	<u>212,961</u>	<u>16,999</u>
Revenue Bonds							
ANRA Ops	2017	2,008,000	1,945,000	-	(90,000)	1,855,000	93,000
ANRA Ops	2018	300,000	250,000	-	(25,000)	225,000	30,000
Holmwood	2012	510,000	235,000	-	(235,000)	-	-
Holmwood	2022	450,000	-	450,000	-	450,000	26,000
Lake Columbia	2005	230,000	230,000	-	-	230,000	-
Deferred Interest	2005	67,884	19,394	-	(9,698)	9,696	-
Lake Columbia	2009	734,000	734,000	-	-	734,000	-
Deferred Interest	2005	1,429,100	467,635	40,664	-	508,299	-
Lake Columbia	2005	800,000	800,000	-	-	800,000	-
Deferred Interest	2005	266,860	76,290	-	(38,174)	38,116	-
North Angelina Co.	2014	205,000	85,000	-	(20,000)	65,000	20,000
North Angelina Co.	2016	1,820,000	1,795,000	-	(5,000)	1,790,000	5,000
North Angelina Co.	2017	1,400,000	1,385,000	-	(5,000)	1,380,000	5,000
North Angelina Co.	2020	2,700,000	2,560,000	-	(150,000)	2,410,000	150,000
North Angelina Co.	2021	795,000	795,000	-	-	795,000	25,000
Neches Compost	2014	446,900	146,700	-	(47,500)	99,200	48,900
Neches Compost	2014	67,500	21,500	-	(7,900)	13,600	6,600
Total Bonds		<u>14,230,244</u>	<u>11,545,519</u>	<u>490,664</u>	<u>(633,272)</u>	<u>11,402,911</u>	<u>409,500</u>
Total Debt		<u>\$14,459,848</u>	<u>\$11,775,123</u>	<u>\$490,664</u>	<u>(\$649,915)</u>	<u>\$11,615,872</u>	<u>\$426,499</u>

ANGELINA & NECHES RIVER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

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
2023	\$409,500	\$295,514	\$47,812	\$752,826
2023	474,300	285,928	-	760,228
2024	426,000	269,693	-	695,693
2025	445,000	255,232	-	700,232
2026	460,000	239,691	-	699,691
2028-2032	2,768,000	940,664	-	3,708,664
2033-2037	2,690,000	471,416	-	3,161,416
2038-2042	1,135,000	162,875	-	1,297,875
2043-2047	1,784,000	766,015	508,299	3,058,314
2048-2052	255,000	1,066	-	256,066
Total	\$10,846,800	\$3,688,094	\$556,111	\$15,091,005

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

Description	Interest Rate	Balance at 8/31/2022
General Improvement Project Revenue Bond, Series 2017 (ANRA)	3.80%	\$1,855,000
General Improvement Project Revenue Bond, Series 2018 (ANRA)	4.75%	225,000
Revenue Bonds, Series 2022 (Holmwood Utilities)	2.89%	450,000
Revenue Bonds, Series 2005 (Lake Columbia)	5.68%-5.83%	239,696
Revenue Bonds, Series 2005 (Lake Columbia)	5.54%	1,242,299
Revenue Bonds, Series 2005 (Lake Columbia - TWDB)	5.68%-5.83%	838,116
Revenue Bonds, Series 2014 (North Angelina County)	0.00%-2.05%	65,000
Revenue Bonds, Series 2016 (North Angelina County)	0.00%-2.36%	1,790,000
Revenue Bonds, Series 2017 (North Angelina County)	0.00%-2.03%	1,380,000
Revenue Bonds, Series 2021 (North Angelina County)	3.16%	2,410,000
Revenue Bonds, Series 2022 (North Angelina County)	0.00%	795,000
Revenue Refunding Bonds, Series 2014 (Neches Compost- Tax Exempt)	3.05%	99,200
Revenue Refunding Bonds, Series 2014 (Neches Compost- Taxable)	5.50%	13,600
		\$11,402,911

On June 15, 2022, the Authority issued \$450,000 of improvement and refunding bonds, Series 2022, some of which to advance refund \$200,000 of prior year revenue bonds (Series 2012). Proceeds of \$200,000 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 2.89%, with final maturity in 2037.

**ANGELINA & NECHES RIVER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021**

NOTE 4 – LONG-TERM LIABILITIES (continued)

The refunding increased the Authority’s debt service payments by \$59,567 over the life of the new bonds, and resulted in an economic loss of \$5,795. Issuance costs associated with the bond issue totaled \$45,850, and will be recorded as an expense in the period of issue.

During the prior year, the Authority entered into a lease agreement to purchase equipment. The lease has an interest rate of 2.56%, semi-annual payments of 11,172, and a maturity date of August, 2033. The total net book value of the leased equipment at August 31, 2022 was \$165,842, including accumulated depreciation of \$279,792. Future payments under capital leases are as follows:

Year Ending August 31,	Principal	Interest	Total
2023	16,999	5,345	22,344
2024	17,437	4,907	22,344
2025	17,886	4,458	22,344
2026	18,347	3,997	22,344
2027	18,819	3,525	22,344
Thereafter	123,473	10,590	134,063
Total	<u>212,961</u>	<u>32,822</u>	<u>245,783</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 Southside Bank serving as the Plan Administrator.

The Plan provides that the Authority make a contribution. The Authority contributed \$40,743 and \$39,986 to the Plan for the years ended August 31, 2022 and 2021, 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, 2022 AND 2021**

NOTE 6 – EMPLOYEE BENEFIT PLANS (continued)

Total Assets in the plan at August 31, 2022 are \$360,171. The asset allocation breakdown is as follows:

Fund	Percent Invested	Fund Balance
Federated Government Obligations	2.78%	\$10,013
Evergreen Group	2.76%	9,930
Brandywine Global Fund	3.66%	13,182
Vanguard Mortgage-backed Fund	11.42%	41,136
Vanguard High-Yield Fund	3.68%	13,246
Vanguard Short-term Bond Fund	14.74%	53,095
Vanguard Short-term Corp Fund	7.40%	26,659
Vanguard Long-term Gov't Fund	3.87%	13,936
Delaware Ivy Mid Cap	4.72%	17,001
Fidelity Growth Fund	4.70%	16,912
Fidelity Advanced Focus	2.60%	9,368
Federated Hermes Kaufmann Small Cap	2.35%	8,479
Vanguard World Fund International	4.56%	16,415
Vanguard Small Cap Growth Fund	2.10%	7,559
Vanguard Equity Income Fund	7.43%	26,765
Vanguard Developed Market Fund	5.12%	18,446
Vanguard 500 Index Fund	16.11%	58,029
Total – All Funds		360,171

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). MissionSquare Retirement 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, 2022 and 2021 were \$5,030 and \$4,571, 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 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, 2022 AND 2021

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, 2022 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.

On March 2, 2021, 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 – AGREEMENTS TO ISSUE INDUSTRIAL DEVELOPMENT BONDS

During the year ended August 31, 2021, the Authority, with ANRA Industrial Development Corporation (ANRAIDC), a non-profit corporation, agreed 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 packaging products and 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.

The properties financed are pledged as collateral, and the bonds are payable solely from payments received from the private-sector entities on the underlying mortgage or promissory notes. In addition, no commitments beyond the collateral, the payments from the private-sector entities, and maintenance of the of the conduit debt obligation were extended by the Authority or ANRAIDC for any of those bonds.

All expenses funded by the Authority for the benefit of ANRAIDC have been recognized and reported in the records of the Authority.

**ANGELINA & NECHES RIVER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021**

The Authority is not liable for the following conduit bonds:

<u>Grantor*</u>	<u>Issue Date</u>	<u>Balance 9/1/2021</u>	<u>Increase/ (Decreases)</u>	<u>Balance 8/31/2022</u>
Jefferson Enterprise Energy, LLC	December 18, 2020	\$22,000,000	\$ -	\$22,000,000
Jefferson Enterprise Energy, LLC	June 11, 2021	35,000,000	-	35,000,000
Jefferson Enterprise Energy, LLC	June 11, 2021	30,000 000	-	30,000 000
Jefferson Enterprise Energy, LLC	June 11, 2021	35,000 000	-	35,000 000
		<u>\$122,000,000</u>	<u>\$ -</u>	<u>\$122,000,000</u>

* as listed on original issuance documents

**ANGELINA & NECHES RIVER AUTHORITY
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2022**

	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:			
Participant contributions	\$ 1,557,976	\$ 1,563,809	\$ 5,833
Contracts and fees	731,086	667,908	(63,178)
Management fees	219,648	200,136	(19,512)
TCEQ contracts	293,754	277,740	(16,014)
Water and sewer charges	324,403	337,507	13,104
Total Operating Revenues	3,126,867	3,047,100	(79,767)
Operating Expenditures:			
Purchased utility services	125,350	123,290	2,060
Salaries and benefits	1,353,432	1,373,097	(19,665)
General and administrative	264,652	327,920	(63,268)
Professional fees	51,700	58,052	(6,352)
Management and contracted services	274,657	157,829	116,828
Repairs and supplies	268,584	468,349	(199,765)
Total Operating Expenditures	2,338,375	2,508,537	(170,162)
Excess (deficiency) revenues over expenditures before depreciation expense	788,492	538,563	(249,929)
Depreciation expense	-	506,572	(506,572)
Excess (deficiency) revenues over expenditures	788,492	31,991	(756,501)
Non-operating Revenues (Expenditures):			
Investment income	-	13,197	13,197
Interest expense	(786,973)	(343,453)	443,520
Bond issuance costs	-	(45,850)	(45,850)
Provision for loan forgiveness	-	99,000	99,000
Refunds and rebates	-	19,720	19,720
Other non-operating revenues (expenditures)	-	3,895	3,895
Total non-operating revenues (expenses)	(786,973)	(253,491)	533,482
Change in net position	1,519	(221,500)	(223,019)
Net position, beginning	7,518,381	7,518,381	-
Net position, ending	\$ 7,519,900	\$ 7,296,881	\$ (223,019)

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

ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF NET POSITION - BY DIVISION
AUGUST 31, 2022 AND 2021

	<u>ANRA Operations</u>	<u>Holmwood Utilities</u>	<u>Lake Columbia</u>	<u>Neches Compost</u>
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 63,280	\$ 199,245	\$ 9,508	\$ 164,611
Restricted cash and cash equivalents	76,098	14,524	-	5,440
Accounts receivable, net	175,256	12,216	-	-
Interfund receivables	271,114	-	-	1,697
Total current assets	<u>585,748</u>	<u>225,985</u>	<u>9,508</u>	<u>171,748</u>
Capital Assets:				
Land	555,040	1,577	-	52,993
Other capital assets, net of depreciation	1,772,736	223,794	-	438,249
Construction in progress	-	52,979	4,983,503	44,515
Total capital assets	<u>2,327,776</u>	<u>278,350</u>	<u>4,983,503</u>	<u>535,757</u>
 Total Assets	 <u>2,913,524</u>	 <u>504,335</u>	 <u>4,993,011</u>	 <u>707,505</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	46,100	3,147	-	2,756
Interfund payables	1,697	128	269,809	-
Accrued compensated absences	34,493	-	-	6,223
Accrued interest payable	3,235	2,168	-	1,669
Other accrued liabilities	33,656	9,604	-	4,294
Leases payable - current	-	-	-	16,999
Bonds payable - current	123,000	26,000	-	55,500
Total current liabilities	<u>242,181</u>	<u>41,047</u>	<u>269,809</u>	<u>87,441</u>
Long-term Liabilities:				
Deferred interest	-	-	556,111	-
Leases payable - noncurrent	-	-	-	195,962
Bonds payable - noncurrent	1,957,000	424,000	1,764,000	57,300
Total long-term liabilities	<u>1,957,000</u>	<u>424,000</u>	<u>2,320,111</u>	<u>253,262</u>
 Total Liabilities	 <u>2,199,181</u>	 <u>465,047</u>	 <u>2,589,920</u>	 <u>340,703</u>
DEFERRED INFLOWS OF RESOURCES				
Loan forgiveness - TWDB	-	-	-	-
Deferred amount on refunding	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Invested in capital assets, net of related debt	247,776	(24,629)	3,219,503	209,996
Restricted for debt service	76,098	14,524	-	5,440
Unrestricted	390,469	49,393	(816,412)	151,366
Total Net Position	<u>\$ 714,343</u>	<u>\$ 39,288</u>	<u>\$ 2,403,091</u>	<u>\$ 366,802</u>

See independent auditor's report.

<u>North Angelina County RWF</u>	<u>Redland Wholesale Utilities</u>	<u>Prairie Grove Utilities</u>	<u>Adjustments</u>	<u>Total 2022</u>	<u>Total 2021</u>
\$ 147,112	\$ 31,201	\$ 18,503	\$ -	\$ 633,460	\$ 1,336,763
2,616,593	-	-	-	2,712,655	2,802,231
-	-	11,942	-	199,414	314,013
-	-	-	(272,811)	-	-
<u>2,763,705</u>	<u>31,201</u>	<u>30,445</u>	<u>(272,811)</u>	<u>3,545,529</u>	<u>4,453,007</u>
617,026	-	-	-	1,226,636	1,226,636
6,079,337	-	-	-	8,514,116	8,859,170
2,510,511	-	9,957	-	7,601,465	7,072,397
<u>9,206,874</u>	<u>-</u>	<u>9,957</u>	<u>-</u>	<u>17,342,217</u>	<u>17,158,203</u>
<u>11,970,579</u>	<u>31,201</u>	<u>40,402</u>	<u>(272,811)</u>	<u>20,887,746</u>	<u>21,611,210</u>
74,237	1,341	2,168	-	129,749	329,843
888	169	120	(272,811)	-	-
-	-	-	-	40,716	40,896
22,502	-	-	-	29,574	70,931
-	-	3,448	-	51,002	52,915
-	-	-	-	16,999	16,643
205,000	-	-	-	409,500	385,329
<u>302,627</u>	<u>1,510</u>	<u>5,736</u>	<u>(272,811)</u>	<u>677,540</u>	<u>896,557</u>
-	-	-	-	556,111	563,319
-	-	-	-	195,962	212,961
6,235,000	-	-	-	10,437,300	10,596,871
<u>6,235,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,189,373</u>	<u>11,373,151</u>
<u>6,537,627</u>	<u>1,510</u>	<u>5,736</u>	<u>(272,811)</u>	<u>11,866,913</u>	<u>12,269,708</u>
1,721,000	-	-	-	1,721,000	1,820,000
2,952	-	-	-	2,952	3,121
<u>1,723,952</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,723,952</u>	<u>1,823,121</u>
3,481,664	-	9,957	-	7,134,310	6,675,626
177,851	-	-	-	273,913	249,883
49,485	29,691	24,709	-	(111,342)	592,872
<u>\$ 3,709,000</u>	<u>\$ 29,691</u>	<u>\$ 34,666</u>	<u>\$ -</u>	<u>\$ 7,296,881</u>	<u>\$ 7,518,381</u>

ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION - BY DIVISION
FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021

	<u>ANRA Operations</u>	<u>Holmwood Utilities</u>	<u>Lake Columbia</u>	<u>Neches Compost</u>
Operating Revenues:				
Participant contributions	\$ -	\$ -	\$ 108,496	\$ 616,947
Contracts and fees	592,842	4,053	-	110,792
Management fees	752,818	-	-	-
TCEQ contracts	277,740	-	-	-
Water and sewer charges	-	212,918	-	-
Total Operating Revenues	<u>1,623,400</u>	<u>216,971</u>	<u>108,496</u>	<u>727,739</u>
Operating Expenditures:				
Purchased utility services	8,623	28,578	-	-
Salaries and benefits	1,187,918	-	-	185,179
General and administrative	143,135	6,962	331	113,389
Professional fees	58,052	-	-	-
Management and contracted services	116,429	109,528	-	219,993
Repairs and supplies	193,128	16,924	-	113,571
Depreciation	95,371	22,121	-	73,126
Total Operating Expenditures	<u>1,802,656</u>	<u>184,113</u>	<u>331</u>	<u>705,258</u>
Excess(deficiency) revenues over expenditures	<u>(179,256)</u>	<u>32,858</u>	<u>108,165</u>	<u>22,481</u>
Non-operating Revenues (Expenditures):				
Investment income	12,994	-	-	-
Interest expense	(83,298)	(7,336)	(95,034)	(11,359)
Bond issuance costs	-	(45,850)	-	-
Provision for loan forgiveness	-	-	-	-
Refunds and rebates	19,720	-	-	-
Other non-operating revenues(expenditures)	3,720	25	-	-
Total non-operating revenues(expenses)	<u>(46,864)</u>	<u>(53,161)</u>	<u>(95,034)</u>	<u>(11,359)</u>
Other Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(226,120)	(20,303)	13,131	11,122
Net position, beginning	<u>940,463</u>	<u>59,591</u>	<u>2,389,960</u>	<u>355,680</u>
Net position, ending	<u>\$ 714,343</u>	<u>\$ 39,288</u>	<u>\$ 2,403,091</u>	<u>\$ 366,802</u>

See independent auditor's report.

North Angelina County RWF	Redland Wholesale Utilities	Prairie Grove Utilities	Adjustments	Total 2022	Total 2021
\$ 838,366	\$ -	\$ -	\$ -	\$ 1,563,809	\$ 1,528,351
15,915	-	-	(55,694)	667,908	1,053,150
-	165,136	-	(717,818)	200,136	205,136
-	-	-	-	277,740	451,490
-	-	124,589	-	337,507	332,400
<u>854,281</u>	<u>165,136</u>	<u>124,589</u>	<u>(773,512)</u>	<u>3,047,100</u>	<u>3,570,527</u>
46,502	34,980	4,607	-	123,290	162,976
-	-	-	-	1,373,097	1,418,983
22,411	10,125	31,567	-	327,920	314,255
-	-	-	-	58,052	71,462
315,487	89,591	80,313	(773,512)	157,829	247,874
91,904	29,544	23,278	-	468,349	378,920
<u>315,954</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>506,572</u>	<u>489,131</u>
<u>792,258</u>	<u>164,240</u>	<u>139,765</u>	<u>(773,512)</u>	<u>3,015,109</u>	<u>3,083,601</u>
<u>62,023</u>	<u>896</u>	<u>(15,176)</u>	<u>-</u>	<u>31,991</u>	<u>486,926</u>
203	-	-	-	13,197	2,124
(146,426)	-	-	-	(343,453)	(360,127)
-	-	-	-	(45,850)	(62,745)
99,000	-	-	-	99,000	-
-	-	-	-	19,720	-
-	-	150	-	3,895	73,996
<u>(47,223)</u>	<u>-</u>	<u>150</u>	<u>-</u>	<u>(253,491)</u>	<u>(346,752)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
14,800	896	(15,026)	-	(221,500)	140,174
<u>3,694,200</u>	<u>28,795</u>	<u>49,692</u>	<u>-</u>	<u>7,518,381</u>	<u>7,378,207</u>
<u>\$ 3,709,000</u>	<u>\$ 29,691</u>	<u>\$ 34,666</u>	<u>\$ -</u>	<u>\$ 7,296,881</u>	<u>\$ 7,518,381</u>

ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF CASH FLOWS - BY DIVISION
FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021

	<u>ANRA Operations</u>	<u>Holmwood Utilities</u>	<u>Lake Columbia</u>	<u>Neches Compost</u>
Cash Flows from Operation Activities:				
Cash received from customers	\$ 1,703,998	\$ 219,175	\$ 110,584	\$ 775,901
Cash paid to suppliers	(533,819)	(174,259)	(456)	(466,842)
Cash paid to employees	(1,187,807)	-	-	(189,161)
Net cash provided by operating activities	<u>(17,628)</u>	<u>44,916</u>	<u>110,128</u>	<u>119,898</u>
Cash Flows from Capital and Related Financing Activities:				
Purchase of capital assets	(86,796)	(52,979)	-	(34,255)
Proceeds from capital lease				-
Proceeds from loan forgiveness agreement				
Proceeds from bond issuance	-	450,000	-	-
Bond issuance costs	-	(45,850)	-	-
Principal payments on long-term debt	(115,000)	(235,000)	-	(72,043)
Interest paid on long-term debt	(83,637)	(5,508)	(107,037)	(11,333)
Net cash provided(used) by capital and related financing activities	<u>(285,433)</u>	<u>110,663</u>	<u>(107,037)</u>	<u>(117,631)</u>
Cash Flows from Noncapital and Related Financing Activities:				
Transfers	-	-	-	-
Net cash provided(used) by noncapital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:				
Proceeds from the sale of investments	-	-	-	-
Interest from investments	12,994	-	-	-
Other income (expense)	3,720	-	-	-
Net cash provided by capital and related financing activities	<u>16,714</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(286,347)	155,579	3,091	2,267
Cash and cash equivalents, beginning of period	425,725	58,190	6,417	167,784
Cash and cash equivalents, end of period	<u>\$ 139,378</u>	<u>\$ 213,769</u>	<u>\$ 9,508</u>	<u>\$ 170,051</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income	\$ (179,256)	\$ 32,858	\$ 108,165	\$ 22,481
Adjustments to reconcile operating income to cash provided by operating activities:				
Depreciation	95,371	22,121	-	73,126
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	80,598	2,204	2,088	48,162
Increase (Decrease) in:				
Accounts payable	(14,452)	(12,286)	(125)	(19,889)
Accrued liabilities	111	19	-	(3,982)
Net cash provided by operating activities	<u>\$ (17,628)</u>	<u>\$ 44,916</u>	<u>\$ 110,128</u>	<u>\$ 119,898</u>

See independent auditor's report.

North Angelina County RWF	Redland Wholesale Utilities	Prairie Grove Utilities	Adjustments	Total 2022	Total 2021
\$ 858,673	\$ 165,136	\$ 122,830	\$ (773,512)	\$ 3,182,785	\$ 3,735,238
(625,425)	(167,388)	(140,421)	773,512	(1,335,098)	(1,101,540)
-	-	-	-	(1,376,968)	(1,402,448)
<u>233,248</u>	<u>(2,252)</u>	<u>(17,591)</u>	<u>-</u>	<u>470,719</u>	<u>1,231,250</u>
(506,598)	-	(9,957)	-	(690,585)	(916,372)
-	-	-	-	-	229,604
-	-	-	-	-	1,820,000
-	-	-	-	450,000	795,000
(180,000)	-	-	-	(45,850)	(62,745)
(184,503)	-	-	-	(602,043)	(372,147)
<u>(871,101)</u>	<u>-</u>	<u>(9,957)</u>	<u>-</u>	<u>(392,018)</u>	<u>(370,149)</u>
-	-	-	-	(1,280,496)	1,123,191
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	750,345
203	-	-	-	13,197	2,124
(169)	-	150	-	3,701	73,082
<u>34</u>	<u>-</u>	<u>150</u>	<u>-</u>	<u>16,898</u>	<u>825,551</u>
(637,819)	(2,252)	(27,398)	-	(792,879)	3,179,992
3,401,524	33,453	45,901	-	4,138,994	959,002
<u>\$ 2,763,705</u>	<u>\$ 31,201</u>	<u>\$ 18,503</u>	<u>\$ -</u>	<u>\$ 3,346,115</u>	<u>\$ 4,138,994</u>
\$ 62,023	\$ 896	\$ (15,176)	\$ -	\$ 31,991	\$ 486,926
315,954	-	-	-	506,572	489,131
4,392	-	(1,759)	-	135,685	164,711
(149,121)	(3,148)	(2,416)	-	(201,437)	62,675
-	-	1,760	-	(2,092)	27,807
<u>\$ 233,248</u>	<u>\$ (2,252)</u>	<u>\$ (17,591)</u>	<u>\$ -</u>	<u>\$ 470,719</u>	<u>\$ 1,231,250</u>

**ANGELINA & NECHES RIVER AUTHORITY
HOLMWOOD UTILITIES
TSI – 1 SERVICES AND RATES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2022**

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

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

2. Retail Service Providers

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

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

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

b. Water and Wastewater Retail Connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
≤ 3/4"	174	163	X 1.0	163
1"	6	5	X 2.5	13
1 1/2"	-	-	X 5.0	-
2"	-	-	X 8.0	-
3"	-	-	X 15.0	-
4"	-	-	X 25.0	-
Total Water	<u>180</u>	<u>168</u>		<u>176</u>
Total Wastewater	<u>175</u>	<u>175</u>	X 1.0	<u>175</u>

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

**ANGELINA & NECHES RIVER AUTHORITY
HOLMWOOD UTILITIES
TSI – 1 SERVICES AND RATES (continued)
FOR THE FISCAL YEAR ENDED AUGUST 31, 2022**

3. Total Water Consumption during the Fiscal Year:

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

Gallons pumped into system:	14,132,145	Water Accountability Ratio:
		(Gallons billed / Gallons pumped)
Gallons flushed from system:	141,381	
Gallons billed to customers:	<u>9,160,241</u>	<u>65.8%</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 X No

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

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

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

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

Is the district located within a city's extra territorial jurisdiction (ETJ)?
X 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? X Yes ___ No

If Yes, by whom? Governor

**ANGELINA & NECHES RIVER AUTHORITY
PRAIRIE GROVE UTILITIES
TSI – 1 SERVICES AND RATES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2022**

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 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	\$ 35.00	2,000	N	\$4.00	2,001 to 10,000
				\$5.00	10,001 to 20,000
				\$6.00	20,000 and up
Waste	-	-			
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)					\$67.00

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"	249	221	X 1.0	221
1"	-	-	X 2.5	-
1 1/2"	-	-	X 5.0	-
2"	-	-	X 8.0	-
3"	-	-	X 15.0	-
4"	-	-	X 25.0	-
Total Water	249	221		221
Total Wastewater	-	-	X 1.0	-

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

**ANGELINA & NECHES RIVER AUTHORITY
PRAIRIE GROVE UTILITIES
TSI – 1 SERVICES AND RATES (continued)
FOR THE FISCAL YEAR ENDED AUGUST 31, 2022**

3. Total Water Consumption during the Fiscal Year:

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

Gallons pumped into system:	11,982,558	Water Accountability Ratio:
		(Gallons billed / Gallons pumped)
Gallons flushed from system:	17,355	
Gallons billed to customers:	<u>11,659,259</u>	<u>97.4%</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: Angelina 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 Diboll

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, 2022**

Fiscal Year Ended	Annual Debt Service Requirements - All Series Bonds			
	Principal	Interest	Deferred Interest	Total Debt Service
2023	\$ 409,500	\$ 295,514	\$ 47,812	\$ 752,826
2024	474,300	285,928	-	760,228
2025	426,000	269,693	-	695,693
2026	445,000	255,232	-	700,232
2027	460,000	239,691	-	699,691
2028	540,000	223,123	-	763,123
2029	560,000	206,591	-	766,591
2030	531,000	187,851	-	718,851
2031	558,000	170,703	-	728,703
2032	579,000	152,396	-	731,396
2033	585,000	133,442	-	718,442
2034	616,000	114,113	-	730,113
2035	627,000	93,552	-	720,552
2036	420,000	72,533	-	492,533
2037	442,000	57,776	-	499,776
2038	300,000	44,747	-	344,747
2039	205,000	35,260	-	240,260
2040	205,000	31,507	-	236,507
2041	210,000	27,670	-	237,670
2042	215,000	23,691	-	238,691
2043	220,000	19,568	-	239,568
2044	230,000	15,299	-	245,299
2045	964,000	721,551	508,299	2,193,850
2046	240,000	6,455	-	246,455
2047	130,000	3,142	-	133,142
2048	135,000	1,066	-	136,066
2049	30,000	-	-	30,000
2050	30,000	-	-	30,000
2051	30,000	-	-	30,000
2052	30,000	-	-	30,000
	<u>\$ 10,846,800</u>	<u>\$ 3,688,094</u>	<u>\$ 556,111</u>	<u>\$ 15,091,005</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, 2022**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
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>\$ 1,855,000</u>	<u>\$ 578,151</u>	<u>\$ -</u>	<u>\$ 2,433,151</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, 2022**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
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>\$ 225,000</u>	<u>\$ 38,831</u>	<u>\$ -</u>	<u>\$ 263,831</u>

See independent auditor's report.

**ANGELINA & NECHES RIVER AUTHORITY
 TSI-5 - LONG TERM DEBT REQUIREMENTS
 IMPROVEMENT AND REFUNDING BOND, SERIES 2022
 HOLMWOOD UTILITIES
 FOR THE YEAR ENDED AUGUST 31, 2022**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2023	\$ 26,000	\$ 13,406	\$ -	\$ 39,406
2024	24,000	15,900	-	39,900
2025	25,000	15,000	-	40,000
2026	25,000	14,063	-	39,063
2027	26,000	13,125	-	39,125
2028	27,000	12,150	-	39,150
2029	28,000	11,138	-	39,138
2030	29,000	10,088	-	39,088
2031	31,000	9,000	-	40,000
2032	32,000	7,838	-	39,838
2033	33,000	6,638	-	39,638
2034	34,000	5,400	-	39,400
2035	35,000	4,125	-	39,125
2036	37,000	2,813	-	39,813
2037	38,000	1,425	-	39,425
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 450,000</u>	<u>\$ 142,109</u>	<u>\$ -</u>	<u>\$ 592,109</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, 2022**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
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>\$ 131,240</u>	<u>\$ 9,696</u>	<u>\$ 370,936</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, 2022**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest*	
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	508,299	1,953,912
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 734,000</u>	<u>\$ 711,613</u>	<u>\$ 508,299</u>	<u>\$ 1,953,912</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, 2022**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2023	\$ -	\$ 45,970	\$ 38,116	\$ 84,086
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>\$ 462,859</u>	<u>\$ 38,116</u>	<u>\$ 1,300,975</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, 2022**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
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>\$ 65,000</u>	<u>\$ 2,010</u>	<u>\$ -</u>	<u>\$ 67,010</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, 2022**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
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>\$ 1,790,000</u>	<u>\$ 573,426</u>	<u>\$ -</u>	<u>\$ 2,363,426</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, 2022**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
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>\$ 1,380,000</u>	<u>\$ 476,525</u>	<u>\$ -</u>	<u>\$ 1,856,525</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, 2022**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
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>\$ 2,410,000</u>	<u>\$ 565,637</u>	<u>\$ -</u>	<u>\$ 2,975,637</u>

See independent auditor's report.

**ANGELINA & NECHES RIVER AUTHORITY
 TSI-5 - LONG TERM DEBT REQUIREMENTS
 CONTRACT REVENUE BOND, SERIES 2021
 NORTH ANGELINA COUNTY RWF
 FOR THE YEAR ENDED AUGUST 31, 2022**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2023	\$ 25,000	\$ -	\$ -	\$ 25,000
2024	25,000	-	-	25,000
2025	25,000	-	-	25,000
2026	25,000	-	-	25,000
2027	25,000	-	-	25,000
2028	25,000	-	-	25,000
2029	25,000	-	-	25,000
2030	25,000	-	-	25,000
2031	25,000	-	-	25,000
2032	25,000	-	-	25,000
2033	25,000	-	-	25,000
2034	25,000	-	-	25,000
2035	25,000	-	-	25,000
2036	25,000	-	-	25,000
2037	25,000	-	-	25,000
2038	25,000	-	-	25,000
2039	25,000	-	-	25,000
2040	25,000	-	-	25,000
2041	25,000	-	-	25,000
2042	25,000	-	-	25,000
2043	25,000	-	-	25,000
2044	30,000	-	-	30,000
2045	30,000	-	-	30,000
2046	30,000	-	-	30,000
2047	30,000	-	-	30,000
2048	30,000	-	-	30,000
2049	30,000	-	-	30,000
2050	30,000	-	-	30,000
2051	30,000	-	-	30,000
2052	30,000	-	-	30,000
	<u>\$ 795,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 795,000</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, 2022**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
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>\$ 99,200</u>	<u>\$ 4,560</u>	<u>\$ -</u>	<u>\$ 103,760</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, 2022**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
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>\$ 13,600</u>	<u>\$ 1,133</u>	<u>\$ -</u>	<u>\$ 14,733</u>

See independent auditor's report.

**ANGELINA & NECHES RIVER AUTHORITY
 TWDB INTEREST & SINKING FUND WORKSHEETS
 FOR THE FISCAL YEAR ENDED AUGUST 31, 2022**

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, 2022

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	\$ 171,518	\$ 5,833
REQUIRED PRESENT BALANCE (8/31/2022)	<u>\$ 171,518</u>	<u>\$ 5,833</u>
ACTUAL PRESENT BALANCE (8/31/2022)	<u>\$ 172,018</u>	<u>\$ 5,833</u>
 <u>JUNIOR LIEN BONDS</u>		
REQUIRED ULTIMATE BALANCE	\$ -	\$ -
REQUIRED PRESENT BALANCE (8/31/2022)	<u>\$ -</u>	<u>\$ -</u>
ACTUAL PRESENT BALANCE (8/31/2022)	<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

**ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF BOARD MEMBERS AND KEY PERSONNEL
AUGUST 31, 2022
(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

Mr. Dale Morton, Secretary-Treasurer
289 CR 2093
Nacogdoches, Texas, 75965
Term Ends: 9-5-2027

Mrs. Francis G. Spruiell, Secretary Pro Tem
P.O. Box 631788
Nacogdoches, Texas, 75963
Term Ends: 9-5-2027

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

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

Mr. Robert E. “Eddie” Hopkins, Director
808 Oakwood Drive
Jasper, Texas, 75951
Term Ends: 9-5-2023

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

Mrs. Erin Holloway, Director
12644 FM 2607
Arp, Texas 75750
Term Ends: 9-5-2027

Key Personnel

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

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

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

Jeremiah Poling
Information Systems Manager
Telephone: (936) 633-7751
E-mail Address: jpoling@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, 2022
(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>
Texas Water Conservation Association	00042	7/1/22-7/1/23	Auto Liability	\$ 1,000,000
Texas Water Conservation Association	00042	7/1/22-7/1/23	General Liability	\$ 1,000,000
Texas Water Conservation Association	00042	7/1/22-7/1/23	Errors & Omissions	\$ 1,000,000
Texas Water Conservation Association	00042	7/1/22-7/1/23	Property Liability	\$ 14,801,832
Texas Water Conservation Association	00042	7/1/22-7/1/23	Auto Physical Damage	Scheduled
Texas Water Conservation Association	00042	7/1/22-7/1/23	Crime	\$10,000/\$25,000

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, 2022 and 2021, 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 13, 2022.

Report on 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.

Report on 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.

Lufkin, Texas
December 13, 2022


CERTIFIED PUBLIC ACCOUNTANTS

**ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2022**

No findings reported.

**ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2022**

There were no findings in the prior year.

**ANGELINA & NECHES RIVER AUTHORITY
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2022**

None Required.