



August 24, 2026

Dear Holmwood Utilities Customers:

ANRA understands the importance of keeping water service reliable while also managing costs responsibly. We will continue to look for ways to improve the system, control expenses, and plan for the long-term needs of the Central Heights water system.

Attached is a shortened version of the FY 2027 Annual Budget for Holmwood Utilities. The budget includes the actual expenses for FY 2026 so far, along with the estimated expenses for the rest of the year. Comparing the FY 2026 expenses with the FY 2027 budget shows the higher costs of purchasing water and maintaining and repairing the aging water system.

The FY 2027 budget assumes that the number of water line breaks will decrease from the unusually high number experienced in FY 2026. However, the cost of goods, materials, equipment, labor, and other services continues to increase. The water and wastewater industry has seen especially large cost increases since the COVID-19 pandemic. Construction, materials, equipment, and labor costs have all increased significantly.

The cost of construction and infrastructure has increased substantially since 2020. These higher costs directly affect Holmwood Utilities. An aging water system requires more expensive materials, equipment, outside services, and labor to maintain and repair.

Our goal in preparing the FY 2027 budget is to provide reliable water service while managing the system in a responsible way. We will continue to monitor water use, water loss, repair costs, and the cost of purchasing water throughout the coming year. We will do our best to control costs while maintaining the level of service our customers expect. Unfortunately, many of these costs and challenges are outside of ANRA's control.

We appreciate your patience and understanding as we continue to address the challenges facing the Holmwood water system. We also appreciate the cooperation of our customers as we work together to protect and maintain this important community resource.

Sincerely,

Holmwood Utilities

Angelina & Neches River Authority
Holmwood Utilities
FY 2027 Budget

Revenue	FY 2027 Budget	FY 2026 Actual Costs
Water Sales	\$ 224,579.92	\$ 198,843.69
Total Revenue	\$ 224,579.92	\$ 198,843.69
Direct Expenses		
Utilities	\$ 5,551.00	\$ 4,609.26
Repairs & Maintenance	\$ 22,630.00	\$ 17,164.34
Wholesale Water Purchase	\$ 30,000.00	\$ 31,696.62
Supplies, Fees & Insurance	\$ 11,126.89	\$ 9,855.97
Reserve, Repairs & Maintenance	\$ 20,000.00	\$ -
Depreciation	\$ 11,209.83	\$ -
Laboratory & Contract Services	4,070.00	\$ 3,939.00
Sub Total	\$ 104,587.72	\$ 67,265.19
Operations Labor		
Operations Labor	\$ 48,226.43	\$ 51,446.74
Administrative Labor	\$ 32,150.96	\$ 34,297.82
	\$ 80,377.39	\$ 85,744.56
Debt Service		
HMU-Prosperity Loan-Principal	\$ 26,416.66	\$ 25,416.67
HMU-Prosperity Loan-Interest	\$ 9,801.92	\$ 10,536.46
Sub Total	\$ 36,218.58	\$ 35,953.13
Total Expenses	\$ 221,183.69	\$ 188,962.88
Net Revenue	\$ 3,396.23	\$ 9,880.81

Note:

- 1) FY 2026 costs for Direct Expenses based on actual expenses for 11 months and are estimated for the month of August 2026.
- 2) Operations Labor covers all field and administrative staff time, vehicles, SCADA, billing systems, cyber security, etc.