

**ANGELINA & NECHES
RIVER AUTHORITY**

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED

AUGUST 31, 2018

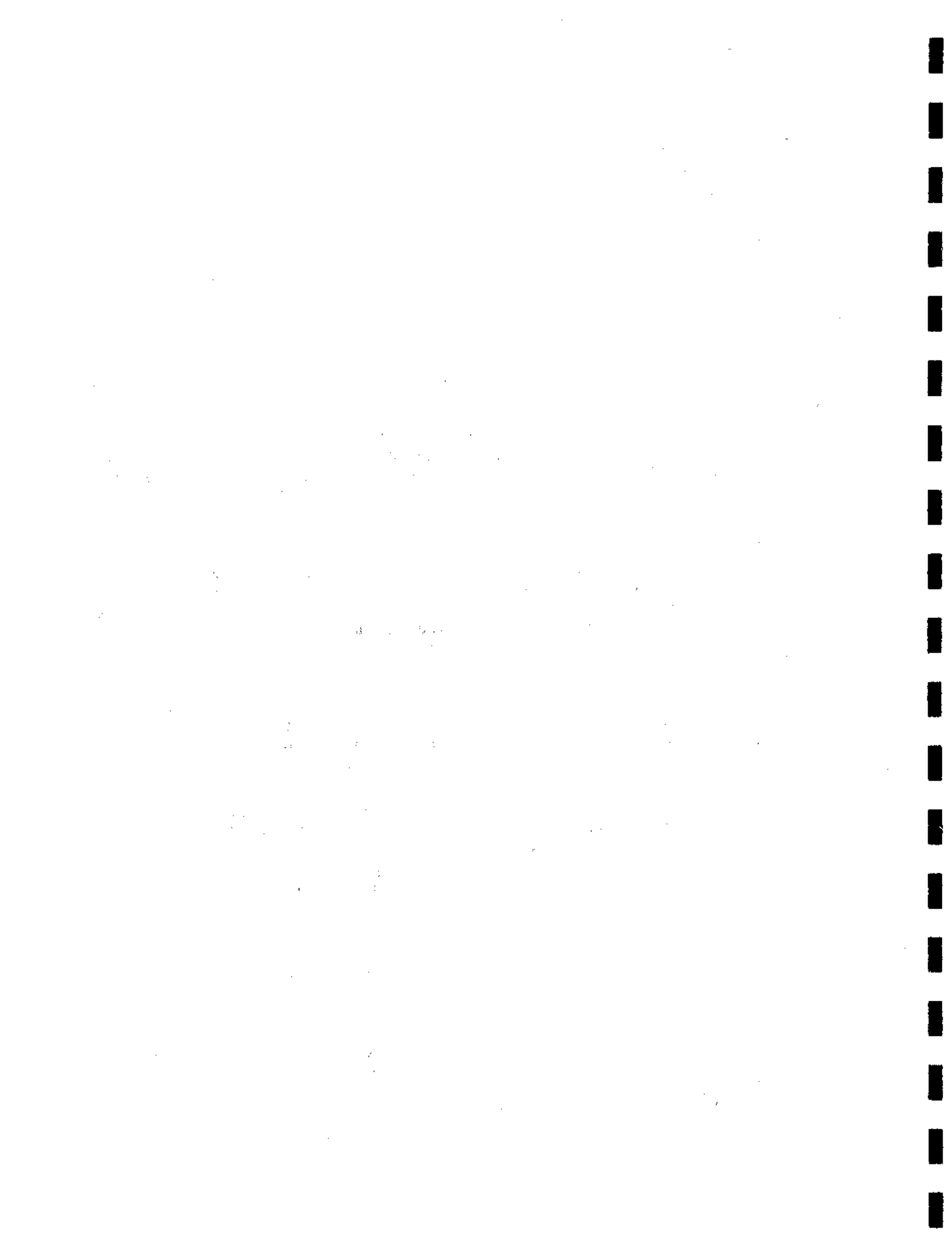


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FINANCIAL SECTION





Goff & Herrington, P.C.

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A.J. Goff, CPA
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Angelina & Neches River Authority
Lufkin, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Angelina & Neches River Authority (the "Authority") which comprise the statements of net position as of August 31, 2018 and 2017, and the related statement of revenues, expenditures, and changes in net position, and statement of cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the activities of the Angelina & Neches River Authority, as of August 31, 2018 and 2017, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2018, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Goff & Herrington, P.C.
GOFF & HERRINGTON, P.C.
Certified Public Accountants

November 29, 2018

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, 2018. 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, 2018, the Authority's total combined net position was \$7,016,618. During the year, the Authority had operating revenues of \$2,848,520, operating expenses of \$2,521,400 and net non-operating expenditures of \$237,103, resulting in a combined increase in net position of \$90,017 for the year ended August 31, 2018.

The Authority's total cash and investments decreased \$487,502 from the previous year largely due to the significant funds spent on capital improvement projects.

The Authority's fixed assets (net of accumulated depreciation) increased \$2,650,526.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Basic Financial Statements

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

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

The Authority, as of August 31, 2018, has six funds – ANRA Operations, Holmwood Utilities, Lake Columbia Preconstruction, Neches Compost Facility, Angelina County Fresh Water Supply District No. 1, and North Angelina County Regional Wastewater Facility. All of these funds together comprise the Basic Financial Statements and none of the funds independently depend on governmental funds as a major source of revenue. Therefore, all of the funds are presented in a combined financial statement. The supplemental schedules portion of the report includes a Statement of Net Assets, Statement of Revenue, Expenditures, and Changes in Net Position and Statement of Cash Flows by fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Authority's combined net position was \$7,016,618 as of August 31, 2018. The following table provides a summary of the Authority's net position.

Table I
Authority's Net Position

	2018	2017	% Change
Assets:			
Current Assets	\$ 2,386,997	\$ 2,891,394	-17.4%
Capital Assets, net	15,398,390	12,747,864	20.8%
Total Assets	<u>17,785,387</u>	<u>15,639,258</u>	<u>13.7%</u>
Liabilities:			
Current Liabilities	682,524	919,875	-25.8%
Long-term Debt	10,079,770	7,625,402	32.2%
Total Liabilities	<u>10,762,294</u>	<u>8,545,277</u>	<u>25.9%</u>
Deferred Inflows of Resources:			
Loan forgiveness - TWDB	6,475	167,380	-96.1%
Total deferred inflows	<u>6,475</u>	<u>167,380</u>	<u>-96.1%</u>
Net Position:			
Invested in Capital Assets, net of related debt	5,536,899	5,310,079	4.3%
Restricted	1,775,611	2,109,880	-15.8%
Unrestricted	(295,892)	(493,358)	40.0%
Total Net Position	<u>\$ 7,016,618</u>	<u>\$ 6,926,601</u>	<u>1.3%</u>

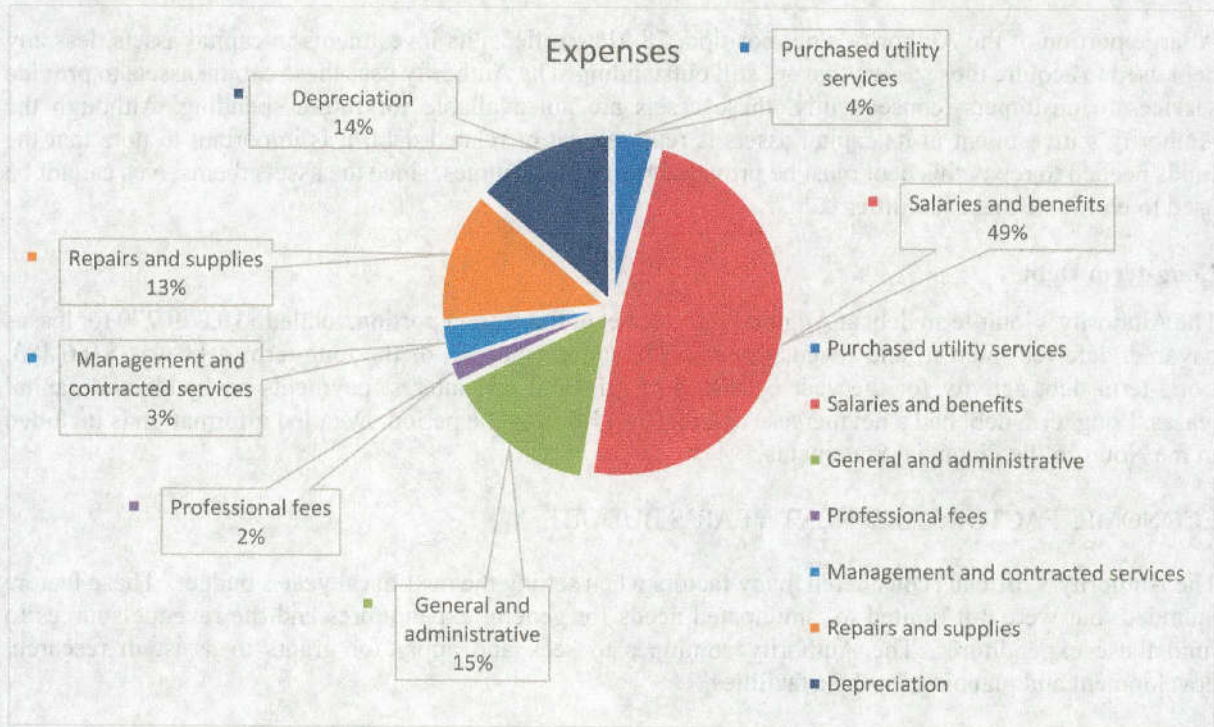
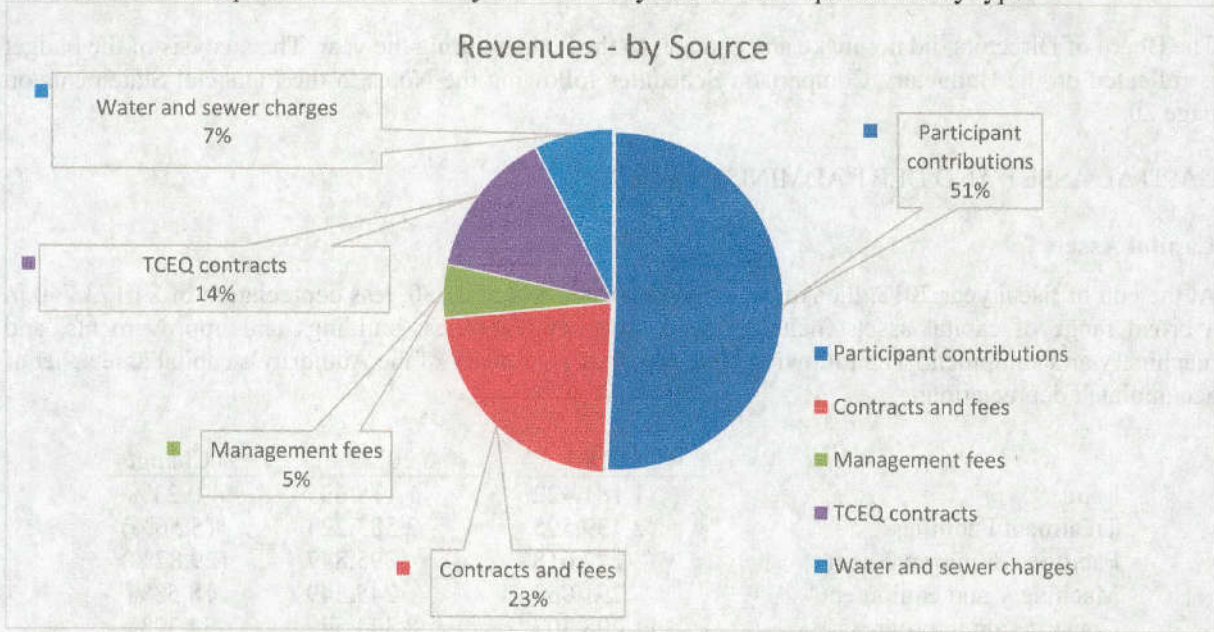
The following table provides a summary of the Authority's changes in net position.

Table II
Change in Authority's Net Position

	2018	2017	% Change
Revenues:			
Charges for Services	\$ 2,848,509	\$ 2,627,317	8.4%
Investment income	28,470	26,275	8.4%
Other income - loan forgiveness	160,905	2,713,300	-94.1%
Other income	48,036	25,932	85.2%
Total Revenue	<u>3,085,920</u>	<u>5,392,824</u>	<u>-42.8%</u>
Expenses:			
General services	1,528,157	1,485,962	2.8%
Angelina County Fresh Water Supply	195,807	-	100.0%
Holmwood Utility	100,492	93,078	8.0%
Lake Columbia	100,758	126,528	-20.4%
North Angelina County RWF	544,599	359,797	51.4%
Neches Composting	526,090	508,747	3.4%
Total Expense	<u>2,995,903</u>	<u>2,574,112</u>	<u>16.4%</u>
Change in net position	90,017	2,818,712	-96.8%
Beginning net position	6,926,601	4,107,889	68.6%
Ending net position	<u>\$ 7,016,618</u>	<u>\$ 6,926,601</u>	<u>1.3%</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

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



MANAGEMENT'S DISCUSSION AND ANALYSIS

BUDGETARY HIGHLIGHTS

The Board of Directors did not make any changes to the budget during the year. The analysis of the budget is reflected on the Budgetary Comparison Schedules following the Notes to the Financial Statements on page 20.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2018, the Authority had invested \$19,572,130, less depreciation of \$4,173,740 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:

	2018	2017	% Change
Land	1,181,422	1,178,695	0.23%
Treatment Facilities	2,439,595	2,583,224	(5.56%)
Facilities & improvements	277,618	395,847	(29.87%)
Machinery and equipment	291,053	245,549	18.53%
Construction in progress	11,208,702	8,344,549	34.32%
Net capital assets	15,398,390	12,747,864	20.79%

A large portion of the Authority's net position, 78.91%, reflects its investments in capital assets, less any debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide services to customers; consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it is important to note that the funds needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to eliminate these liabilities.

Long-term Debt

The Authority's long-term debt at August 31, 2018, net of the current portion, totaled \$10,079,770 for leases payable, deferred interest, and revenue bonds. The current portion of the long-term debt was \$366,483. Long-term debt activity for the year consisted of principal and interest payments on bonds and capital leases. Long term debt had a net increase of \$2,480,111 during the period. Detailed information is included in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Authority's finances and show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority's General Manager, Kelley Holcomb, (936) 633-7795.

ANGELINA & NECHES RIVER AUTHORITY
STATEMENT OF NET POSTION
AUGUST 31, 2018 AND 2017

	2018	2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 485,211	\$ 638,444
Restricted cash and cash equivalents	1,775,611	2,109,880
Accounts Receivable, net	126,175	143,070
Total current assets	2,386,997	2,891,394
Capital Assets:		
Land	1,181,337	1,178,695
Other capital assets, net of depreciation	14,217,053	11,569,169
Total capital assets	15,398,390	12,747,864
Total Assets	17,785,387	15,639,258
LIABILITIES		
Current Liabilities:		
Accounts payable	203,260	485,298
Compensated absences	30,053	30,301
Accrued interest payable	66,767	63,536
Unearned revenues	15,961	-
Bonds and leases payable - current	366,483	340,740
Total current liabilities	682,524	919,875
Long-term Liabilities:		
Deferred interest	584,762	591,911
Bond and leases payable - noncurrent	9,495,008	7,033,491
Total long-term liabilities	10,079,770	7,625,402
Total Liabilities	10,762,294	8,545,277
DEFERRED INFLOWS OF RESOURCES		
Loan forgiveness - TWDB	6,475	167,380
Total deferred inflows of resources	6,475	167,380
NET POSITION		
Invested in capital assets, net of related debt	5,536,899	5,310,079
Restricted for debt service	203,034	175,648
Restricted for construction	1,572,577	1,934,232
Unrestricted	(295,892)	(493,358)
Total Net Position	\$ 7,016,618	\$ 6,926,601

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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Operating Revenues:		
Participant contributions	\$ 1,399,970	\$ 1,410,052
Contracts and fees	648,302	723,657
Management fees	202,687	99,145
TCEQ contracts	390,210	200,243
Water and sewer charges	207,340	194,220
Total Operating Revenues	<u>2,848,509</u>	<u>2,627,317</u>
Operating Expenditures:		
Purchased utility services	212,086	58,208
Salaries and benefits	1,180,750	1,101,718
General and administrative	374,248	393,471
Professional fees	50,377	89,418
Management and contracted services	46,281	137,953
Repairs and supplies	324,349	211,175
Depreciation	333,298	323,012
Total Expenditures	<u>2,521,389</u>	<u>2,314,955</u>
Excess (deficiency) revenues over expenditures	<u>327,120</u>	<u>312,362</u>
Non-operating Revenues (Expenditures):		
Investment income	28,470	26,275
Interest expense	(341,704)	(259,157)
Bond issuance costs	(132,810)	-
Other income - loan forgiveness	160,905	2,713,300
Other non-operating revenues (expenditures)	48,036	25,932
Total other financing sources (uses)	<u>(237,103)</u>	<u>2,506,350</u>
Net change in fund balance	90,017	2,818,712
Net position, beginning	<u>6,926,601</u>	<u>4,107,889</u>
Net position, ending	<u>\$ 7,016,618</u>	<u>\$ 6,926,601</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, 2018 AND 2017

	2018	2017
Cash Flows from Operation Activities:		
Cash received from customers	\$ 2,875,263	\$ 2,748,841
Cash paid to suppliers	(883,868)	(870,595)
Cash paid to employees	(1,180,998)	(1,101,204)
Net cash provided by operating activities	810,397	777,042
Cash Flows from Capital and Related Financing Activities:		
Purchase of capital assets	(3,383,233)	(3,178,410)
Debt proceeds	3,408,000	53,691
Bond issuance costs	(132,810)	-
Principal payments on long-term debt	(912,453)	(329,230)
Interest paid on long-term debt	(353,909)	(283,643)
Net cash (used) provided by capital and related financing activities:	(1,374,405)	(3,737,592)
Cash Flows from Investing Activities:		
Interest from investments	28,470	26,275
Other income	48,036	25,932
Net cash provided by capital and related financing activities:	76,506	52,207
Net increase (decrease) in cash and cash equivalents	(487,502)	(2,908,343)
Cash and cash equivalents, beginning of period	2,748,324	5,656,667
Cash and cash equivalents, end of period	\$ 2,260,822	\$ 2,748,324
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 327,120	\$ 312,362
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation	333,298	323,012
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	26,754	121,524
Increase (Decrease) in:		
Accounts payable	117,336	19,630
Accrued liabilities	5,889	514
Net cash provided by operating activities	\$ 810,397	\$ 777,042
Non-Cash Financing Activities:		
Loan forgiveness	160,905	2,713,300
Increase (decrease) in accounts payable for capital expenditures	399,380	(399,380)
Net non-cash financing activities:	560,285	2,313,920

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

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**ANGELINA & NECHES RIVER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Fund Financial Statements

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

Basis of accounting and financial statement presentation

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

**ANGELINA & NECHES RIVER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017**

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

Cash and Cash Equivalents

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

Investments

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

Accounts Receivable:

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

Fixed Assets

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

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

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

ANGELINA & NECHES RIVER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

Restricted Assets

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

Sick Leave and Vacation

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

Use of Estimates

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

Budgets and Budgetary Accounting

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

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

Net Position

Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets. Net positions are reported as restricted when there are limitations imposed on their use either through the enabling legislation 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, 2018 AND 2017**

Deferred Outflows/Inflows of Resources

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

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

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

Subsequent Events

The Authority has evaluated subsequent events as of November 29, 2018 the date the financial statements were available to be issued.

Reclassifications

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

NOTE 2 – DEPOSITS AND INVESTMENTS

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

Interest Rate Risk. This is the risk that changes in the interest rates will adversely affect the fair value of the Authority's investments. The Authority's cash and cash equivalents are currently invested in short-term instruments such as money market funds and an interest-bearing checking account. The Authority was not exposed to interest rate risk at August 31, 2018.

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, 2018, all of the Authority's \$2,240,064 deposit balance was collateralized with securities held by the pledging financial institution.

ANGELINA & NECHES RIVER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2018, was as follows:

	Balance 8/31/2017	Additions	Deletions	Balance 8/31/2018
Capital assets not being depreciated				
Land	\$1,178,696	\$2,726	-	\$1,181,422
Treatment facilities	4,702,980	35,479	-	4,738,459
Machinery and equipment	1,742,896	11,925	(122,770)	1,632,051
Facilities & improvements	737,982	74,864	(1,350)	811,496
Construction in progress	8,344,549	2,864,153	-	11,208,702
Total assets at cost	<u>16,707,103</u>	<u>2,989,147</u>	<u>(124,120)</u>	<u>19,572,130</u>
Less accumulated depreciation	<u>(3,959,239)</u>	<u>(333,298)</u>	<u>118,797</u>	<u>(4,173,740)</u>
Total net capital assets	<u>\$12,747,864</u>	<u>2,655,849</u>	<u>(5,323)</u>	<u>\$15,398,390</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, 2018:

Fund	Issue Date	Original Amount	Balance 8/31/2017	Additions	Retirements	Balance 8/31/2018	Current Portion
Leases Payable							
ANRA	2013	\$142,027	\$98,677	-	(\$32,864)	\$65,813	\$25,412
Neches Compost	2008	260,000	127,554	-	(17,877)	109,677	20,671
		<u>402,027</u>	<u>226,231</u>	<u>-</u>	<u>(50,741)</u>	<u>175,490</u>	<u>46,083</u>
Revenue Bonds							
ANRA Ops	2015	590,000	585,000	-	(585,000)	-	-
ANRA Ops	2017	2,008,000	-	2,008,000	-	2,008,000	20,000
Holmwood	2012	510,000	370,000	-	(30,000)	340,000	35,000
Lake Columbia	2005	230,000	230,000	-	-	230,000	-
Deferred Interest	2005	67,884	58,186	-	(9,698)	48,488	-
Lake Columbia	2009	734,000	734,000	-	-	734,000	-
Deferred Interest	2005	1,429,100	304,979	40,664	-	345,643	-
Lake Columbia	2005	800,000	800,000	-	-	800,000	-
Deferred Interest	2005	266,860	228,746	-	(38,114)	190,632	-
North Angelina Co.	2012	2,240,000	2,070,000	-	(175,000)	1,895,000	185,000
North Angelina Co.	2014	205,000	165,000	-	(20,000)	145,000	20,000
North Angelina Co.	2016	1,820,000	1,820,000	-	(10,000)	1,810,000	5,000
North Angelina Co.	2017	1,400,000	-	1,400,000	-	1,400,000	5,000
Neches Compost	2014	446,900	324,300	-	(43,400)	280,900	43,400
Neches Compost	2014	67,500	49,700	-	(6,300)	43,100	7,000
Total Bonds		<u>12,815,244</u>	<u>7,739,911</u>	<u>3,448,664</u>	<u>(917,812)</u>	<u>10,270,763</u>	<u>320,400</u>
Total Debt		<u>\$13,217,271</u>	<u>\$7,966,142</u>	<u>\$3,448,664</u>	<u>(\$968,553)</u>	<u>\$10,446,253</u>	<u>\$366,483</u>

**ANGELINA & NECHES RIVER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017**

NOTE 4 – LONG-TERM LIABILITIES (continued)

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

Year Ending August 31,	Bonds Payable			Total
	Principal	Interest	Deferred	
2019	\$320,400	\$286,967	\$47,812	\$655,179
2020	327,800	276,910	47,812	652,522
2021	335,600	266,524	47,812	649,936
2022	415,400	254,507	47,812	717,719
2023	423,500	240,661	47,872	712,033
2024-2028	2,163,300	962,581	-	3,125,881
2029-2033	1,520,000	642,078	-	2,162,078
2034-2038	1,701,000	348,260	-	2,049,260
2039-2043	930,000	137,696	-	1,067,696
2044-2048	1,549,000	747,513	345,643	2,642,156
Total	\$9,686,000	\$4,163,697	\$584,763	\$14,434,460

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

Description	Interest Rate	Balance at 8/31/2018
General Improvement Project Revenue Bond, Series 2017 (ANRA)	3.80%	\$2,008,000
Revenue Bonds, Series 2012 (Holmwood Utilities)	3.47%	340,000
Revenue Bonds, Series 2005 (Lake Columbia)	5.68%-5.83%	278,488
Revenue Bonds, Series 2005 (Lake Columbia)	5.68%-5.83%	1,079,643
Revenue Bonds, Series 2005 (Lake Columbia - TWDB)	5.40%	990,632
Revenue Bonds, Series 2012 (North Angelina County)	4.15%-4.65%	1,895,000
Revenue Bonds, Series 2014 (North Angelina County)	0.00%-2.05%	145,000
Revenue Bonds, Series 2016 (North Angelina County)	0.00%-2.36%	1,810,000
Revenue Bonds, Series 2017 (North Angelina County)	0.00%-2.03%	1,400,000
Revenue Refunding Bonds, Series 2014 (Neches Compost- Tax Exempt)	3.05%	280,900
Revenue Refunding Bonds, Series 2014 (Neches Compost- Taxable)	5.50%	43,100
		\$10,270,763

During September 2017, the Authority issued \$2,008,000 of general revenue refunding and improvement bonds, series 2017 to refund \$585,000 of prior year general improvement project revenue bonds, series 2015 and provide funding for construction of its new central office project. A portion of the net proceeds of \$2,008,000 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 2015 bonds. As a result, the series 2015 bonds are considered to be defeased and the liability for those bonds has been removed from the statement of net position. The new bonds were issued at an interest rate of 3.80% with final maturity in 2037.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,315. This amount is recorded as a current period cost of issuance on the statement of revenues, expenditures and changes in net position. As a result of the refunding, the Authority increased its

**ANGELINA & NECHES RIVER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017**

NOTE 4 – LONG-TERM LIABILITIES (continued)

debt service payments by \$256,768 and incurred an economic loss of \$78,849. Issuance costs associated with the bond issue totaled \$53,377, and will be recorded as an expense in the period of issue.

During September 2017, the Authority also issued \$1,400,000 of contract revenue bonds, series 2017, to continue construction on the waste water facility project. Interest rates range from 0.00% to 2.03%. The bonds final maturity is October 1, 2047.

Future payments under capital leases are as follows:

Year Ending August 31,	Principal	Interest	Total
2019	\$46,083	\$8,301	\$54,384
2020	45,938	6,002	51,940
2021	36,055	3,891	39,946
2022	29,032	2,044	31,076
2023	18,382	430	18,812
Thereafter	-	-	-
Total	<u>\$175,490</u>	<u>\$20,668</u>	<u>\$196,158</u>

NOTE 5 – RISK MANAGEMENT

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

NOTE 6 – EMPLOYEE BENEFIT PLANS

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

The Plan provides that the Authority make a contribution. The Authority contributed \$26,517 and \$21,500 to the Plan for the years ended August 31, 2018 and 2017, 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. 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, 2018 AND 2017**

Total Assets in the plan at August 31, 2018 are \$233,091. The asset allocation breakdown is as follows:

Fund	Percent Invested	Fund Balance
Federated Government Obligations	2.97%	\$6,928
Certificates of Deposit	21.64%	50,434
U.S. Government Agencies	5.38%	12,530
Dodge & Cox Income Fund	4.57%	10,654
USAA Short-term Bond Fund	2.01%	4,679
Vanguard Bond Index Fund	5.24%	12,224
Vanguard Inter-term	5.01%	11,674
Vanguard Short-term	3.58%	8,356
Dodge & Cox Funds	1.38%	3,208
Fidelity Contrafund Income	3.91%	9,123
Fidelity Mt Vernon	4.45%	10,376
T. Rowe Price Midcap Fund	3.69%	8,596
Vanguard World Fund International	2.67%	6,221
Vanguard Small Cap Growth Fund	7.10%	16,539
Vanguard Emerging Market Fund	1.80%	4,194
Vanguard Extended Market Fund	4.02%	9,361
Vanguard 500 Index Fund	20.59%	47,994
Total – All Funds		<u>\$233,091</u>

Deferred Compensation Plan. The Authority maintains a deferred compensation plan, which is available to all employees. The plan complies with Section 457 of the Internal Revenue Code (Deferred Compensation Plans with Respect to Service for State and Local Governments). ICMA RC is the independent administrator of the plan. The plan consists solely of employee contributions which are tax deferred. The total contributions to the plan during the years ended August 31, 2018 and 2017 were \$6,070 and \$3,347, respectively. Payments are made to Vantage Point Transfer Agents.

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

The Authority serves as the manager and operator for Angelina County Fresh Water Supply District No. 1 (the “District”). As the manager and operator, the Authority bills and receives payments for all water and sewer charges of the District and deposits them into the bank account of the District. This bank account and receivables are assets of the District, a legally separate entity from ANRA. However, the Authority maintains all of the District’s utility operations records. In addition, the District has the sole responsibility for rate setting as it applies to the District. During the year ended August 31, 2018, the Authority established a separate fund for the District in order to process and pay the District’s expenses. The District will pay 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, 2018 AND 2017**

NOTE 8 – COMMITMENTS AND CONTINGENCIES

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

NOTE 9 – LOAN FORGIVENESS

Loans forgiveness during the year consists of the following:

Fund	Balance 8/31/2017	Additions	Forgiveness	Balance 8/31/2018
TWDB 2015	167,380	-	160,905	\$6,475
	<u>\$167,380</u>	-	<u>160,905</u>	<u>\$6,475</u>

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

Revenue Bonds (reflected as debt on the Statement of Net Position)	\$1,810,000
Loan Forgiveness (reflected as deferred inflows of resources)	<u>6,475</u>
	<u>\$1,816,475</u>

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SUPPLEMENTARY INFORMATION



**ANGELINA & NECHES RIVER AUTHORITY
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues:			
Participant contributions	\$ 1,509,362	\$ 1,399,970	\$ (109,392)
Contracts and fees	590,649	648,302	57,653
Management fees	335,793	202,687	(133,106)
TCEQ contracts	325,172	390,210	65,038
Water and sewer charges	204,073	207,340	3,267
Total Operating Revenues	<u>2,965,049</u>	<u>2,848,509</u>	<u>(116,540)</u>
Operating Expenditures:			
Purchased utility services	304,797	212,086	92,711
Salaries and benefits	1,150,968	1,180,750	(29,782)
General and administrative	288,004	374,248	(86,244)
Professional fees	51,000	50,377	623
Management and contracted services	95,445	46,281	49,164
Repairs and supplies	387,146	324,349	62,797
Depreciation	-	333,298	(333,298)
Total Expenditures	<u>2,277,360</u>	<u>2,521,389</u>	<u>(244,029)</u>
Excess (deficiency) revenues over expenditures	<u>687,689</u>	<u>327,120</u>	<u>(360,569)</u>
Non-operating Revenues (Expenditures):			
Investment income	-	28,470	28,470
Interest expense	(702,229)	(341,704)	360,525
Bond issuance costs	-	(132,810)	(132,810)
Other income - loan forgiveness	-	160,905	160,905
Other non-operating revenues (expenditures)	23,120	48,036	24,916
Total other financing sources (uses)	<u>(679,109)</u>	<u>(237,103)</u>	<u>442,006</u>
Net change in fund balance	8,580	90,017	81,437
Net position, beginning	<u>4,107,889</u>	<u>6,926,601</u>	<u>2,818,712</u>
Net position, ending	<u>\$ 4,116,469</u>	<u>\$ 7,016,618</u>	<u>2,900,149</u>

ANGELINA & NECHES RIVER AUTHORITY
STATEMENT OF NET POSITION - BY FUND
AUGUST 31, 2018 AND 2017

	<u>ANRA</u> <u>Operations</u>	<u>Holmwood</u> <u>Utilities</u>	<u>Lake</u> <u>Columbia</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 72,705	\$ 16,203	\$ 4,874
Restricted cash and cash equivalents	1,039,074	20,003	-
Accounts Receivable, net	95,704	16,095	-
Interfund receivables	309,730	-	-
Total current assets	<u>1,517,213</u>	<u>52,301</u>	<u>4,874</u>
Capital Assets:			
Land	555,040	1,493	-
Other capital assets, net of depreciation	681,886	313,370	4,983,503
Total capital assets	<u>1,236,926</u>	<u>314,863</u>	<u>4,983,503</u>
 Total Assets	 <u>2,754,139</u>	 <u>367,164</u>	 <u>4,988,377</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	111,864	21,697	-
Interfund payables	-	9,450	268,683
Compensated absences	23,400	-	-
Accrued interest payable	3,136	(912)	8,284
Unearned revenues	-	-	-
Bonds and leases payable - current	45,412	35,000	-
Total current liabilities	<u>183,812</u>	<u>65,235</u>	<u>276,967</u>
Long-term Liabilities:			
Deferred interest	-	-	584,762
Bond and leases payable - noncurrent	2,028,401	305,000	1,764,000
Total long-term liabilities	<u>2,028,401</u>	<u>305,000</u>	<u>2,348,762</u>
 Total Liabilities	 <u>2,212,213</u>	 <u>370,235</u>	 <u>2,625,729</u>
DEFERRED INFLOWS OF RESOURCES			
Loan forgiveness - TWDB	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Invested in capital assets, net of related debt	(836,887)	(25,137)	3,219,503
Restricted for debt service	18,525	20,003	-
Restricted for construction	1,020,549	-	-
Unrestricted	339,739	2,063	(856,855)
Total Net Position	<u>\$ 541,926</u>	<u>\$ (3,071)</u>	<u>\$ 2,362,648</u>

Angelina County Fresh Water Supply					
Neches Compost	North Angelina County RWF	District No. 1	Adjustments	Total 2018	Total 2017
\$ 206,601	\$ 164,070	\$ 20,758	\$ -	\$ 485,211	\$ 638,444
5,612	710,922	-	-	1,775,611	2,109,880
2,259	1,050	11,067	-	126,175	143,070
-	-	-	(309,730)	-	-
<u>214,472</u>	<u>876,042</u>	<u>31,825</u>	<u>(309,730)</u>	<u>2,386,997</u>	<u>2,891,394</u>
52,993	571,811	-	-	1,181,337	1,178,695
453,905	7,784,389	-	-	14,217,053	11,569,169
<u>506,898</u>	<u>8,356,200</u>	<u>-</u>	<u>-</u>	<u>15,398,390</u>	<u>12,747,864</u>
<u>721,370</u>	<u>9,232,242</u>	<u>31,825</u>	<u>(309,730)</u>	<u>17,785,387</u>	<u>15,639,258</u>
1,549	58,423	9,727	-	203,260	485,298
3,639	21,821	6,137	(309,730)	-	-
6,653	-	-	-	30,053	30,301
1,840	54,419	-	-	66,767	63,536
-	-	15,961	-	15,961	-
<u>71,071</u>	<u>215,000</u>	<u>-</u>	<u>-</u>	<u>366,483</u>	<u>340,740</u>
<u>84,752</u>	<u>349,663</u>	<u>31,825</u>	<u>(309,730)</u>	<u>682,524</u>	<u>919,875</u>
-	-	-	-	584,762	591,911
<u>362,607</u>	<u>5,035,000</u>	<u>-</u>	<u>-</u>	<u>9,495,008</u>	<u>7,033,491</u>
<u>362,607</u>	<u>5,035,000</u>	<u>-</u>	<u>-</u>	<u>10,079,770</u>	<u>7,625,402</u>
<u>447,359</u>	<u>5,384,663</u>	<u>31,825</u>	<u>(309,730)</u>	<u>10,762,294</u>	<u>8,545,277</u>
-	6,475	-	-	6,475	167,380
-	<u>6,475</u>	<u>-</u>	<u>-</u>	<u>6,475</u>	<u>167,380</u>
73,220	3,106,200	-	-	5,536,899	5,310,097
5,612	158,894	-	-	203,034	175,648
-	552,028	-	-	1,572,577	1,934,232
<u>195,179</u>	<u>23,982</u>	<u>-</u>	<u>-</u>	<u>(295,892)</u>	<u>(493,376)</u>
<u>\$ 274,011</u>	<u>\$ 3,841,104</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,016,618</u>	<u>\$ 6,926,601</u>

ANGELINA & NECHES RIVER AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION - BY FUND
FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

	<u>ANRA</u> <u>Operations</u>	<u>Holmwood</u> <u>Utilities</u>	<u>Lake</u> <u>Columbia</u>
Operating Revenues:			
Participant contributions	\$ -	\$ -	\$ 108,496
Contracts and fees	516,643	-	-
Management fees	651,986	-	-
Grants and contracts	390,210	-	-
Water and sewer charges	-	207,340	-
Total Operating Revenues	<u>1,558,839</u>	<u>207,340</u>	<u>108,496</u>
Operating Expenditures:			
Purchased utility services	31,358	31,725	-
Salaries and benefits	981,035	-	-
General and administrative	112,824	10,852	870
Professional fees	50,377	-	-
Management and contracted services	77,666	103,175	-
Repairs and supplies	180,655	17,569	-
Depreciation	61,135	27,930	-
Total Expenditures	<u>1,495,050</u>	<u>191,251</u>	<u>870</u>
Excess (deficiency) revenues over expenditures	<u>63,789</u>	<u>16,089</u>	<u>107,626</u>
Non-operating Revenues (Expenditures):			
Investment income	14,875	-	-
Interest expense	(76,678)	(12,416)	(99,888)
Bond issuance costs	(53,698)	-	-
Other income - loan forgiveness	-	-	-
Other non-operating revenues (expenditures)	7,057	-	-
Total other financing sources (uses)	<u>(108,444)</u>	<u>(12,416)</u>	<u>(99,888)</u>
Net change in fund balance	(44,655)	3,673	7,738
Net position, beginning	<u>586,581</u>	<u>(6,744)</u>	<u>2,354,910</u>
Net position, ending	<u>\$ 541,926</u>	<u>\$ (3,071)</u>	<u>\$ 2,362,648</u>

	Neches Compost	North Angelina County RWF	Angelina County Fresh Water Supply District No. 1	Adjustments	Total 2018	Total 2017
\$	591,563	\$ 699,911	\$ -	-	\$ 1,399,970	\$ 1,410,052
	108,539	-	23,120	-	648,302	723,657
	-	-	172,687	(621,986)	202,687	99,145
	-	-	-	-	390,210	200,243
	-	-	-	-	207,340	194,220
	<u>700,102</u>	<u>699,911</u>	<u>195,807</u>	<u>(621,986)</u>	<u>2,848,509</u>	<u>2,627,317</u>
	-	36,470	112,533	-	212,086	58,208
	199,715	-	-	-	1,180,750	1,101,718
	174,074	70,316	5,312	-	374,248	393,471
	-	-	-	-	50,377	89,418
	191,610	229,932	65,884	(621,986)	46,281	137,953
	41,275	72,772	12,078	-	324,349	211,175
	91,038	153,195	-	-	333,298	323,012
	<u>697,712</u>	<u>562,685</u>	<u>195,807</u>	<u>(621,986)</u>	<u>2,521,389</u>	<u>2,314,955</u>
	<u>2,390</u>	<u>137,226</u>	<u>-</u>	<u>-</u>	<u>327,120</u>	<u>312,362</u>
	-	13,595	-	-	28,470	26,275
	(19,988)	(132,734)	-	-	(341,704)	(259,157)
	-	(79,112)	-	-	(132,810)	(259,156)
	-	160,905	-	-	160,905	2,713,300
	(297)	41,276	-	-	48,036	25,932
	<u>(20,285)</u>	<u>3,930</u>	<u>-</u>	<u>-</u>	<u>(237,103)</u>	<u>2,506,350</u>
	(17,895)	141,156	-	-	90,017	2,818,712
	291,906	3,699,948	-	-	6,926,601	4,107,889
\$	<u>274,011</u>	<u>\$ 3,841,104</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 7,016,618</u>	<u>\$ 6,926,601</u>

ANGELINA & NECHES RIVER AUTHORITY
STATEMENT OF CASH FLOWS - BY FUND
FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

	<u>ANRA</u> <u>Operations</u>	<u>Holmwood</u> <u>Utilities</u>	<u>Lake</u> <u>Columbia</u>
Cash Flows from Operation Activities:			
Cash received from customers	\$ 1,584,658	\$ 209,082	\$ 109,131
Cash paid to suppliers	(345,816)	(156,058)	(870)
Cash paid to employees	(982,291)	-	-
Net cash provided by operating activities	<u>256,551</u>	<u>53,024</u>	<u>108,261</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	(458,431)	(2,070)	-
Debt proceeds	2,008,000	-	-
Bond issuance costs	(53,698)	-	-
Principal payments on long-term debt	(617,864)	(30,000)	-
Interest paid on long-term debt	(73,542)	(18,754)	(107,037)
Net cash provided(used) by capital and related financing activities	<u>804,465</u>	<u>(50,824)</u>	<u>(107,037)</u>
Cash Flows from Investing Activities:			
Interest from investments	14,875	-	-
Other income (expense)	7,057	-	-
Net cash provided by capital and related financing activities:	<u>21,932</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	1,082,948	2,200	1,224
Cash and cash equivalents, beginning of period	28,831	34,006	3,650
Cash and cash equivalents, end of period	<u>\$ 1,111,779</u>	<u>\$ 36,206</u>	<u>\$ 4,874</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	\$ 63,789	\$ 16,089	\$ 107,626
Adjustments to reconcile operating income to cash provided by operating activities:			
Depreciation	61,135	27,930	-
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	25,819	1,742	635
Increase (Decrease) in:			
Accounts payable	107,064	7,263	-
Accrued liabilities	(1,256)	-	-
Net cash provided by operating activities	<u>\$ 256,551</u>	<u>\$ 53,024</u>	<u>\$ 108,261</u>
Non-Cash Financing Activities:			
Loan forgiveness	-	-	-
Increase (decrease) in accounts payable for capital expenditures	-	-	-
Net non-cash financing activities:	<u>-</u>	<u>-</u>	<u>-</u>

	<u>Neches Compost</u>	<u>North Angelina County RWF</u>	<u>Angelina County Fresh Water Supply District No. 1</u>	<u>Adjustments</u>	<u>Total 2018</u>	<u>Total 2017</u>
\$	695,795	\$ 697,882	\$ 200,701	\$ (621,986)	\$ 2,875,263	\$ 2,748,841
	(412,076)	(411,091)	(179,943)	621,986	(883,868)	(870,595)
	(198,707)	-	-	-	(1,180,998)	(1,101,204)
	<u>85,012</u>	<u>286,791</u>	<u>20,758</u>	<u>-</u>	<u>810,397</u>	<u>777,042</u>
	(75,567)	(2,847,165)	-	-	(3,383,233)	(3,178,410)
	-	1,400,000	-	-	3,408,000	53,691
	-	(79,112)	-	-	(132,810)	-
	(69,589)	(195,000)	-	-	(912,453)	(329,230)
	<u>(20,126)</u>	<u>(134,450)</u>	<u>-</u>	<u>-</u>	<u>(353,909)</u>	<u>(283,643)</u>
	<u>(165,282)</u>	<u>(1,855,727)</u>	<u>-</u>	<u>-</u>	<u>(1,374,405)</u>	<u>(3,737,592)</u>
	-	13,595	-	-	28,470	26,275
	<u>(297)</u>	<u>41,276</u>	<u>-</u>	<u>-</u>	<u>48,036</u>	<u>25,932</u>
	<u>(297)</u>	<u>54,871</u>	<u>-</u>	<u>-</u>	<u>76,506</u>	<u>52,207</u>
	(80,567)	(1,514,065)	20,758	-	(487,502)	(2,908,343)
	292,780	2,389,057	-	-	2,748,324	5,656,667
\$	<u>212,213</u>	<u>874,992</u>	<u>20,758</u>	<u>-</u>	<u>2,260,822</u>	<u>2,748,324</u>
\$	2,390	\$ 137,226	\$ -	\$ -	\$ 327,120	\$ 312,362
	91,038	153,195	-	-	333,298	323,012
	(4,307)	(2,029)	4,894	-	26,754	121,524
	(5,117)	(1,601)	9,727	-	117,336	19,630
	<u>1,008</u>	<u>-</u>	<u>6,137</u>	<u>-</u>	<u>5,889</u>	<u>514</u>
\$	<u>85,012</u>	<u>286,791</u>	<u>20,758</u>	<u>-</u>	<u>810,397</u>	<u>777,042</u>
	-	160,905	-	-	160,905	2,713,300
	-	399,380	-	-	399,380	(399,380)
	<u>-</u>	<u>560,285</u>	<u>-</u>	<u>-</u>	<u>560,285</u>	<u>2,313,920</u>

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TEXAS SUPPLEMENTARY INFORMATION

**ANGELINA & NECHES RIVER AUTHORITY
HOLMWOOD UTILITIES
TSI - 1 SERVICES AND RATES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2018**

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

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

2. Retail Service Providers

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

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons Over Minimum	Usage Levels
Water	\$ 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 7,000
				\$4.00	10,001 and up
Basic Service Fee	\$0.00				
District employs winter averaging for wastewater usage?					Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Total water and sewer charges per 10,000 gallons usage (including surcharges)					\$130.84

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
≤ 3/4"	164	156	X 1.0	156
1"	6	6	X 2.5	15
1 1/2"			X 5.0	
2"			X 8.0	
3"			X 15.0	
4"			X 25.0	
Total Water	170	162		171
Total Wastewater	166	165	X 1.0	165

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

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**ANGELINA & NECHES RIVER AUTHORITY
TSI-5 - LONG TERM DEBT REQUIREMENTS
ALL BONDED DEBT SERIES - BY YEAR
FOR THE YEAR ENDED AUGUST 31, 2018**

Fiscal Year Ended	Annual Debt Service Requirements - All Series Bonds			Total Debt Service
	Principal	Interest	Deferred Interest	
2019	320,400	286,967	47,812	655,179
2020	327,800	276,910	47,812	652,522
2021	335,600	266,524	47,812	649,936
2022	415,400	254,507	47,812	717,719
2023	423,500	240,661	47,872	712,033
2024	490,300	226,457	-	716,757
2025	451,000	208,968	-	659,968
2026	465,000	192,953	-	657,953
2027	484,000	176,126	-	660,126
2028	273,000	158,077	-	431,077
2029	287,000	149,908	-	436,908
2030	287,000	138,895	-	425,895
2031	307,000	128,839	-	435,839
2032	317,000	117,856	-	434,856
2033	322,000	106,580	-	428,580
2034	342,000	94,967	-	436,967
2035	347,000	82,475	-	429,475
2036	358,000	69,720	-	427,720
2037	379,000	56,351	-	435,351
2038	275,000	44,747	-	319,747
2039	180,000	35,260	-	215,260
2040	180,000	31,507	-	211,507
2041	185,000	27,670	-	212,670
2042	190,000	23,691	-	213,691
2043	195,000	19,568	-	214,568
2044	200,000	15,299	-	215,299
2045	934,000	721,551	345,643	2,001,194
2046	210,000	6,455	-	216,455
2047	100,000	3,142	-	103,142
2048	105,000	1,066	-	106,066
	<u>9,686,000</u>	<u>4,163,697</u>	<u>584,763</u>	<u>14,434,460</u>

**ANGELINA & NECHES RIVER AUTHORITY
 TSI-5 - LONG TERM DEBT REQUIREMENTS
 GENERAL IMPROVEMENT REVENUE REFUNDING BOND, SERIES 2017
 ANGELINA & NECHES RIVER AUTHORITY
 FOR THE YEAR ENDED AUGUST 31, 2018**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2019	20,000	75,924	-	95,924
2020	21,000	75,145	-	96,145
2021	22,000	74,328	-	96,328
2022	90,000	72,200	-	162,200
2023	93,000	68,723	-	161,723
2024	98,000	65,094	-	163,094
2025	101,000	61,313	-	162,313
2026	105,000	57,399	-	162,399
2027	109,000	53,333	-	162,333
2028	113,000	49,115	-	162,115
2029	117,000	44,745	-	161,745
2030	122,000	40,204	-	162,204
2031	127,000	35,473	-	162,473
2032	132,000	30,552	-	162,552
2033	137,000	25,441	-	162,441
2034	142,000	20,140	-	162,140
2035	147,000	14,649	-	161,649
2036	153,000	8,949	-	161,949
2037	159,000	3,021	-	162,021
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 2,008,000</u>	<u>\$ 875,748</u>	<u>\$ -</u>	<u>\$ 2,883,748</u>

**ANGELINA & NECHES RIVER AUTHORITY
 TSI-5 - LONG TERM DEBT REQUIREMENTS
 CONTRACT REVENUE REFUNDING BOND, SERIES 2012
 HOLMWOOD UTILITIES
 FOR THE YEAR ENDED AUGUST 31, 2018**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2019	35,000	11,808	-	46,808
2020	35,000	10,592	-	45,592
2021	35,000	9,378	-	44,378
2022	35,000	8,162	-	43,162
2023	35,000	6,946	-	41,946
2024	40,000	5,730	-	45,730
2025	40,000	4,342	-	44,342
2026	40,000	2,952	-	42,952
2027	45,000	1,562	-	46,562
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 340,000</u>	<u>\$ 61,472</u>	<u>\$ -</u>	<u>\$ 401,472</u>

**ANGELINA & NECHES RIVER AUTHORITY
 TSI-5 - LONG TERM DEBT REQUIREMENTS
 CONTRACT REVENUE REFUNDING BOND, SERIES 2005
 LAKE COLUMBIA
 FOR THE YEAR ENDED AUGUST 31, 2018**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2019	-	13,224	9,698	22,922
2020	-	13,224	9,698	22,922
2021	-	13,224	9,698	22,922
2022	-	13,224	9,698	22,922
2023	-	13,224	9,696	22,920
2024	10,000	13,224	-	23,224
2025	10,000	12,656	-	22,656
2026	15,000	12,088	-	27,088
2027	10,000	11,236	-	21,236
2028	15,000	10,668	-	25,668
2029	15,000	9,809	-	24,809
2030	15,000	8,950	-	23,950
2031	15,000	8,090	-	23,090
2032	15,000	7,230	-	22,230
2033	15,000	6,371	-	21,371
2034	15,000	5,504	-	20,504
2035	20,000	4,637	-	24,637
2036	15,000	3,481	-	18,481
2037	20,000	2,614	-	22,614
2038	25,000	1,458	-	26,458
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 230,000</u>	<u>\$ 184,136</u>	<u>\$ 48,488</u>	<u>\$ 462,624</u>

**ANGELINA & NECHES RIVER AUTHORITY
 TSI-5 - LONG TERM DEBT REQUIREMENTS
 CONTRACT REVENUE REFUNDING BOND, SERIES 2005
 LAKE COLUMBIA
 FOR THE YEAR ENDED AUGUST 31, 2018**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest*	
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	734,000	711,613	345,643	1,791,256
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 734,000</u>	<u>\$ 711,613</u>	<u>\$ 345,643</u>	<u>\$ 1,791,256</u>

* *Principal and interest are both deferred until 2045*

**ANGELINA & NECHES RIVER AUTHORITY
 TSI-5 - LONG TERM DEBT REQUIREMENTS
 CONTRACT REVENUE REFUNDING BOND, SERIES 2005
 LAKE COLUMBIA
 FOR THE YEAR ENDED AUGUST 31, 2018**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2019	-	45,970	38,114	84,084
2020	-	45,970	38,114	84,084
2021	-	45,970	38,114	84,084
2022	-	45,970	38,114	84,084
2023	-	45,970	38,176	84,146
2024	35,000	46,000	-	81,000
2025	35,000	44,012	-	79,012
2026	40,000	42,024	-	82,024
2027	45,000	39,752	-	84,752
2028	40,000	37,196	-	77,196
2029	50,000	34,904	-	84,904
2030	45,000	32,039	-	77,039
2031	55,000	29,461	-	84,461
2032	55,000	26,309	-	81,309
2033	55,000	23,157	-	78,157
2034	65,000	19,979	-	84,979
2035	60,000	16,222	-	76,222
2036	70,000	12,753	-	82,753
2037	75,000	8,708	-	83,708
2038	75,000	4,373	-	79,373
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 800,000</u>	<u>\$ 646,739</u>	<u>\$ 190,632</u>	<u>\$ 1,637,371</u>

**ANGELINA & NECHES RIVER AUTHORITY
 TSI-5 - LONG TERM DEBT REQUIREMENTS
 CONTRACT REVENUE REFUNDING BOND, SERIES 2012
 NORTH ANGELINA COUNTY RWF
 FOR THE YEAR ENDED AUGUST 31, 2018**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2019	185,000	63,850	-	248,850
2020	190,000	57,617	-	247,617
2021	195,000	51,214	-	246,214
2022	205,000	44,644	-	249,644
2023	210,000	37,738	-	247,738
2024	215,000	30,662	-	245,662
2025	225,000	23,418	-	248,418
2026	230,000	15,836	-	245,836
2027	240,000	8,086	-	248,086
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
	\$ 1,895,000	\$ 333,065	\$ -	\$ 2,228,065

**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, 2018**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2019	20,000	1,881	-	21,881
2020	20,000	1,773	-	21,773
2021	20,000	1,602	-	21,602
2022	20,000	1,361	-	21,361
2023	20,000	1,056	-	21,056
2024	20,000	701	-	20,701
2025	25,000	253	-	25,253
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 145,000</u>	<u>\$ 8,627</u>	<u>\$ -</u>	<u>\$ 153,627</u>

**ANGELINA & NECHES RIVER AUTHORITY
TSL-5 - LONG TERM DEBT REQUIREMENTS
CONTRACT REVENUE BOND, SERIES 2016
NORTH ANGELINA COUNTY RWF
FOR THE YEAR ENDED AUGUST 31, 2018**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2019	5,000	37,590	-	42,590
2020	5,000	37,577	-	42,577
2021	5,000	37,554	-	42,554
2022	5,000	37,519	-	42,519
2023	5,000	37,475	-	42,475
2024	10,000	37,394	-	47,394
2025	10,000	37,273	-	47,273
2026	30,000	36,994	-	66,994
2027	30,000	36,547	-	66,547
2028	75,000	35,703	-	110,703
2029	75,000	35,451	-	110,451
2030	75,000	33,135	-	108,135
2031	80,000	31,708	-	111,708
2032	80,000	30,184	-	110,184
2033	80,000	28,620	-	108,620
2034	85,000	26,965	-	111,965
2035	85,000	25,218	-	110,218
2036	85,000	23,429	-	108,429
2037	90,000	21,547	-	111,547
2038	90,000	19,576	-	109,576
2039	95,000	17,518	-	112,518
2040	95,000	15,380	-	110,380
2041	95,000	13,223	-	108,223
2042	100,000	10,990	-	110,990
2043	100,000	8,680	-	108,680
2044	105,000	6,292	-	111,292
2045	105,000	2,826	-	107,826
2046	110,000	1,298	-	111,298
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 1,810,000</u>	<u>\$ 723,666</u>	<u>\$ -</u>	<u>\$ 2,533,666</u>

**ANGELINA & NECHES RIVER AUTHORITY
 TSI-5 - LONG TERM DEBT REQUIREMENTS
 CONTRACT REVENUE REFUNDING BOND, SERIES 2017
 NORTH ANGELINA COUNTY RWF
 FOR THE YEAR ENDED AUGUST 31, 2018**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2019	5,000	25,782	-	30,782
2020	5,000	25,782	-	30,782
2021	5,000	25,779	-	30,779
2022	5,000	25,770	-	30,770
2023	5,000	25,755	-	30,755
2024	5,000	25,733	-	30,733
2025	5,000	25,701	-	30,701
2026	5,000	25,660	-	30,660
2027	5,000	25,610	-	30,610
2028	30,000	25,395	-	55,395
2029	30,000	24,999	-	54,999
2030	30,000	24,567	-	54,567
2031	30,000	24,107	-	54,107
2032	35,000	23,581	-	58,581
2033	35,000	22,991	-	57,991
2034	35,000	22,379	-	57,379
2035	35,000	21,749	-	56,749
2036	35,000	21,108	-	56,108
2037	35,000	20,461	-	55,461
2038	85,000	19,340	-	104,340
2039	85,000	17,742	-	102,742
2040	85,000	16,127	-	101,127
2041	90,000	14,447	-	104,447
2042	90,000	12,701	-	102,701
2043	95,000	10,888	-	105,888
2044	95,000	9,007	-	104,007
2045	95,000	7,112	-	102,112
2046	100,000	5,157	-	105,157
2047	100,000	3,142	-	103,142
2048	105,000	1,066	-	106,066
	<u>\$ 1,400,000</u>	<u>\$ 579,638</u>	<u>\$ -</u>	<u>\$ 1,979,638</u>

ANGELINA & NECHES RIVER AUTHORITY
TSI-5 - LONG TERM DEBT REQUIREMENTS
CONTRACT REVENUE REFUNDING BOND, SERIES 2014 (TAX EXEMPT)
NECHES COMPOST FACILITY
FOR THE YEAR ENDED AUGUST 31, 2018

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2019	43,400	8,567	-	51,967
2020	44,700	7,244	-	51,944
2021	46,100	5,880	-	51,980
2022	47,500	4,474	-	51,974
2023	48,900	3,026	-	51,926
2024	50,300	1,534	-	51,834
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 280,900</u>	<u>\$ 30,725</u>	<u>\$ -</u>	<u>\$ 311,625</u>

**ANGELINA & NECHES RIVER AUTHORITY
 TSI-5 - LONG TERM DEBT REQUIREMENTS
 CONTRACT REVENUE REFUNDING BOND, SERIES 2014 (TAXABLE)
 NECHES COMPOST FACILITY
 FOR THE YEAR ENDED AUGUST 31, 2018**

Fiscal Year Ended	Annual Debt Service Requirements			Total Debt Service
	Principal	Interest	Deferred Interest	
2019	7,000	2,371	-	9,371
2020	7,100	1,986	-	9,086
2021	7,500	1,595	-	9,095
2022	7,900	1,183	-	9,083
2023	6,600	748	-	7,348
2024	7,000	385	-	7,385
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	-	-	-	-
2046	-	-	-	-
2047	-	-	-	-
2048	-	-	-	-
	<u>\$ 43,100</u>	<u>\$ 8,268</u>	<u>\$ -</u>	<u>\$ 51,368</u>

**ANGELINA & NECHES RIVER AUTHORITY
 TWDB INTEREST & SINKING FUND WORKSHEETS
 FOR THE FISCAL YEAR ENDED AUGUST 31, 2018**

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, 2018

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	\$ 158,394	\$ -
REQUIRED PRESENT BALANCE (8/31/2018)	\$ 158,394	\$ -
ACTUAL PRESENT BALANCE (8/31/2018)	\$ 158,894	\$ -
 <u>JUNIOR LIEN BONDS</u>		
REQUIRED ULTIMATE BALANCE	\$ -	\$ -
REQUIRED PRESENT BALANCE (8/31/2018)	\$ -	\$ -
ACTUAL PRESENT BALANCE (8/31/2018)	\$ -	\$ -

The above is true and correct to the best of my knowledge: Goff & Herrington, P.C. November 29, 2018

Preparer's Signature

Date

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

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OTHER SUPPLEMENTARY INFORMATION

**ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF BOARD MEMBERS AND KEY PERSONNEL
AUGUST 31, 2018
(UNAUDITED)**

Board of Directors

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

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

Mrs. Patricia E. Dickey, Secretary Treasurer
112 South 5th Street
Crockett, Texas 75835
Term Ends: 9-5-2017

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

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

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

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

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

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

Key Personnel

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

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

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

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

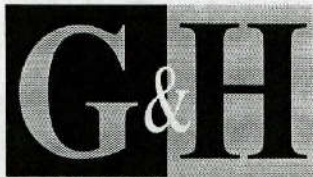
ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF INSURANCE IN FORCE
AUGUST 31, 2018
(UNAUDITED)

<u>Name of Insurance Company</u>	<u>Policy Number</u>	<u>Policy Period</u>	<u>Details of Coverage</u>	<u>Limits of Liability</u>	<u>Annual Premium</u>
Texas Water Conservation Association	0042	7/1/18-7/1/19	Auto Liability	\$ 1,000,000	\$ 4,565
Texas Water Conservation Association	0042	7/1/18-7/1/19	General Liability	\$ 1,000,000	\$ 267
Texas Water Conservation Association	0042	7/1/18-7/1/19	Errors & Ommissions	\$ 1,000,000	\$ 2,754
Texas Water Conservation Association	0042	7/1/18-7/1/19	Property Liability	\$ 8,457,204	\$ 10,260
Texas Water Conservation Association	0042	7/1/18-7/1/19	Auto Physical Damage	Scheduled	\$ 7,533
Texas Water Conservation Association	0042	7/1/18-7/1/19	Crime	\$10,000/\$25,000	\$ 294
					<u>\$25,673</u>

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FEDERAL AWARDS SECTION





Certified Public Accountants

Goff & Herrington, P.C.

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

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

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

Board of Directors
Angelina & Neches River Authority
Lufkin, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Angelina & Neches River Authority (the "Authority"), as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 29, 2018.

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.

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

Page 2

Compliance and Other Matters

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

Purpose of this Report

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

Goff & Herrington, P.C.
GOFF & HERRINGTON, P.C.
Certified Public Accountants

November 29, 2018

**ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2018**

No findings reported.

**ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2018**

2017-1

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

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

2017-2

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

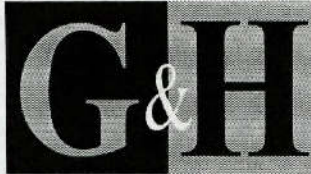
Status: This compliance requirement did not exist at year end August 31, 2018, due to the Authority not being subject to a single audit under the OMB Uniform Guidance.

The Authority is in the process of documenting standard operating procedures, including documentation and monitoring of the Authority's system of internal controls. The Authority anticipates that in future periods, they will be subject to single audit requirements, so they plan to develop an adequate internal control system that includes the required written policies and procedures that adheres to the requirements under OMB Uniform Guidance.

**ANGELINA & NECHES RIVER AUTHORITY
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2018**

None Required.

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Certified Public Accountants

Goff & Herrington, P.C.

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

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

November 29, 2018

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

We have audited the accompanying financial statements of Angelina & Neches River Authority (the "Authority") which comprise the statement of net position as of August 31, 2018, and the related statement of revenues, expenditures, and changes in net position, and statement of cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 20, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached Schedule A contains a listing of audit adjustments that have been corrected by management. These adjustments, which are material in the aggregate, were detected as a result of audit procedures and corrected by management as part of the audit process.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 29, 2018.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Restriction on Use

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

Sincerely,

Goff & Herrington, P.C.

GOFF & HERRINGTON, P.C.
Certified Public Accountants

Client: **Angelina Neches River Authority**
Engagement: **2018 - ANRA**
Period Ending: **8/31/2018**
Trial Balance: **2100.00 - Trial Balance - ANRA**
Workpaper: **Adjusting Journal Entries Report - ANRA**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1				
To reclassify accrued Clean Water Act (CWA) related invoices that were posted to the Clean Rivers Program receivable account to the appropriate CWA account				
135.010	Due from Clean Water Act 2013		44,016.46	
134.010	Due from Clean Rivers Program			44,016.46
Total			44,016.46	44,016.46
Adjusting Journal Entries JE # 2				
To reverse the prior year accrual adjustments posted during the prior year audit				
130.000	A/R Operations		29,909.49	
135.010	Due from Clean Water Act 2013			29,909.49
Total			29,909.49	29,909.49
Adjusting Journal Entries JE # 3				
To adjust the long-debt accounts to agree to the amortization schedules.				
315.000	Curr Portion Long Term Debt		7,452.10	
327.020	Unit#46,47,48 Trucks 2013		320.72	
327.030	Backhoe 2013		266.93	
327.040	GA - Building 2017 - Accr Prin.		11,666.69	
365.000	Lease - Chevy Trucks (2)		288.49	
370.000	Regions - Bond Series 2015		8,333.31	
315.000	Curr Portion Long Term Debt			20,000.00
327.010	Consolidated Loan 2013			7,377.97
799.200	Debt Service Vehicles 2016 - Interest			950.27
Total			28,328.24	28,328.24
Adjusting Journal Entries JE # 4				
To reclass bond issuance cost refunds that were originally posted to miscellaneous income.				
100.552	Miscellaneous Income		2,116.75	
790.000	Bond issuance Costs			2,116.75
Total			2,116.75	2,116.75
Adjusting Journal Entries JE # 5				
To adjust accrued interest payable amounts to calculated balances.				
799.220	RB Central Office 2017 - Inter.		1,827.07	
327.050	GA - Building 2017 - Accr Int.			1,827.07
Total			1,827.07	1,827.07
Adjusting Journal Entries JE # 6				
To adjust the accrued vacation liability to actual balance				
330.050	Accrued - Compensated Absences		1,255.64	
700.000	Salaries			1,255.64
Total			1,255.64	1,255.64
Adjusting Journal Entries JE # 7				
To record accrued payroll liability at year end				
700.000	Salaries		13,884.57	
333.000	Other Payroll Liabilities			13,884.57
Total			13,884.57	13,884.57

Client: *Angelina Neches River Authority*
 Engagement: *2018 - ANRA*
 Period Ending: *8/31/2018*
 Trial Balance: *2100.00 - Trial Balance - ANRA*
 Workpaper: *Adjusting Journal Entries Report - ANRA*

Account	Description	W/P Ref	Debit	Credit
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Adjusting Journal Entries JE # 8
 To adjust fixed asset accounts for current year additions and disposals

205.000	Accumulated Depreciation		106,691.64	
800.000	Depreciation		1,332.90	
201.000	Machinery & Equipment			108,024.54
Total			108,024.54	108,024.54

Adjusting Journal Entries JE # 9
 To adjust payroll liabilities to actual balance at year end.

330.060	Accrued - Life Insurance		1,977.88	
734.000	Miscellaneous Expense		1,208.68	
333.040	Payroll Liabilities:333.04 -- SUTA - State Unemployment			2,987.60
333.100	Accrued Standard Insurance			198.96
Total			3,186.56	3,186.56

Adjusting Journal Entries JE # 10
 To reclassify account recoveries on ACWCID #3 balance that were written off during the transfer of assets to miscellaneous revenues. The amounts were originally recorded to bad debts expense.

801.000	Bad Debt Expense		8,800.00	
100.552	Miscellaneous Income			8,800.00
Total			8,800.00	8,800.00

Client: *Angelina Neches River Authority*
 Engagement: *2018 - ANRA*
 Period Ending: *8/31/2018*
 Trial Balance: *2100.03 - Trial Balance - Holmwood*
 Workpaper: *Adjusting Journal Entries Report - Holmwood*

Account	Description	W/P Ref	Debit	Credit
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Adjusting Journal Entries

Adjusting Journal Entries JE # 1

To true-up long-term debt

471.00	Loan - Regions Bond Series 2012		2,916.65	
411.01	Regions 2012-Accrued Principal			2,916.65
Total			2,916.65	2,916.65

Adjusting Journal Entries JE # 2

To reclass AR credit balances

1210.01	Accounts Receivable Water		113,338.26	
1210.02	Accounts Receivable Wastewater			113,338.26
Total			113,338.26	113,338.26

Total Adjusting Journal Entries

116,254.91 **116,254.91**

Total All Journal Entries

116,254.91 **116,254.91**

Client: **Angelina Neches River Authority**
 Engagement: **2018 - ANRA**
 Period Ending: **8/31/2018**
 Trial Balance: **2100.01 - Trial Balance - Lake Columbia**
 Workpaper: **Adjusting Journal Entries Report - Lake Columbia**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1				
To record accrued interest relief and amortize interest accrued on bonds				
330.01	L.C. Contract Revenue Bonds - Deferred Interest		38,114.29	
330.02	L.C. Contract Revenue Bonds - Deferred Interest		9,698.00	
331.01	TWDB ST Participation Loan - Deferred Interest 734K			40,664.00
970.03	Debt Service - Contract Bond - Interest			7,148.29
Total			47,812.29	47,812.29

Client: **Angelina Neches River Authority**
 Engagement: **2018 - ANRA**
 Period Ending: **8/31/2018**
 Trial Balance: **2100.04 - Trial Balance - Compost**
 Workpaper: **Combined Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1				
To true-up long-term debt balances				
408.00	Regions - Accrued Principal		33.39	
458.00	TSB Loan - Windrow Turner		3,001.32	
463.02	Region Refunding Bonds- Taxable		366.67	
316.00	Principal Payable-Current			3,195.31
970.24	Debt Service: - Regions Bond - Interest			206.07
Total			3,401.38	3,401.38
Adjusting Journal Entries JE # 2				
To adjust accrued vacation to audit balance				
415.00	Accrued Vacation Payable		1,835.19	
900.00	Personnel Expenses - Salaries			1,835.19
Total			1,835.19	1,835.19
Adjusting Journal Entries JE # 3				
To record accrued wages at year end				
900.00	Personnel Expenses - Salaries		2,788.88	
420.00	Accrued Payroll Liabilities			2,788.88
Total			2,788.88	2,788.88
Adjusting Journal Entries JE # 4				
To adjust fixed assets for current year additions and disposals				
212.00	Accumulated Depreciation		1,349.00	
211.00	Plant General			1,349.00
Total			1,349.00	1,349.00
	Total Adjusting Journal Entries		9,374.45	9,374.45
	Total All Journal Entries		9,374.45	9,374.45

Client: *Angelina Neches River Authority*
 Engagement: *2018 - ANRA*
 Period Ending: *8/31/2018*
 Trial Balance: *2100.02 - Trial Balance - NAC RWF*
 Workpaper: *Adjusting Journal Entries Report - NAC RWF*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1				
To record interest earned on restricted cash accounts				
122.02	BOT-RestrictedCash- 3,176,250-LF		459.26	
123.01	BOT-RestrictedCash- 1,400,000-L		8,872.27	
500.06	IncomeInterest - CD/Bonds			8,872.27
500.06	IncomeInterest - CD/Bonds			459.26
Total			9,331.53	9,331.53
Adjusting Journal Entries JE # 2				
To true-up long-term debt				
411.01	Regions - Bond Series 2012 - Accrued Principal - TWDB		4,166.66	
414.01	TWDB - Bond Series 2016 - Accrued Principal		416.70	
480.10	TWDB Loan Forgiveness 2016		160,904.95	
494.00	TWDB - 2017 Bond		416.63	
497.00	Loan - Regions Bond Series 2012		5,833.34	
409.01	TWDB - Bond Series 2017 - Accrued Principal			416.63
411.00	Regions - Bond Series 2012			10,000.00
499.01	TWDB-2016 ACF Construction			416.70
510.00	Single Audit Revenue			160,904.95
Total			171,738.28	171,738.28
Adjusting Journal Entries JE # 3				
To reclass bond issuance cost refunds originally posted to miscellaneous revenues				
500.12	Miscellaneous Income		7,628.48	
979.00	Bond Issuance Cost			7,628.48
Total			7,628.48	7,628.48
Adjusting Journal Entries JE # 4				
To adjust fixed asset accounts for current year additions and disposals				
212.00	Accumulated Depreciation		8,719.35	
208.01	Equipment - Vehicles			2,500.00
208.05	Equipment - Electronics			6,219.35
Total			8,719.35	8,719.35
	Total Adjusting Journal Entries		197,417.64	197,417.64
	Total All Journal Entries		197,417.64	197,417.64

Client: *Angelina Neches River Authority*
 Engagement: *2018 - ANRA*
 Period Ending: *8/31/2018*
 Trial Balance: *2100.05 - Trial Balance - ACF Enterprise*
 Workpaper: *Adjusting Journal Entries Report - ACF*

Account	Description	W/P Ref	Debit	Credit
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Adjusting Journal Entries
Adjusting Journal Entries JE # 1
 To adjust AR for over expenditure and reclassify unearned revenues

120.00	Accounts Receivable		2,990.42	
120.00	Accounts Receivable		15,960.96	
350.00	Retained Earnings		54.22	
399.00	Unearned Revenue			15,960.96
500.01	Water/Sewer Service			3,044.64
Total			19,005.60	19,005.60
	Total Adjusting Journal Entries		19,005.60	19,005.60
	Total All Journal Entries		19,005.60	19,005.60

