

Angelina & Neches River Authority
Financial Statements
With
Independent Auditor's Report

For the Years Ended
August 31, 2015 and 2014

Jansen and Gregorczyk
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**ANNUAL FINANCIAL REPORT
OF
ANGELINA & NECHES
RIVER AUTHORITY**

*For the Fiscal Years Ended
August 31, 2015 and 2014*

ANGELINA & NECHES RIVER AUTHORITY
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
City of Lufkin, Texas

We have audited the accompanying comparative financial statements of the Angelina & Neches River Authority (the "Authority") of Lufkin, Texas as of and for the years ended August 31, 2015 and 2014, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Angelina & Neches River Authority as of August 31, 2015 and 2014 and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

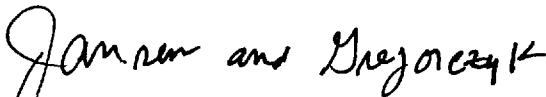
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, combining and individual fund financial statements, and supplemental section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedule sections have 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 them.



Kyle, Texas
November 3, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS AUGUST 31, 2015 and 2014

Our discussion and analysis of the Angelina & Neches River Authority (the Authority) financial performance provides an overview of the Authority's financial activities for the years ended August 31, 2015 and 2014. 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) budget comparison and (5) supplemental schedules. Please read it in conjunction with the Authority's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- During the year, the Authority had operating expenses of \$2,240,469 compared to total non-operating expenses of \$238,818 and operating revenues of \$2,694,461 and non-operating revenues of \$82,870, resulting in a combined increase in net assets of \$298,047 for the year ended August 31, 2015.
- The Authority's total cash and investments increased \$42,058 from the previous year.
- The Authority's fixed assets (net of accumulated depreciation) increased \$14,890.

Explanation 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

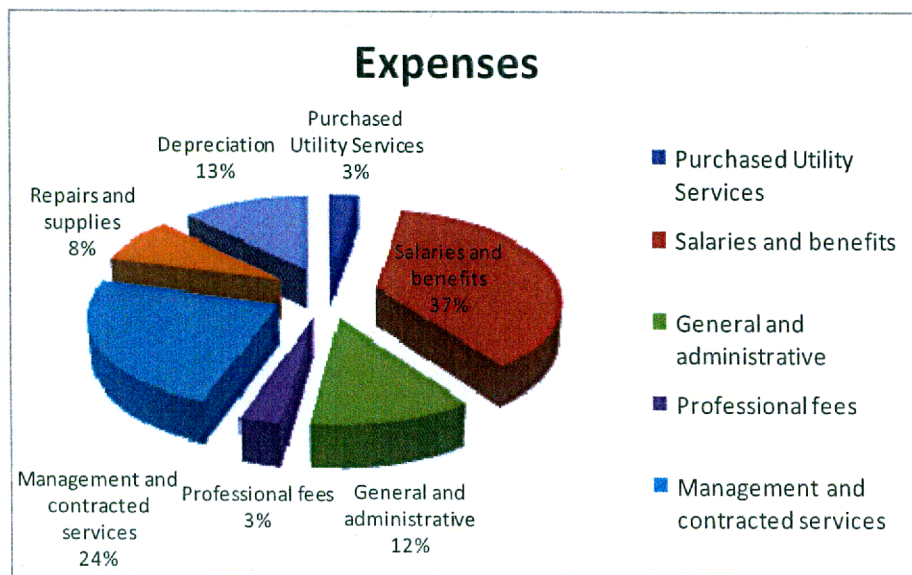
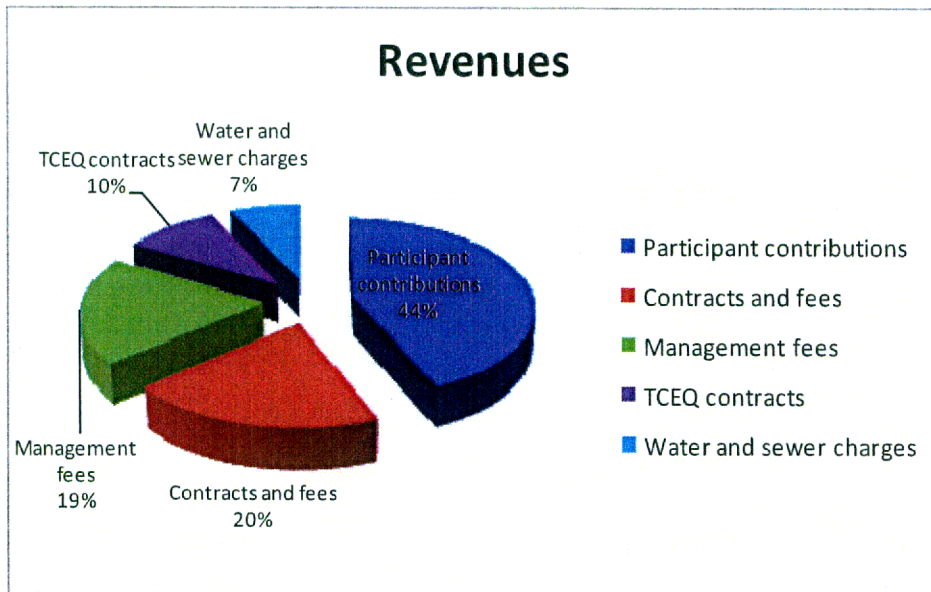
The basic financial statements include the Statements of Net Position, the Statements of Revenue, Expenses and Changes in Net Position, and the Statements of Cash Flows that present information for the Authority as a whole and provide an indication of the Authority's financial health. The financial statements 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, Expenses 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, 2015 has five funds – ANRA Operations, Holmwood Utilities, Lake Columbia Preconstruction, Neches Compost Facility and North Angelina County Regional Wastewater Facility. All of these funds together comprise the Basic Financial Statements and none of the funds independently depend on governmental funds as a major source of revenue. Therefore, all of the funds are presented in a combined financial statement. The supplement schedules portion of the report includes a Statement of Net Assets, Statement of Revenue, Expenses and changes in Net Position and Statement of Cash Flow by fund.

The Authority as a Whole

The Authority's net assets increased by \$298,047 in the year ended August 31, 2015. Table 1 and Table 2 below reflect the net assets and changes in net assets of the Authority.



The Authority has sufficient revenues to pay expenses of the Authority.

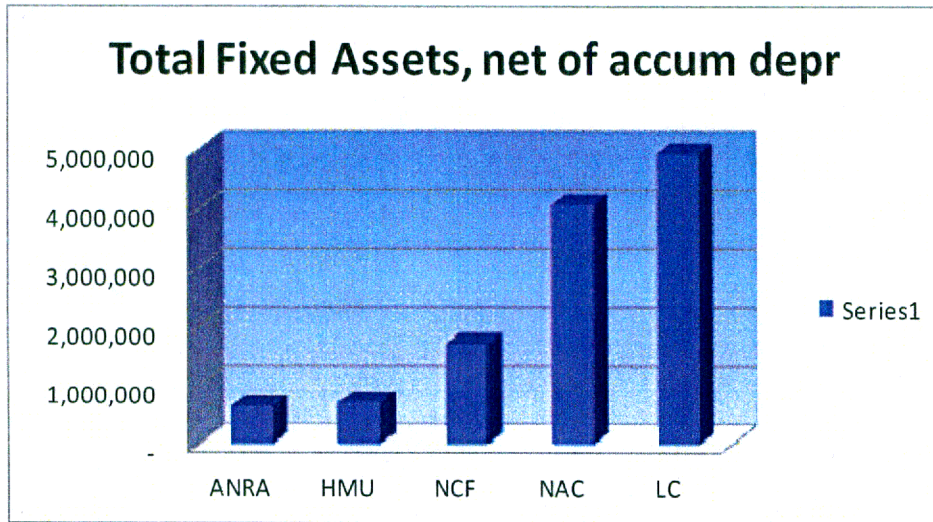
Budgetary Highlights

The Board of Directors did make changes to the budget during the year. The analysis of the budget is reflected on the Budgetary Comparison Schedule following the Notes to the Financial Statement

Capital Asset and Debt Administration

Capital Assets

Net capital assets increased from \$8,773,776 to \$8,788,666, an increase of \$14,890. The increase is primarily the result of additions to Construction Work in Progress and the purchase of land and higher accumulated depreciation. Changes to fixed assets were additions to the treatment facilities of \$26,590 and machinery and equipment of \$5,695. There were also Leasehold Improvements in the amount of \$7,767. Construction work in progress was \$5,140,515 at August 31, 2015.



A portion of the Authority's net assets, 86%, reflects its investments in capital asset (land, water and sewer system), 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, 2015, net of the current portion, totaled \$6,500,820 for leases payable and revenue bonds. The current portion of the long-term debt was \$306,393. Long-term debt activity for the year consisted of principal and interest payments on this note. Long term debt had a net decrease of \$314,158 during the period. Detailed information is included in the Notes to the Financial Statements.

Economic Factors and Next Year's Budgets

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 the legislators, state officials, customers, bond holders and citizens of the State of Texas and other interested parties with a general overview of the Authority's finances and to 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 Management office at:

Mr. Kelley Holcomb, General Manager (936)633-7543

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ANGELINA & NECHES RIVER AUTHORITY**Statement of Net Position****August 31, 2015 and 2014**

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
Current Assets		
Cash and cash equivalents	\$ 1,047,232	\$ 1,021,194
Restricted cash and cash equivalents	164,954	148,934
Accounts receivable	238,675	231,054
Total Current Assets	<u>1,450,861</u>	<u>1,401,182</u>
Noncurrent Assets		
Capital assets:		
Non-depreciable	5,474,434	5,416,242
Depreciable, net	<u>3,314,232</u>	<u>3,357,534</u>
Total non-current assets	<u>8,788,666</u>	<u>8,773,776</u>
Total assets	<u>\$ 10,239,527</u>	<u>\$ 10,174,958</u>
<u>LIABILITIES</u>		
Current Liabilities		
Accounts Payable	\$ 213,238	\$ 129,053
Accrued Interest Payable	49,994	54,890
Line of credit	47,550	47,550
Bonds and leases payable, current portion	<u>258,843</u>	<u>251,181</u>
Total Current Liabilities	<u>569,625</u>	<u>482,674</u>
Noncurrent liabilities		
Deferred Interest	558,395	517,731
Compensated absences	25,345	27,787
Bonds and leases payable	<u>5,636,034</u>	<u>5,998,516</u>
Total Noncurrent Liabilities	<u>6,219,774</u>	<u>6,544,034</u>
Total Liabilities	<u>\$ 6,789,399</u>	<u>\$ 7,026,708</u>
<u>NET POSITION</u>		
Net Investment in capital assets, net of related debt	\$ 2,843,795	\$ 2,469,189
Restricted for debt service	164,954	148,934
Unrestricted	<u>437,546</u>	<u>530,125</u>
Total Net Position	<u>\$ 3,446,295</u>	<u>\$ 3,148,248</u>

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

ANGELINA & NECHES RIVER AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended August 31, 2015 and 2014

	2015	2014
<u>OPERATING REVENUES</u>		
Participant contributions	\$ 1,174,867	\$ 1,147,879
Contracts and fees	543,492	514,248
Management fees	527,098	483,457
TCEQ contracts	260,301	296,578
Water and sewer charges	188,703	188,917
Total Operating Revenues	2,694,461	2,631,079
 <u>OPERATING EXPENSES</u>		
Purchased Utility Services	64,578	54,912
Salaries and benefits	831,751	833,636
General and administrative	275,672	349,396
Professional fees	69,730	31,218
Management and contracted services	529,616	439,979
Repairs and supplies	185,702	281,552
Depreciation	283,420	291,017
Total Operating Expenses	\$ 2,240,469	2,281,710
Operating Income	\$ 453,992	\$ 349,369
 <u>Non Operating Revenues (Expenses)</u>		
Investment Income	\$ 57	255
Debt Issue Costs	-	(98,922)
Interest Expense	(238,818)	(264,177)
Miscellaneous Income	82,813	44,183
Net Nonoperating Revenues (Expense)	\$ (155,948)	\$ (318,661)
Change in Net Position	\$ 298,047	\$ 30,708
Total Net Position, Beginning	3,148,248	3,117,540
Total Net Position, Ending	\$ 3,446,295	\$ 3,148,248

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

ANGELINA & NECHES RIVER AUTHORITY
Statement of Cash Flows
For the Fiscal Years Ended August 31, 2015 and 2014

	2015	2014
Cash Flows from Operating Activities		
Receipts from customers	\$ 2,644,000	\$ 2,632,007
Payments to suppliers	(1,110,378)	(1,185,034)
Payments to employees	(833,753)	(833,020)
Net cash provided/(used) operating activities	699,869	613,953
Cash flows from Capital and Related Financing Activities		
Purchase of capital assets	(298,310)	(254,448)
Debt proceeds	40,664	1,262,811
Accounts payable effecting capital assets	111,993	19,825
Other expenses	-	-
Principal on long term debt	(272,746)	(934,946)
Interest on long term debt	(239,881)	(265,116)
Net cash provided/(used) by Capital and Related Fin. Act.	(658,281)	(171,874)
Cash flows from Investing Activities		
Interest from investments	57	254
Other Income	412	44,183
Net cash Provided by Investing Activities	469	44,437
Net increase (decrease) in Cash and Cash Equivalents	42,057	486,516
Beginning Cash and Cash Equivalents	1,170,129	683,612
Ending Cash and Cash Equivalents	\$ 1,212,186	\$ 1,170,129
Reconciliations of Operating Income to Net Cash Provided by Operating Activities		
Operating income	453,994	349,372
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation	283,420	291,017
Changes in Assets and Liabilities:		
(Increase) decrease in:		-
Accounts receivable	(7,978)	(28,152)
Due from other funds	(42,493)	29,078
Increase (decrease) in:		
Accounts payable	13,483	(857)
Accrued liabilities	(718)	2,573
Due to other funds	161	(29,078)
Net cash Provided by Operating Activities	\$ 699,869	\$ 613,953

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

ANGELINA & NECHES RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended August 31, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity:

The Authority (formerly the Sabine-Neches Conservation District and the Neches River Conservation District) was created as a governmental agency to construct, maintain, and operate, in the valley of the Neches River and its tributaries, all works essential to the control, storage, preservation, and distribution to all useful purposes of water in the Neches River - (Article 8280-108, Vernon’s Texas Civil Statutes, amended in 1977 by an Act of the Legislature of the State of Texas). The Authority is governed by a nine-member board appointed by the Governor of Texas to six year terms. The Directors are residents of the Neches River basin and one third of the Board is appointed every two years. The board sets policy, provides oversight, and employs a General Manager.

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

Fund Financial Statements:

GASB 34 requires special purpose governments engaged only in business-type activities to present only the financial statements required for Enterprise Funds. For these governments, basic financial statements and required supplementary information consist of a Management 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, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows.

Basis of Accounting

The Authority’s basic financial statements are presented as a single Enterprise Fund. This Enterprise Fund accounts for the acquisition, operation and maintenance of Authority 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.

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.

Assets, Deferred Outflows (Inflows) of Resources, Liabilities and Net Position

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.

Capital 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:

<u>Asset Description</u>	<u>Estimated Useful Life – Years</u>
Vehicles	5 years
Equipment	10- 20 years
Utility Plant	20-30 years

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.

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 does not have any items that qualify for reporting in either of the above categories in the current year.

Subsequent Events: The Authority has evaluated subsequent events as of November 3, 2015 the date the financial statements were available to be issued.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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.

Estimates

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

NOTE 3 – DETAILED NOTES ON ALL FUNDS

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.

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, 2015, all of the Authority's \$1,212,186 deposit balance was collateralized with securities held by the pledging financial institution.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2015, was as follows:

	Balance 8/31/2014	Additions	Retirements	Balance 8/31/2015
Capital assets not being depreciated:				
Land	\$ 483,790	\$ 58,191	\$ -	\$ 541,981
Construction Work in Progress	4,940,447	200,068	-	5,140,515
Total capital assets not being depreciated	5,424,237	258,259	-	5,682,496
Other capital assets:				
Treatment Facilities	4,915,395	26,590	-	4,941,985
Machinery and equipment	1,458,032	5,695	-	1,463,727
Improvements	-	7,767	-	7,767
Total other capital assets	6,373,427	40,052	-	6,413,479
Less accumulated depreciation	(3,023,890)	(283,419)	-	(3,307,309)
TOTALS	<u>\$ 8,773,774</u>	<u>\$ 14,892</u>	<u>\$ -</u>	<u>\$ 8,788,666</u>

NOTE 4 – COMPENSATED EMPLOYEE ABSENCES

It is the Authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees with more than fifteen years of employment with ANRA are allowed to receive payment for sick leave Benefits at a rate of ½ half of the accrued value upon retirement. Accumulations of sick pay benefits are not paid to employees after termination of employment. Only amounts of vacation accumulated may be paid to employees upon termination of employment or during employment in accordance with the Authority's personnel policy. The estimated amount of compensation for accrued unused vacation leave benefits that is expected to be liquidated with expendable available financial resources is reported as an expense. The total liability as of August 31, 2015 is \$25,345.

NOTE 5 – LONG-TERM DEBT

The following is a summary of changes in the Authority's long-term liabilities for the year ended August 31, 2015:

<u>Fund</u>	<u>Balance 8/31/14</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 8/31/15</u>	<u>Due w/in 1 year</u>	<u>L/T Liab Balance</u>
Leases Payable						
ANRA	\$ 166,999	\$ -	\$ (21,565)	\$ 145,434	\$ -	\$ 145,434
Neches Compost	179,511	-	(15,981)	163,530	-	163,530
	<u>346,510</u>	<u>-</u>	<u>(37,546)</u>	<u>308,964</u>	<u>-</u>	<u>308,964</u>
Revenue Bonds						
Holmwood	460,000	-	(30,000)	430,000	30,000	400,000
Lake Columbia	230,000	-	-	230,000	-	230,000
Deferred Int	67,884	-	-	67,884	-	67,884
Lake Columbia	734,000	-	-	734,000	-	734,000
Deferred Int	182,987	40,664	-	223,651	-	223,651
Lake Columbia	800,000	-	-	800,000	-	800,000
Deferred Int	266,860	-	-	266,860	-	266,860
No Angelina Co	2,565,000	-	(160,000)	2,405,000	165,000	2,240,000
No Angelina Co	205,000	-	-	205,000	-	205,000
No Angelina Co	442,339	-	(82,075)	360,263	-	360,263
Neches Compost	446,900	-	(39,600)	407,300	40,900	366,400
Neches Compost	67,500	-	(5,600)	61,900	5,900	56,000
	<u>6,468,470</u>	<u>40,664</u>	<u>(317,275)</u>	<u>6,191,858</u>	<u>241,800</u>	<u>5,950,058</u>
Totals	<u>\$ 6,814,980</u>	<u>\$ 40,664</u>	<u>\$ (354,821)</u>	<u>\$ 6,500,822</u>	<u>\$ 241,800</u>	<u>\$ 6,259,022</u>

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

Year Ending August 31	Bonds Payable			
	Principal	Interest	Deferred	Total
2016	261,800	172,947	-	434,747
2017	268,400	202,886	47,812	519,098
2018	275,000	194,485	47,812	517,297
2019	290,400	185,814	47,812	524,026
2020	296,800	176,550	47,812	521,162
2021-2025	1,651,800	653,938	143,436	2,449,174
2026-2030	845,000	267,102	-	1,112,102
2031-2035	370,000	146,960	-	516,960
2036-2040	280,000	33,387	-	313,387
2041-2045	-	-	-	-
2046-2050	734,000	711,613	731,945	2,177,558
	<u>\$ 5,273,200</u>	<u>\$ 2,745,682</u>	<u>\$ 1,066,629</u>	<u>\$ 9,085,511</u>

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

Description	Interest Rates	Balance at 8/31/2015
Revenue bonds series 2012 (Holmwood Utilities)	3.47%	\$ 430,000
Revenue bonds series 2005 (Lake Columbia)TWDB	5.68%-5.83%	297,884
Revenue bonds series 2005 (Lake Columbia)TWDB	5.68%-5.83%	1,066,860
Revenue bonds series 2009 (Lake Columbia)TWDB	5.40%	957,653
Revenue bonds series 2012 (North Angelina County)	4.15%-4.65%	2,405,000
Revenue bonds series 2014 (North Angelina County)	.0% - 2.05%	205,000
Revenue bonds series 2014 (North Angelina County -Loan Forgiveness)		360,261
Revenue refunding bonds series 2014 (Neches Compost - Tax Exempt)	3.05%	407,300
Revenue refunding bonds series 2014 (Neches Compost - Taxable)	5.50%	61,900
		<u>\$ 6,191,858</u>

The Authority secured debt from Texas Water Development Board in connection with a wastewater system improvements project. The total loan is \$674,013 from the Clean Water State Revolving Fund (CWSRF). \$469,013 is in the form of loan forgiveness and \$205,000 is in the form of revenue bonds as indicated in the above schedule.

The Authority is obligated to maintain Interest and Sinking Fund accounts for all Texas Water Development Board bonds and is in compliance with those bond covenant mandates.

Future minimum lease payments under capital leases are as follows:

Year Ending August 31,	
2016	19,683
2017	19,683
2018	16,991
2019	9,526
Thereafter	<u>7,939</u>
Total minimum lease payments	73,822

The Authority's net investment in direct financing leases consists of the following:

Total minimum future lease payments	73,822
Executory costs and related profit	<u>-</u>
Minimum lease payments	73,822
Allowance for uncollectible payments	<u>-</u>
Net minimum lease payments	73,822
Estimated unguaranteed residual value of leased asset	-
Unearned income	(16,224)
Initial direct costs	<u>-</u>
Net investment in direct financing leases	<u>\$ 57,598</u>

NOTE 6 – AGREEMENTS TO ISSUE INDUSTRIAL DEVELOPMENT AND POLLUTION CONTROL BONDS

The ANRAIDC is a separate entity. The Authority is not liable for any of this debt.

Industrial Revenue Bonds

Description	Date of Issue	Date of Maturity	Interest Rate	Amount Authorized and Issued	Cumulative Amount Retired	Balance August 31, 2015
Aspen Power LLC Environmental Facility Revenue Bonds, Series 2007A	5/10/2007	11/1/2029	variable	45,970,000	-	45,970,000
Aspen Power LLC Environmental Facility Revenue Bonds, Taxable Series 2007B	5/10/2007	11/1/2017	variable	4,130,000	-	4,130,000
				<u>\$ 50,100,000</u>	<u>\$ -</u>	<u>\$ 50,100,000</u>

NOTE 7 – 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 8 – DEFINED CONTRIBUTION PLAN

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 \$20,073 to the Plan for the year ended August 31, 2015. 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.

The total assets in the plan as of August 31, 2015 are \$173,537.

The asset allocation breakdown is as follows:

FUND	Percentage Invested	Fund Balance
Federated Government Obligations	6.39%	\$ 11,088
BMW Bank Utah CD	5.85%	10,157
Cit Bank Salt Lake City UT CD	5.82%	10,093
Goldman Sachs Bank CD	5.84%	10,129
Goldman Sachs BK USA NY NY	2.88%	4,994
Goldman Sachs BK CD	2.84%	4,935
Federal Home Loan Bank	11.52%	19,985
Dodge & Cox Income FD	2.82%	4,901
Federated GNMA Tr	2.56%	4,442
USAA Short Term Bond Fund	1.63%	2,836
Vanguard BD Index Fd Inc. Admiral	1.24%	2,153
Vanguard Inter Term	2.13%	3,691
Vanguard Short Term	0.05%	85
Vanguard Short Term Federal Fund #49	0.43%	738
Dodge & Cox Funds	0.92%	1,590
Fidelity Contrafund Inc	3.27%	5,676
Fidelity Mt Vernon Str	4.53%	7,867
Fidelity Puritan TR	4.47%	7,757
Meridian FD Inc.	1.53%	2,649
Rowe T Price Mid-Cap	3.06%	5,313
Vang World Fd Intl	1.78%	3,094
Vang Small Cap Gr	4.94%	8,565
Vang Emerging Market	1.55%	2,692
Vanguard Extended Market	5.94%	10,301
Vanguard 500 Index Fund	16.02%	27,806
TOTAL ALL FUNDS		<u>\$ 173,537</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 year were \$6,750. Payments are made to Vantage Point Transfer Agents.

NOTE 9 – ANGELINA COUNTY FRESH WATER SUPPLY DISTRICT No. 1

The Authority serves as the manager and operator for Angelina County Fresh Water Supply District No. 1 (the "District"). As the manager and operator, the Authority bills and receives payments for all water and sewer charges of the District and deposits them into the bank account of the District. This bank account and receivables are assets of the District, a legally separate entity from ANRA. However, the Authority maintains the financial records of the District's utility operations. In addition, the District has the sole responsibility for rate setting as it applies to the District.

The contract between the Authority and the District is in place for an initial term of ten years, with additional ten year renewal options up to a total of 100 years. During the term of the contract, the Authority has the sole and exclusive use, possession and control of the water and sewer system, and has the ability to use all revenues (except for taxes) arising from these systems.

NOTE 10 – 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 an agreement with an engineering firm to perform preliminary work on a wastewater system improvements project. The amount of the contract is not to exceed \$674,013.

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 11 – CONCENTRATIONS

During the year the Authority sold 22.2% of sewer fees to Idlewood WC & ID, 21.34% to Department of Aging & Disability Services, 15.67% to City of Palestine and 15.12% to City of Athens.

SUPPLEMENTAL SCHEDULES

Statement of Net Position (by fund)

August 31, 2015 and 2014

	ANRA Operations	Holmwood Utilities	Lake Columbia	Neches Compost Facility	North Angelina County RWF	Adjustment	Totals 2015	Totals 2014
Assets								
Current Assets								
Cash and cash equivalents	\$ 117,782	\$ 45,516	\$ 1,345	\$ 273,037	\$ 609,552		\$ 1,047,232	\$ 1,021,194
Restricted cash		-	-	-	164,954		164,954	148,934
Receivables, Net	120,686	18,023	5,705	48,586	45,675		238,675	231,054
Receivables, Interfunds	151,427	-	-	-	-	(151,427)	-	-
Total Current Assets	389,895	63,539	7,050	321,623	820,181	(151,427)	1,450,861	1,401,182
Noncurrent Assets								
Capital assets:								
Non-depreciable	-	1,483	4,932,452	44,952	495,547		5,474,434	5,416,242
Depreciable	255,398	372,779	-	551,377	2,134,678		3,314,232	3,357,534
Total Noncurrent Assets	255,398	374,262	4,932,452	596,329	2,630,225		8,788,666	8,773,776
Total Assets	\$ 645,293	\$ 437,801	\$ 4,939,502	\$ 917,952	\$ 3,450,406	\$ (151,427)	\$ 10,239,527	\$ 10,174,958
Liabilities								
Current Liabilities								
Accounts Payable	\$ 44,846	\$ 11,707	\$ 3,373	\$ 5,460	\$ 147,852	\$ -	\$ 213,238	\$ 129,053
Interfund Payables	-	20	148,227	2,115	1,065	(151,427)	-	-
Accrued Interest Payable	-	8,277	3,455	3,695	34,567	-	49,994	54,890
Line of Credit	47,550						47,550	47,550
Bonds and leases payable	-	30,000	-	63,843	165,000	-	258,843	251,181
Total Current Liabilities	92,396	50,004	155,055	75,113	348,484	(151,427)	569,625	482,674
Noncurrent liabilities								
Deferred Revenue	-	-	-	-	-	-	-	-
Deferred Interest	-	-	558,395	-	-	-	558,395	517,731
Compensated absences	21,765	-	-	3,580	-	-	25,345	27,787
Bonds and leases payable	97,884	400,000	1,764,000	568,887	2,805,263		5,636,034	5,998,516
Total Noncurrent Liabilities	119,649	400,000	2,322,395	572,467	2,805,263	-	6,219,774	6,544,034
Total Liabilities	\$ 212,045	\$ 450,004	\$ 2,477,450	\$ 647,580	\$ 3,153,747	\$ -	\$ 6,789,399	\$ 7,026,708
Net Assets								
Invested in capital assets								
net of related debt	157,514	(64,015)	3,164,997	(40,096)	(374,605)	-	2,843,795	2,469,189
Restricted	-	-	-	-	164,954		164,954	148,934
Unrestricted	275,734	51,812	(706,778)	310,468	506,310	-	437,546	530,125
TOTAL NET POSITION	\$ 433,248	\$ (12,203)	\$ 2,458,219	\$ 270,372	\$ 296,659	\$ -	\$ 3,446,295	\$ 3,148,248

ANGELINA & NECHES RIVER AUTHORITY
Statement of Revenues, Expenditures and Changes in Fund Balance
August 31, 2015 and 2014

<u>REVENUES</u>	<u>ANRA Operations</u>	<u>Holmwood Utilities</u>	<u>Lake Columbia</u>	<u>Neches Compost Facility</u>	<u>North Angelina County RWF</u>	<u>TOTALS 2015</u>	<u>TOTALS 2014</u>
Participant contributions	\$ -	\$ -	\$ 59,224	\$ 549,530	\$ 566,113	\$ 1,174,867	\$ 1,147,879
Contracts and fees	455,386	-	-	87,756	350	543,492	514,248
Management fees	527,098	-	-	-	-	527,098	483,457
TCEQ contracts	260,301	-	-	-	-	260,301	296,578
Water and sewer charges	-	188,703	-	-	-	188,703	188,917
Total Revenues	<u>1,242,785</u>	<u>188,703</u>	<u>59,224</u>	<u>637,286</u>	<u>566,463</u>	<u>2,694,461</u>	<u>2,631,079</u>
 <u>EXPENDITURES</u>							
Purchased Utility Services	10,387	26,707	-	-	27,484	64,578	54,912
Salaries and benefits	666,118	-	-	165,633	-	831,751	833,636
General and administrative	121,090	9,169	4,665	108,489	32,257	275,672	349,396
Professional fees	56,919	-	-	12,411	400	69,730	31,218
Management and contracted service	118,892	103,130	-	171,971	135,623	529,616	439,979
Repairs and supplies	101,211	7,671	-	21,784	55,036	185,702	281,552
Depreciation	45,013	26,701	-	97,323	114,383	283,420	291,017
Total Operating Expenses	<u>1,119,630</u>	<u>173,378</u>	<u>4,665</u>	<u>577,611</u>	<u>365,183</u>	<u>2,240,469</u>	<u>2,281,710</u>
Net Operating Income	<u>\$ 123,155</u>	<u>\$ 15,325</u>	<u>\$ 54,559</u>	<u>\$ 59,675</u>	<u>\$ 201,280</u>	<u>\$ 453,992</u>	<u>\$ 349,369</u>
 <u>Non Operating Revenues (Expenses)</u>							
Investment Income	57	-	-	-	-	57	255
Other Expenses	-	-	-	-	-	-	(98,922)
Interest Expense	(6,976)	(17,582)	(99,888)	(28,551)	(85,821)	(238,818)	(264,177)
Miscellaneous Income	22	-	390	326	82,075	82,813	44,183
Net NonOperating Income (Expenses)	<u>\$ (6,897)</u>	<u>\$ (17,582)</u>	<u>\$ (99,498)</u>	<u>\$ (28,225)</u>	<u>\$ (3,746)</u>	<u>\$ (155,948)</u>	<u>\$ (318,661)</u>
Change in Net Position	<u>\$ 116,258</u>	<u>\$ (2,257)</u>	<u>\$ (44,939)</u>	<u>\$ 31,450</u>	<u>\$ 197,534</u>	<u>\$ 298,047</u>	<u>\$ 30,708</u>
Total Net Position, Beginning	316,990	(9,946)	2,503,158	238,922	99,125	3,148,248	3,117,540
Total Net Position, Ending	<u>\$ 433,248</u>	<u>\$ (12,203)</u>	<u>\$ 2,458,219</u>	<u>\$ 270,372</u>	<u>\$ 296,659</u>	<u>\$ 3,446,295</u>	<u>\$ 3,148,248</u>

ANGELINA & NECHES RIVER AUTHORITY

Statement of Cash Flows
August 31, 2015 and 2014

	ANRA Operations	Holmwood Utilities	Lake Columbia	Neches Compost Facility	North Angelina County RWF	2015 TOTAL	2014 Total
Cash Flows from Operating Activities							
Receipts from customers	\$1,174,873	\$ 190,029	\$ 53,519	\$ 659,944	\$ 565,635	\$ 2,644,000	\$ 2,632,007
Other Income	-	-	-	-	-	-	-
Payments to suppliers	(403,495)	(148,890)	3,985	(316,385)	(245,593)	(1,110,378)	(1,185,034)
Payments to employees	(668,585)	-	-	(165,168)	-	(833,753)	(833,020)
Net cash provided/(used) operating activities	102,793	41,139	57,504	178,391	320,042	699,869	613,953
Cash flows from Capital and Related Financing Activities							
Purchase of capital assets	(13,462)	(18,600)	-	-	(266,248)	(298,310)	(254,448)
Debt proceeds	-	-	40,664	-	-	40,664	1,262,811
Accounts payable effecting capital assets	-	-	-	-	111,993	111,993	19,825
Interfund payables effecting capital assets	-	-	-	-	-	-	-
Principal on long term debt	(21,565)	(30,000)	-	(61,181)	(160,000)	(272,746)	(934,946)
Interest on long term debt	(6,976)	(15,962)	(100,168)	(28,551)	(88,225)	(239,882)	(265,116)
Net cash provided/(used) by Capital and Related Fin. Act.	(42,003)	(64,562)	(59,504)	(89,732)	(402,480)	(658,281)	(171,874)
Cash flows from Investing Activities							
Interest from investments	57	-	-	-	-	57	254
Proceeds from sale of assets	-	-	-	-	-	-	-
Other Income	22	-	390	-	-	412	44,183
Net cash Provided by Investing Activities	79	-	390	-	-	469	44,437
Net increase (decrease) in Cash and Cash Equivalents	60,869	(23,423)	(1,610)	88,659	(82,438)	42,057	486,516
Beginning Cash and Cash Equivalents	56,913	68,939	2,955	184,378	856,944	1,170,129	683,612
Ending Cash and Cash Equivalents	\$ 117,782	\$ 45,516	\$ 1,345	\$ 273,037	\$ 774,506	\$ 1,212,186	\$ 1,170,128
Reconciliations of Operating Income to Net Cash Provided by Operating Activities							
Operating income	\$ 123,155	\$ 15,325	\$ 54,559	\$ 59,675	\$ 201,280	\$ 453,994	349,372
Adjustments to reconcile operating income to cash provided by operating activities:							
Depreciation	45,013	26,701	-	97,323	114,383	283,420	291,017
Changes in Assets and Liabilities:							
(Increase) decrease in:							
Accounts receivable	(67,761)	1,327	(5,705)	22,658	(829)	(50,310)	(28,152)
Due from other funds	(161)	-	-	-	-	(161)	29,078
Increase (decrease) in:							
Accounts payable	3,958	(2,214)	8,650	(2,119)	5,208	13,483	(857)
Accrued liabilities	(1,411)	-	-	693	-	(718)	2,573
Due to other funds	-	-	-	161	-	161	(29,078)
Net cash Provided by Operating Activities	\$ 102,793	\$ 41,139	\$ 57,504	\$ 178,391	\$ 320,042	\$ 699,869	\$ 613,953

ANRA/Holmwood Utilities

TSI-1 SERVICES AND RATES

FY 2015

1. Services provided by the Utility during the Fiscal Year:

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

2. Retail Service Providers

a. Retail rates based on 3/4" meter

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

b. Water and Wastewater Retail Connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
< 3/4"	<u>177</u>	<u>166</u>	x 1.0	<u>166</u>
1"	<u>5</u>	<u>5</u>	x 2.5	<u>13</u>
1 1/2"	<u> </u>	<u> </u>	x 5.0	<u> </u>
2"	<u> </u>	<u> </u>	x 8.0	<u> </u>
4"	<u> </u>	<u> </u>	x 25.0	<u> </u>
Total water	<u>182</u>	<u>171</u>		<u>179</u>
Total wastewater	<u>166</u>	<u>164</u>	x 1.0	<u>164</u>

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

3. Total Water Consumption During the Fiscal Year:

Gallons pumped into system:	12,679,872	Water Accountability Ratio:
Gallons flushed from system:	146,735	
Gallons billed to customers:	10,437,000	<u>83.5%</u>

4. Standby Fees:

Does the Utility have Debt Service standby fees? Yes ___ No X
 If yes, Date of the most recent Commission Order: _____

Does the Utility have Operation and Maintenance standby fees? Yes ___ No X
 If yes, Date of the most recent Commission Order: _____

5. Location of District:

County in which Utility is located: Jasper County
 Is the Utility located entirely within one county? Yes X No ___
 Is the Utility located within a city? Entirely ___ Partly ___ Not at all X
 City in which Utility is located: N/A
 Is the Utility located within a city's extra territorial jurisdiction (ETJ)?
 Entirely X Partly ___ Not at all ___
 ETJs in which Utility is located: City of Jasper
 Are Board members appointed by an office outside the Utility?
 Yes X No ___
 If yes, by whom? Governor

Angelina & Neches River Authority
 TSI-5. Long Term Debt Service Requirements
 All Bonded Debt Series - by Years
 For the Year Ended August 31, 2015

Due During Fiscal Years Ending	Annual Requirements for All Series Bonds			
	Principal Due	Interest Due	Deferred Interest	Total Annual Requirements
2016	261,800	172,947		434,747
2017	268,400	202,886	47,812	519,098
2018	275,000	194,485	47,812	517,297
2019	290,400	185,814	47,812	524,026
2020	296,800	176,550	47,812	521,162
2021	303,600	167,007	47,812	518,419
2022	315,400	157,162	47,812	520,374
2023	320,500	146,852	47,812	515,164
2024	377,300	98,236	-	475,536
2025	335,000	84,681	-	419,681
2026	325,000	72,900	-	397,900
2027	340,000	60,636	-	400,636
2028	55,000	47,864	-	102,864
2029	65,000	44,713	-	109,713
2030	60,000	40,989	-	100,989
2031	70,000	37,551	-	107,551
2032	70,000	33,539	-	103,539
2033	70,000	29,528	-	99,528
2034	80,000	25,483	-	105,483
2035	80,000	20,859	-	100,859
2036	85,000	16,234	-	101,234
2037	95,000	11,322	-	106,322
2038	100,000	5,831	-	105,831
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
2043	-	-	-	-
2044	-	-	-	-
2045	734,000	711,613	731,945	2,177,558
	<u>\$ 5,273,200</u>	<u>\$ 2,745,682</u>	<u>\$ 1,066,629</u>	<u>\$ 9,085,511</u>

Angelina & Neches River Authority
 TSI-5. Long Term Debt Service Requirements
 Series 2012 North Angelina County - Contract Revenue Refunding Bonds
 For the Year Ended August 31, 2015
 \$ 2,870,000

Due During Fiscal Years Ending	Principal Due 1-Apr	Interest Due 1-Apr 1-Oct	Total Annual Requirements
2016	165,000	81,034	246,034
2017	170,000	75,474	245,474
2018	175,000	69,746	244,746
2019	185,000	63,850	248,850
2020	190,000	57,617	247,617
2021	195,000	51,214	246,214
2022	205,000	44,644	249,644
2023	210,000	37,738	247,738
2024	215,000	30,662	245,662
2025	225,000	23,418	248,418
2026	230,000	15,836	245,836
2027	240,000	8,086	248,086
	<u>\$ 2,405,000</u>	<u>\$ 559,319</u>	<u>\$ 2,964,319</u>

Angelina & Neches River Authority
 TSI-5. Long Term Debt Service Requirements
 Series 2012 Holmwood Water and Sewer System Revenue Refunding Bond
 For the Year Ended August 31, 2015
 \$ 510,000

Due During Fiscal Years Ending	Principal Due 1-Apr	Interest Due 1-Apr and 1-Oct	Total Annual Requirements
2016	30,000	14,934	44,934
2017	30,000	13,892	43,892
2018	30,000	12,850	42,850
2019	35,000	11,808	46,808
2020	35,000	10,592	45,592
2021	35,000	9,378	44,378
2022	35,000	8,162	43,162
2023	35,000	6,946	41,946
2024	40,000	5,730	45,730
2025	40,000	4,342	44,342
2026	40,000	2,952	42,952
2027	45,000	1,562	46,562
	<u>\$ 430,000</u>	<u>\$ 103,148</u>	<u>\$ 533,148</u>

Angelina & Neches River Authority
 TSI-5. Long Term Debt Service Requirements
 Lake Columbia - Contract Revenue Bonds
 For the Year Ended August 31, 2015
 \$ 800,000

Due During Fiscal Years Ending	Principal Due 1-Aug	Interest Due 1-Aug	Deferred Interest 1-Aug	Total Annual Requirements
2016	-	46,000		46,000
2017	-	84,114	38,114	122,228
2018	-	84,114	38,114	122,228
2019	-	84,114	38,114	122,228
2020	-	84,114	38,114	122,228
2021	-	84,114	38,114	122,228
2022	-	84,114	38,114	122,228
2023	-	84,114	38,114	122,228
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
	<u>\$ 800,000</u>	<u>\$ 1,051,687</u>	<u>\$ 266,798</u>	<u>\$ 2,118,485</u>

Angelina & Neches River Authority
 TSI-5. Long Term Debt Service Requirements
 Lake Columbia - Contract Revenue Bonds
 For the Year Ended August 31, 2015
 \$ 450,000

Due During Fiscal Years Ending	Principal Due 1-Aug	Interest Due 1-Aug	Deferred Interest 1-Aug	Total Annual Requirements
2016	-	13,224		13,224
2017	-	13,224	9,698	22,922
2018	-	13,224	9,698	22,922
2019	-	13,224	9,698	22,922
2020	-	13,224	9,698	22,922
2021	-	13,224	9,698	22,922
2022	-	13,224	9,698	22,922
2023	-	13,224	9,698	22,922
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
	<u>\$ 230,000</u>	<u>\$ 223,808</u>	<u>\$ 67,886</u>	<u>\$ 521,694</u>

Angelina & Neches River Authority
 TSI-5. Long Term Debt Service Requirements
 Lake Columbia - Contract Revenue Bonds
 For the Year Ended August 31, 2015
 \$734,000

Due During Fiscal Years Ending	Principal Due 1-Aug	Interest Due 1-Feb	Interest Due 1-Aug	Total Annual Requirements
2016	-	-		-
2017	-	-		-
2018	-	-		-
2019	-	-		-
2020	-	-		-
2021	-	-		-
2022	-	-		-
2023	-	-		-
2024	-	-		-
2025	-	-		-
2026	-	-		-
2027	-	-		-
2028	-	-		-
2029	-	-		-
2030	-	-		-
2031	-	-		-
2032	-	-		-
2033	-	-		-
2034	-	-		-
2035	-	-		-
2036	-	-		-
2037	-	-		-
2038	-	-		-
2039	-	-		-
2040	-	-		-
2041	-	-		-
2042	-	-		-
2043	-	-		-
2044	-	-		-
2045	734,000	711,613	731,945	1,445,613
	<u>\$ 734,000</u>	<u>\$ 711,613</u>	<u>\$ 731,945</u>	<u>\$ 1,445,613</u>

* Interest and principal are both deferred until 2045

Angelina & Neches River Authority
 TSI-5. Long Term Debt Service Requirements
 Series 2014 Contract Revenue Bonds - TWDB
 For the Year Ended August 31, 2015
 \$ 205,000

Due During Fiscal Years Ending	Principal Due 1-Apr	Interest Due 1-Apr 1-Oct	Total Annual Requirements
2016	20,000	1,927	21,927
2017	20,000	1,927	21,927
2018	20,000	1,927	21,927
2019	20,000	1,881	21,881
2020	20,000	1,773	21,773
2021	20,000	1,602	21,602
2022	20,000	1,361	21,361
2023	20,000	1,056	21,056
2024	20,000	701	20,701
2025	25,000	253	25,253
	<u>\$ 205,000</u>	<u>\$ 14,404</u>	<u>\$ 219,404</u>

Angelina & Neches River Authority
TSI-5. Long Term Debt Service Requirements
Series 2014 Contract Revenue Bonds - TWDB
For the Year Ended August 31, 2015
\$ 469,013

Loan Forgiveness Debt
No repayment schedule
Debt is reduced by amounts paid on project

Angelina & Neches River Authority
 TSI-5. Long Term Debt Service Requirements
 Series 2014- Neches Compost Facility - Contract Revenue Refunding Bonds (Tax Exempt)
 For the Year Ended August 31, 2015
 \$ 446,900

Due During Fiscal Years Ending	Principal Due 1-Apr	Interest Due 1-Apr 1-Oct	Total Annual Requirements
2016	40,900	12,423	53,323
2017	42,100	11,175	53,275
2018	43,400	9,891	53,291
2019	43,400	8,567	51,967
2020	44,700	7,244	51,944
2021	46,100	5,880	51,980
2022	47,500	4,474	51,974
2023	48,900	3,026	51,926
2024	50,300	1,534	51,834
	<u>\$ 407,300</u>	<u>\$ 64,215</u>	<u>\$ 471,515</u>

Angelina & Neches River Authority

TSI-5. Long Term Debt Service Requirements

Series 2014- Neches Compost Facility - Contract Revenue Refunding Bonds (Taxable)

For the Year Ended August 31, 2015

\$ 67,500

Due During Fiscal Years Ending	Principal Due 1-Apr	Interest Due 1-Apr 1-Oct	Total Annual Requirements
2016	5,900	3,405	9,305
2017	6,300	3,080	9,380
2018	6,600	2,734	9,334
2019	7,000	2,371	9,371
2020	7,100	1,986	9,086
2021	7,500	1,595	9,095
2022	7,900	1,183	9,083
2023	6,600	748	7,348
2024	7,000	385	7,385
	\$ 61,900	\$ 17,485	\$ 79,385

Cash/Investments

on Deposit

I & S Fund Requirements (TWDB Bonds/Regions Bank)

8/31/15

8/31/15

Balance

Neches Compost Facility

Checking Account

\$ 22,178

NAC

Checking

\$ 145,792

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/Neches Compost Facility

FISCAL YEAR ENDING: August 31, 2015

The Required Ultimate Balances and the Required Present Balances shown below are per the current bond ordinances authorizing the **currently outstanding First Lien and Junior Lien Revenue Bonds**, respectively, in the fiscal year referenced above. The Actual Present Balances, which are maintained in separate accounts of the Issuer as per the bond covenants, appear as restricted cash and investments in the Issuer's audited financial statements for the fiscal year referenced above.

	INTEREST AND SINKING FUNDS	RESERVE FUNDS
FIRST LIEN BONDS		
REQUIRED ULTIMATE BALANCE	\$ -	\$ -
REQUIRED PRESENT BALANCE (at FY end)	\$ 5,219.00	\$ -
ACTUAL PRESENT BALANCE (at FY end)	\$ 22,178.00	\$ -

JUNIOR LIEN BONDS		
REQUIRED ULTIMATE BALANCE	\$ -	\$ -
REQUIRED PRESENT BALANCE (at FY end)	\$ -	\$ -
ACTUAL PRESENT BALANCE (at FY end)	\$ -	\$ -

The above is true and correct to the best of my knowledge Jansen and Gregorczyk 11/3/2015
 Preparer's signature Date

cc: Jansen and Gregorczyk
 Certified Public Accountant

Angelina & Neches River Authority
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget vs Actual
August 31, 2015

	Budget		Variance
	Amount	Actual	Positive / (Negative)
<u>REVENUES</u>			
Investment Income	\$ 3,236	\$ 57	\$ (3,179)
Miscellaneous Income	44,225	82,813	38,588
Participant contributions	1,174,867	1,174,867	-
Grant Income	136,889	-	(136,889)
Contracts and fees	340,932	543,492	202,560
Management fees	20,000	527,098	507,098
TCEQ contracts	165,543	260,301	94,758
Water and sewer charges	376,264	188,703	(187,561)
Total Revenues	<u>2,261,956</u>	<u>2,777,331</u>	<u>515,375</u>
<u>EXPENDITURES</u>			
Purchased Utility Services	\$ 48,750	\$ 64,578	\$ (15,828)
Salaries and benefits	888,952	831,751	57,201
General and administrative	94,993	274,604	(179,611)
Professional fees	75,500	69,730	5,770
Management and contracted services	430,199	529,616	(99,417)
Repairs and supplies	225,073	185,702	39,371
Debt Service:	-	-	-
Principal	287,756	354,821	(67,065)
Interest Expense	196,489	239,881	(43,392)
Total Expenditures	<u>2,247,712</u>	<u>2,550,683</u>	<u>(302,971)</u>
Revenues Over(Under) Expenditures	\$ 14,244	\$ 226,648	\$ 212,404
<u>Other Uses of Funds</u>			
Capital Outlay	13,530	298,310	(284,780)
Change in Net Position	714	(71,662)	(72,376)
Beginning Net Position	<u>3,148,248</u>	<u>3,148,248</u>	<u>-</u>
Ending Net Position	<u>\$ 3,148,962</u>	<u>\$ 3,076,586</u>	<u>\$ (72,376)</u>
<u>Budget Basis</u>			
Depreciation		(283,420)	
Capital Outlay		298,310	
Principal Payments		<u>354,821</u>	
Changes in Net Position- GAAP Basis		<u>369,709</u>	
Net Assets - GAAP Basis		<u>\$ 3,446,295</u>	

Jody Anderson, President

361 Red Loving Road
Lufkin, Texas 75901
Term Ends: 9-5-2019

David King, Director

183 Fernwood Drive
Nacogdoches, Texas 75964
Term Ends: 9-5-2019

Louis Bronaugh, Secretary Treasurer

710 Jefferson
Lufkin, Texas 75901
Term Ends: 9-5-2017

Jim Hughes Jr., Vice-President

837 South Wheeler Street
Jasper, Texas 75951
Term Ends: 9-5-2015

Dominick B. (Nick) Bruno, Director

10280 FM 786 North
Jacksonville, Texas 75766
Term Ends: 9-5-2015

Thomas R. "Tom" Murphy, Director

908 E. Mimosa Lane
Crockett, TX 75835
Term Ends: 9-5-2019

Patricia E. Dickey, Secretary Pro Tem

112 South 5th Street
Crockett, Texas 75835
Term Ends: 9-5-2017

Julie Dowell, Director

107 Lakeshore Drive
Bullard, Texas 75757
Term Ends: 9-5-2017

Keith Drewery, Director

902 SE Stallings Drive
Nacogdoches, Texas 75964
Term Ends: 9-5-2015

Executive Staff

(Unaudited)

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

Angelina & Neches River Authority
Schedule of Insurance in Force
8/31/2015

(Unaudited)

Name of Company	Policy Number	Policy Period	Details of Coverage	Limits of Liability	Annual Premium
Texas Water Conservation Association	0042	7/1/15-7/1/16	Auto Liability	\$ 1,000,000	\$ 3,282
Texas Water Conservation Association	0042	7/1/15-7/1/16	General Liability	\$ 1,000,000	4,846
Texas Water Conservation Association	0042	7/1/15-7/1/16	Errors & Omissions	\$ 1,000,000	2,398
Texas Water Conservation Association	0042	7/1/15-7/1/16	Property Liability	\$ 6,562,827	10,460
Texas Water Conservation Association	0042	7/1/15-7/1/16	Auto Physical Damage	Scheduled	7,185
					<u>\$ 28,171</u>

