

**ANNUAL FINANCIAL REPORT
OF
ANGELINA & NECHES
RIVER AUTHORITY**

**For the Years Ended
August 31, 2009 and August 31, 2008**

ANGELINA & NECHES RIVER AUTHORITY
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AUGUST 31, 2009

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Independent Auditors' Report

Board of Directors

Angelina & Neches River Authority:

We have audited the accompanying basic financial statements of the Angelina & Neches River Authority (the "Authority") as of and for the years ending August 31, 2009 and 2008. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of August 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary statement information on pages 3 through 7, and 19 respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary schedules listed in the table of contents are presented for purposes for additional analysis and are not a required part of the basic financial statements of the Authority. Such information, unless marked unaudited, has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated in all material aspects, in relation to the financial statements taken as a whole.

Jansen and Gregorczyk
October 27, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 year ended August 31, 2009. This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements, which have the following components: (1) management's discussion and analysis (MD&A), (2) basic financial statements, (3) notes to the financial statements, and (4) budget comparison. Please read it in conjunction with the Authority's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- During the year, the Authority had operating expenditures of \$2,044,373 compared to total non-operating expenses of \$199,866 and operating revenues of \$2,230,665, resulting in a combined decrease in net assets of \$13,574 for the year ended August 31, 2009.
- The Authority's cash and investments decreased \$500,735 from the previous year. The decrease in cash was invested in \$238,000 of plant at Holmwood and \$295,000 in permitting expenses at Lake Columbia. The additional \$25,000 invested came from operations.

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 Assets, the Statements of Revenue, Expenses and Changes in Net Assets, 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.

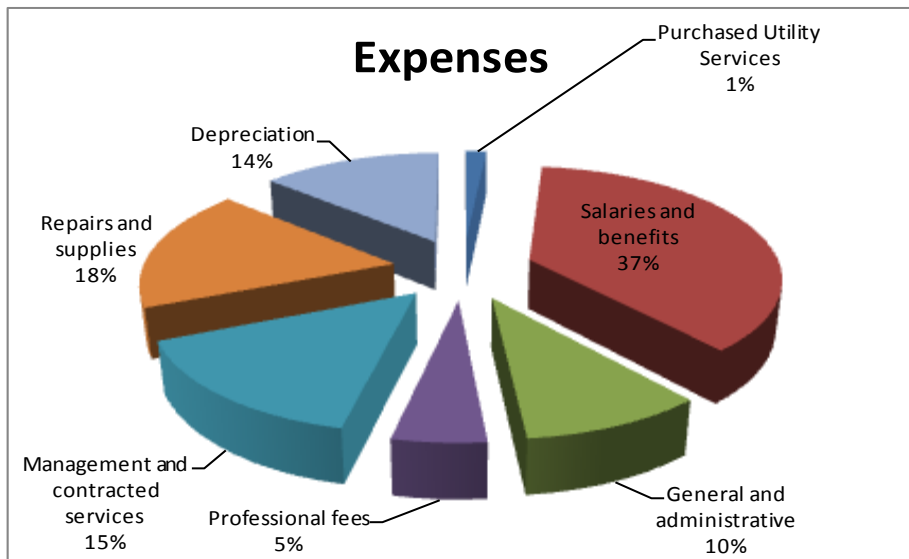
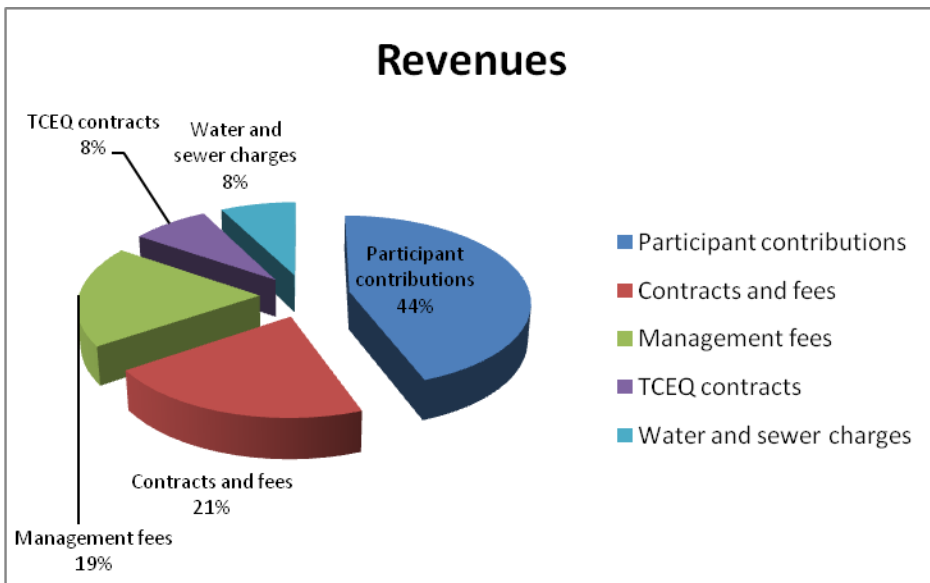
The Statements of Net Assets report the current and noncurrent assets and liabilities for the Authority as well as delineating the restricted assets from assets to be used for general purposes. The Statements of Revenue, Expenses and changes in Net Assets report all of the revenues and expenses during 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, 2009 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 include a Statement of Net Assets, Statement of Revenue, Expenses and changes in Net Assets and Statement of Cash Flow by fund.

THE AUTHORITY AS A WHOLE

The Authority's net assets decreased by \$13,574 in the year ended August 31, 2009. Table 1 and Table 2 below reflect the net assets and changes in net assets of the Authority.

Table 1		CONDENSED STATEMENT OF NET ASSETS		
		2009	2008	
	Current and other assets	\$ 845,654	\$ 1,293,628	
	Capital assets, net	8,856,086	8,601,602	
	Total Assets	9,701,740	9,895,230	
	Long-term liabilities	5,820,675	6,152,288	
	Other liabilities	451,776	388,284	
	Total Liabilities	6,272,451	6,540,572	
	Net assets:			
	Invested in capital assets, net of related debt	2,857,945	2,350,217	
	Restricted	199,851	148,501	
	Unrestricted	283,287	855,939	
	Total Net Assets	\$ 3,341,083	\$ 3,354,657	
Table 2		CONDENSED STATEMENT OF ACTIVITIES		
		2009	2008	
	Revenues:			
	Charges for services	\$ 2,230,665	\$ 2,042,164	
	Operating grants	59,506	57,636	
	General revenues:			
	Investment income	8,509	29,846	
	Other	27,512	62,290	
	Total Revenues	2,326,192	- 2,191,936	
	Expenses:			
	General services	1,051,797	1,017,754	
	Holmwood Utility	203,782	172,667	
	Lake Columbia	40,186	16,700	
	North Angelina County	478,491	480,333	
	Neches Composting	565,510	498,398	
	Total Expenses	2,339,766	2,185,852	
	Change in Net Assets	(13,574)	6,084	
	Beginning net assets:	3,354,657	3,348,573	
	Ending Net Assets	\$ 3,341,083	\$ 3,354,657	



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

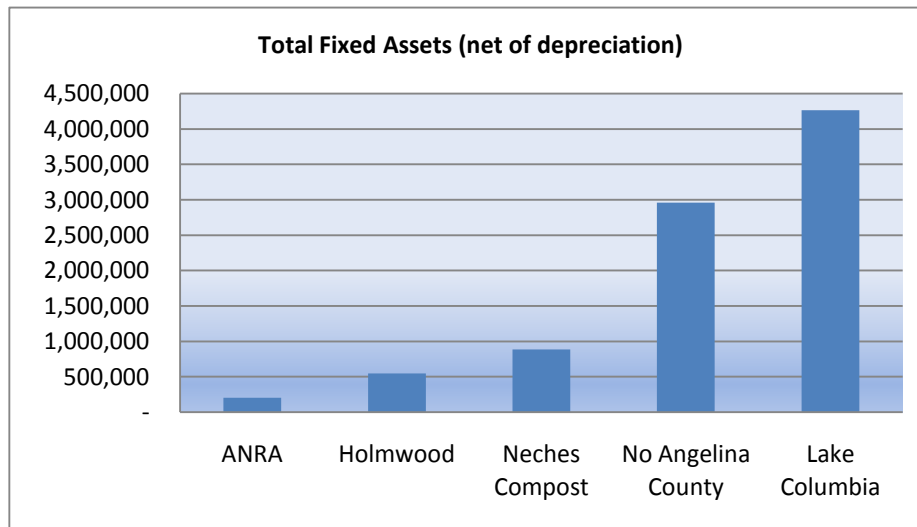
Budgetary Highlights

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 Schedule following the Notes to the Financial Statements.

Capital Asset and Debt Administration

Capital Assets

At August 31, 2009, the Authority had \$10,761,367 excluding depreciation, invested in capital assets. Of this amount, \$5,658,498 represented water treatment facilities, \$773,761 in machinery and equipment and \$63,935 in land and \$4,265,174 in construction work in progress at Lake Columbia. There were \$568,979 in gross additions to capital assets during the year and retirements of \$50,000.



A portion of the Authority's net assets, 85.5% reflects its investments in capital asset (land, water and sewer system and infrastructure), 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, 2009, net of the current portion, totaled \$5,778,041 for notes payable and revenue bonds. The current portion of the long-term debt was \$220,000. Long-term debt activity for the year consisted of principal and interest payments on this note. Long term debt decreased by \$253,244 during the period. Detailed information is included in the Notes to the Financial Statements.

Economic Factors and Next Years Budgets

The Authority continues to seek and apply for grants to assist in research, development and planning for their facilities. A source water assessment grant has been approved by the Texas Water Development Board in the amount of \$97,434. This grant will be for a water quality monitoring project for the Lake Columbia watershed.

Contacting the Authority's Financial Management

This financial report is designed to provide the legislators, state officials, customers, bond holders, 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

ANGELINA & NECHES RIVER AUTHORITY

Statement of Net Assets

August 31, 2009 and 2008

	TOTALS	
<u>Assets</u>	2009	2008
Current Assets		
Cash an cash equivalents	\$ 302,526	\$ 854,611
Restricted cash	199,851	148,501
Receivables, Net	255,266	237,060
Total Current Assets	757,643	1,240,173
Noncurrent Assets		
Capital assets:		
Non-depreciable	4,329,108	4,034,232
Depreciable	4,526,978	4,567,370
Total Noncurrent Assets	8,856,086	8,601,602
Total Assets	\$ 9,613,729	\$ 9,841,775
 <u>Liabilities</u>		
Current Liabilities		
Accounts Payable	\$ 126,548	\$ 139,829
Accrued Interest Payable	105,228	56,129
Due less than one year	220,000	195,000
Total Current Liabilities	451,776	390,958
Noncurrent liabilities		
Deferred Revenue	19,872	20,215
Compensated absences	22,662	19,559
Notes payable	378,141	436,385
Revenue bonds payable	5,400,000	5,620,000
Total Noncurrent Liabilities	5,820,675	6,096,159
Total Liabilities	\$ 6,272,451	\$ 6,487,117
 <u>Net Assets</u>		
Invested in capital assets, net of related debt	\$ 2,857,945	\$ 2,350,217
Restricted	199,851	148,501
Unrestricted	283,287	855,939
TOTAL NET ASSETS	\$ 3,341,083	\$ 3,354,657

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

ANGELINA & NECHES RIVER AUTHORITY
Statement of Revenues, Expenditures and Changes in Fund Balance
August 31, 2009 and 2008

<u>REVENUES</u>	TOTALS	
	2009	2008
Participant contributions	\$ 988,249	\$ 901,810
Contracts and fees	473,668	411,518
Management fees	423,467	396,401
TCEQ contracts	175,411	173,753
Water and sewer charges	169,870	158,683
Total Revenues	2,230,665	2,042,164
<u>EXPENDITURES</u>		
Purchased Utility Services	31,946	27,530
Salaries and benefits	758,146	758,746
General and administrative	200,625	164,611
Professional fees	102,434	93,895
Management and contracted services	311,770	268,478
Repairs and supplies	360,871	332,151
Depreciation	278,581	288,357
Total Operating Expenses	\$ 2,044,373	\$ 1,933,767
Net Operating Income	\$ 186,292	\$ 108,397
<u>Non Operating Revenues (Expenses)</u>		
Investment Income	\$ 8,509	\$ 29,846
Grant Income	59,506	57,636
Interest Expense	(295,392)	(252,085)
Miscellaneous Income	27,512	62,290
Net NonOperating Income (Expense)	\$ (199,866)	\$ (102,313)
Change in Net Assets	\$ (13,574)	\$ 6,084
Total Net Assets, Beginning	3,354,657	3,348,573
Total Net Assets, Ending	\$ 3,341,083	\$ 3,354,657

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

ANGELINA & NECHES RIVER AUTHORITY
Statement of Cash Flows
August 31, 2009 and 2008

	TOTALS	
	2009	2008
Cash Flows from Operating Activities		
Receipts from customers	\$ 2,185,524	\$ 2,013,365
Payments to suppliers	(964,982)	(942,709)
Payments to employees	(754,810)	(758,746)
Net cash provided/(used) operating activities	465,732	311,910
Cash flows from Capital and Related Financing Activities		
Purchase of capital assets	(568,979)	(654,530)
Debt proceeds	-	981,936
Proceeds for long term assets	23,916	-
Principal on long term debt	(263,749)	(585,956)
Interest on long term debt	(257,201)	(227,621)
Net cash provided/(used) by Capital and Related Financing Activities	(1,066,013)	(486,171)
Cash flows from Investing Activities		
Interest from investments	9,195	29,846
Proceeds from sale of assets	6,333	-
Other Income	84,018	119,923
Net cash Provided by Investing Activities	99,546	149,769
Net increase (decrease) in Cash and Cash Equivalents	(500,735)	(24,492)
Beginning Cash and Cash Equivalents	1,003,112	1,027,604
Ending Cash and Cash Equivalents	\$ 502,377	\$ 1,003,112
Reconciliations of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 186,292	108,397
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation	278,581	288,357
Changes in Assets and Liabilities:		
(Increase) decrease in:		
Accounts receivable	(10,586)	(36,741)
Due from other funds	(34,555)	7,942
Increase (decrease) in:		
Accounts payable	9,943	(10,256)
Accrued liabilities	1,502	(9,228)
Due to other funds	34,555	(36,561)
Net cash Provided by Operating Activities	\$ 465,732	\$ 311,910

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

ANGELINA & NECHES RIVER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
August 31, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements and accounting policies of the Authority are prepared in conformity with generally accepted accounting principles for local governmental units as prescribed by the Governmental Accounting Standards Board, which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority's significant 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, storing, 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.

ANRAIDC was incorporated on August 6, 1979, under the provisions of the Development Corporation Act of 1979, Senate Bill 1275, as an instrumentality of the Angelina & Neches River Authority. ANRAIDC was organized to issue bonds on behalf of the Authority for the public purposes of promotion and development of commercial, industrial, and manufacturing enterprises and to promote and encourage employment and public welfare.

The Board of Directors of the Authority appoints the entire board of the ANRAIDC and may, for cause or at will, remove the Corporation's four-member governing board. The Board of Directors appointed by the Authority is comprised of two local ANRA board members and IDC board member, and the General Manager of the Authority. Accordingly, the governing bodies of both entities are "substantially the same" providing the Authority sufficient representation to allow complete control of ANRAIDC. In addition, the Authority approves all specific transactions of ANRAIDC and has the authority to amend ANRAIDC's Articles of Incorporation, terminate, or dissolve the Corporation. ANRAIDC is reported as a component unit and presented as a governmental fund, since it is, in substance, the same as the primary government, despite being legally separate. ANRAIDC does not prepare separate financial statements as the only activity is conduit debt. See note 6 for additional information.

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.

Basis of Accounting

Required fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows.

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, Liabilities and Net Assets:

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.

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. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such 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 governmental fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

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	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.

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.

Accounting and Financial Reporting

In June 2007, the GASB issued Statement No. 51 ("GASB 51"), *Accounting and Financial Reporting for Intangible Assets*. GASB 51 established guidance on the recognition of intangible assets, and established guidance on the accounting and financial reporting of intangible assets. The Authority will be required to apply the provisions of GASB 51 in its fiscal year ending August 31, 2010. The Authority has not completed the process of evaluating the impact that will result from adopting GASB 51, and is therefore unable to disclose the impact that adopting GASB 51 will have on its financial position and results of operations.

Budget

The Authority prepares a budget in accordance with The Water Code, Chapter 49, Subchapter G, 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 expenditures 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.

NOTE 2 – CASH AND TEMPORARY 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, this 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 year-end, market values of pledged securities and FDIC insurance exceeded bank balances of \$502,377.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2009, was as follows:

	Balance 8/31/2008	Additions	Retirements	Balance 8/31/2009
Capital assets not being depreciated:				
Land	\$ 63,935	\$ -	\$ -	\$ 63,935
Construction Work in Progress	3,970,298	523,675	(228,799)	4,265,174
Total capital assets not being depreciated	4,034,233	523,675	(228,799)	4,329,109
Other capital assets:				
Treatment Facilities	\$ 5,429,699	\$ 228,799		\$ 5,658,498
Machinery and equipment	792,372	31,389	(50,000)	773,761
Total other capital assets	6,222,071	260,188	(50,000)	6,432,259
Less accumulated depreciation	(1,654,701)	(278,580)	28,000	(1,905,281)
TOTALS	\$ 8,601,602	\$ 505,283	\$ (250,799)	\$ 8,856,086
Less associated debt	(5,736,703)			(5,998,141)
	<u>\$ 2,864,899</u>			<u>\$ 2,857,945</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 twelve years of employment with ANRA are allowed to receive payment for sick leave benefits at a rate of one 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 expenditure and a fund liability of each respective governmental fund. The total liability as of August 31, 2009 is \$22,662. Increases (decreases) during the period were (\$959) for ANRA Operations and \$4,062 for Neches Compost Facility.

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, 2009.

Fund	Balance 8/31/08	Additions	Retirements	Balance 8/31/09	Due w/in 1 year	L/T Liab Balance
Notes Payable						
ANRA	\$ 95,207	\$ -	\$ (24,907)	\$ 70,300	\$ 10,083	\$ 60,217
Neches Compost	341,178	-	(33,337)	307,841	31,355	276,486
	436,385	-	(58,244)	378,141	41,438	336,703
Revenue Bonds						
ANRA						
Holmwood	550,000	-	(15,000)	535,000	15,000	520,000
Lake Columbia	1,250,000	-	-	1,250,000	-	1,250,000
No Angelina Co	3,215,000	-	(135,000)	3,080,000	155,000	2,925,000
Neches Compost	800,000	-	(45,000)	755,000	50,000	705,000
	5,815,000	-	(195,000)	5,620,000	220,000	5,400,000
TOTAL DEBT	\$ 6,251,385	\$ -	\$ (253,244)	\$ 5,998,141	\$ 261,438	\$ 5,736,703

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

Description	Interest Rates	Balance at 8/31/2009
Revenue bonds series 2008 (Holmwood Utilities)	6.00%	\$ 535,000
Revenue bonds series 2005 (Lake Columbia)	5.68%-5.83%	1,250,000
Revenue bonds series 2001 (North Angelina County)	4.15%-4.65%	2,500,000
Revenue bonds series 1998 (Neches Compost)	3.35%-4.6%	370,000
Revenue bonds series 2003 (Neches Compost)	5.25%	385,000
Revenue bonds series 2006 (North Angelina County)	6.85%	580,000
		<u>\$ 5,620,000</u>

Year Ending August 31	Bonds Payable		
	Principal	Interest	Total
2010	\$ 220,000	\$ 241,953	\$ 461,953
2011	240,000	241,980	481,980
2012	260,000	240,847	500,847
2013	280,000	238,689	518,689
2014	290,000	235,736	525,736
2015-2019	1,725,000	1,116,941	2,841,941
2020-2024	1,100,000	805,984	1,905,984
2025-2029	635,000	345,278	980,278
2030-2034	430,000	204,664	634,664
2035-2039	440,000	65,846	505,846
	<u>\$ 5,620,000</u>	<u>\$ 3,737,917</u>	<u>\$ 9,357,917</u>

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. Additional requirements for the other bonds with First Bank & Trust were slightly deficient in the balances at year end. The Authority has deposited sufficient funds into the respective accounts subsequent to year end to satisfy the requirements.

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

The Authority and the ANRAIDC have issued Industrial Development bonds as a conduit for other entities. In conformity with the State of Texas Auditors' report dated October 6, 1986 industrial development bonds are not on the balance sheet of the Authority but are being disclosed in the notes. The Attorney General has ruled that the Authority is not liable for any of the following bonds:

Guarantors name*	Issued	Outstanding
Temple-Inland Forest Products Corporation	1991	\$ 7,350,000
Champion International Corporation	1995	6,750,000
Temple-Inland Forest Products Corporation	1998	3,750,000
Aspen Power, LLC	2006	53,330,000
Total private activity bonds		<u>\$ 71,180,000</u>

*as listed in original issuance documents

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 disaster 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 may make a contribution. The Authority contributed \$15,792 to the Plan for the year ended August 31, 2009. 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 and 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 plan’s results are included in a separate report with summary. Copies of this report can be obtained from the Authority.

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 \$ 8,030. Payments are made to Vantage Point Transfer Agents.

NOTE 9 – ANGELINA COUNTY FRESH WATER SUPPLY DISTRICT # 1

The Authority serves as the manager and operator for Angelina County Fresh Water Supply District #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 Authority is responsible 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 is engaged in various projects as of August 31, 2009. The Authority’s commitments with contractors are as follows:

<u>Description</u>	<u>Expenditures</u>	<u>Total Cost</u>	<u>Remaining Contract</u>
Engineering & Contracting Services	\$ 306,429	\$ 333,830	\$ 27,401

NOTE 11 – CONCENTRATIONS

During the year the Authority sold 23.28% of sewer fees to Idlewood WC & ID, 22.41% to Lufkin State School and 16.95% to City of Palestine.

NOTE 12 – OTHER MATTERS

- A grant from the Texas Water Development Board in the amount of \$97,434 for a Water Quality Monitoring Grant for Lake Columbia Watershed has funded \$59,506 which leaves a balance of \$37,928 as of August 31, 2009.
- ANRA has a board approved Water Conservation and Drought Contingency plan. It only specifies Holmwood Utilities and future wholesale customers. The document was amended and approved on May 5, 2009. Subsequently, the approved document was submitted to the Texas Water Development Board.

Angelina & Neches River Authority
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget vs Actual
August 31, 2009

	Budget		Variance
	Amount	Actual	Positive / (Negative)
REVENUES			
Investment Income	\$ 15,904	\$ 8,509	\$ (7,395)
Grant Income	-	59,506	59,506
Miscellaneous Income	89,155	27,512	(61,643)
Participant contributions	988,011	988,249	238
Contracts and fees	358,059	473,668	115,609
Management fees	372,817	423,467	50,650
TCEQ contracts	179,102	175,411	(3,691)
Water and sewer charges	279,016	169,870	(109,146)
Total Revenues	2,282,064	2,326,191	44,127
EXPENDITURES			
Purchased Utility Services	\$ 58,800	\$ 31,946	\$ (26,854)
Salaries and benefits	817,333	758,146	(59,187)
General and administrative	318,895	200,625	(118,270)
Professional fees	104,750	102,434	(2,316)
Management and contracted services	511,855	311,770	(200,085)
Repairs and supplies	160,545	360,871	200,326
Debt Service:	-	-	-
Principal	234,800	253,249	18,449
Interest Expense	264,164	267,701	3,537
Total Expenditures	2,471,142	2,286,742	(184,400)
Revenues Over(Under) Expenditures	\$ (189,078)	\$ 39,449	\$ 228,527
Other Uses of Funds			
Capital Outlay	-	537,674	537,674
Change in Fund Balance	(189,078)	(498,225)	(309,147)
Beginning Fund Balance	3,354,657	3,354,657	-
Ending Fund Balance	\$ 3,165,579	\$ 2,856,432	\$ (309,147)
Budget Basis			
Depreciation		(278,581)	
Capital outlay		537,674	
Debt Proceeds		-	
Proceeds from disposal of assets		(33,192)	
Principal Payments		258,749	
Changes in Net Assets - GAAP Basis		(13,574)	
Net Assets - GAAP Basis		\$ 3,341,083	

SUPPLEMENTAL SCHEDULES

ANGELINA & NECHES RIVER AUTHORITY
Statement of Net Assets (by fund)
August 31, 2009 and 2008

						Totals		Totals		
	ANRA Operations	Holmwood Utilities	Lake Columbia	Neches Compost Facility	North Angelina County RWF	Adjustment	2009	2008	2009	2008
Assets										
Current Assets										
Cash and cash equivalents	\$ 117,139	\$ 46,232	\$ 24,364	\$ 80,234	\$ 34,557		\$ 302,526		\$ 854,611	
Restricted cash	-	-	-	75,153	124,698		199,851		148,501	
Receivables, Net	125,473	14,621	15	65,562	49,595		255,266		237,060	
Receivables, Interfunds	88,011	-	-	-	-	(88,011)	-		-	
Total Current Assets	<u>330,623</u>	<u>60,853</u>	<u>24,379</u>	<u>220,949</u>	<u>208,850</u>		<u>757,643</u>		<u>1,240,172</u>	
Noncurrent Assets										
Capital assets:										
Non-depreciable	-	1,482	4,265,174	44,952	17,500		4,329,108		4,034,232	
Depreciable	202,158	543,855	-	840,251	2,940,713		4,526,978		4,567,370	
Total Noncurrent Assets	<u>202,158</u>	<u>545,337</u>	<u>4,265,174</u>	<u>885,203</u>	<u>2,958,213</u>		<u>8,856,086</u>		<u>8,601,602</u>	
Total Assets	<u>\$ 532,781</u>	<u>\$ 606,190</u>	<u>\$ 4,289,553</u>	<u>\$ 1,106,152</u>	<u>\$ 3,167,063</u>		<u>\$ 9,613,729</u>		<u>9,841,774</u>	
Liabilities										
Current Liabilities										
Accounts Payable	\$ 34,799	\$ 24,086	\$ 56,219	\$ 10,426	\$ 1,018		\$ 126,548		\$ 139,829	
Interfund Payables	-	19,095	48,200	7,831	12,885	(88,011)	-		-	
Accrued Interest Payable	-	16,050	5,917	2,837	80,424		105,228		56,129	
Due less than one year	-	15,000	-	50,000	155,000		220,000		195,000	
Total Current Liabilities	<u>34,799</u>	<u>74,231</u>	<u>110,336</u>	<u>71,094</u>	<u>249,327</u>		<u>451,776</u>		<u>390,958</u>	
Noncurrent liabilities										
Deferred Revenue	-	-	19,872	-	-		19,872		20,215	
Compensated absences	16,175	-	-	6,487	-		22,662		19,559	
Notes payable	70,300	-	-	307,841	-		378,141		436,385	
Revenue bonds payable	-	520,000	1,250,000	705,000	2,925,000		5,400,000		5,620,000	
Total Noncurrent Liabilities	<u>86,475</u>	<u>520,000</u>	<u>1,269,872</u>	<u>1,019,328</u>	<u>2,925,000</u>		<u>5,820,675</u>		<u>6,096,159</u>	
Total Liabilities	<u>\$ 121,274</u>	<u>\$ 594,231</u>	<u>\$ 1,380,208</u>	<u>\$ 1,090,422</u>	<u>\$ 3,174,327</u>		<u>\$ 6,272,451</u>		<u>\$ 6,487,117</u>	
Net Assets										
Invested in capital assets										
net of related debt	131,858	10,337	3,015,174	(177,638)	(121,787)		2,857,945		2,350,217	
Restricted	-	-	-	75,153	124,698		199,851		148,501	
Unrestricted	279,649	1,623	(105,829)	118,020	(10,175)		283,287		855,939	
TOTAL NET ASSETS	<u>\$ 411,507</u>	<u>\$ 11,960</u>	<u>\$ 2,909,345</u>	<u>\$ 15,535</u>	<u>\$ (7,264)</u>		<u>\$ 3,341,083</u>		<u>\$ 3,354,657</u>	

ANGELINA & NECHES RIVER AUTHORITY
Statement of Revenues, Expenditures and Changes in Fund Balance
August 31, 2009 and 2008

<u>REVENUES</u>	ANRA	Holmwood	Lake	Neches	North	TOTALS	
	Operations	Utilities	Columbia	Compost Facility	Angelina County RWF	2009	2008
Participant contributions	\$ -	\$ -	\$ 21,566	\$ 475,314	\$ 491,369	\$ 988,249	\$ 901,810
Contracts and fees	357,241			116,427		473,668	411,518
Management fees	423,467			-		423,467	396,401
TCEQ contracts	175,411			-		175,411	173,753
Grant Income	59,506	-	-	-	-	59,506	57,636
Miscellaneous Income	24,512	-	-	-	-	24,512	62,290
Water and sewer charges	-	169,870		-		169,870	158,683
Total Revenues	1,040,137	169,870	21,566	591,741	491,369	2,314,683	2,042,164
 <u>EXPENDITURES</u>							
Purchased Utility Services	-	31,946	-			31,946	27,530
Salaries and benefits	628,985	-	-	129,160	-	758,146	758,746
General and administrative	107,782	10,690	12,706	22,845	46,603	200,625	164,611
Professional fees	79,795	1,881		9,815	10,944	102,434	93,895
Management and contracted services	76,982	60,828		77,095	96,865	311,770	268,478
Repairs and supplies	128,341	42,386		157,206	32,938	360,871	332,151
Depreciation	24,895	20,752		109,541	123,392	278,581	288,357
Total Operating Expenses	1,046,780	168,482	12,706	505,662	310,743	2,044,374	1,933,767
 Net Operating Income	 \$ (6,643)	 \$ 1,388	 \$ 8,860	 \$ 86,079	 \$ 180,626	 \$ 270,310	 \$ 108,397
 <u>Non Operating Revenues (Expenses)</u>							
Investment Income	1,909	1,914	2,954	676	1,056	8,509	29,846
Gain on sale of assets					3,000	3,000	
Interest Expense	(5,017)	(35,300)	(27,480)	(59,847)	(167,748)	(295,392)	(252,085)
Net NonOperating Income (Expense)	\$ (3,108)	\$ (33,386)	\$ (24,526)	\$ (59,171)	\$ (163,692)	\$ (283,883)	\$ (102,313)
 Change in Net Assets	 \$ (9,751)	 \$ (31,998)	 \$ (15,666)	 \$ 26,908	 \$ 16,934	 \$ (13,573)	 \$ 6,084
 Total Net Assets, Beginning	 421,258	 43,958	 2,925,011	 (11,373)	 (24,198)	 3,354,657	 3,348,573
 Total Net Assets, Ending	 <u>\$ 411,507</u>	 <u>\$ 11,960</u>	 <u>\$ 2,909,345</u>	 <u>\$ 15,535</u>	 <u>\$ (7,264)</u>	 <u>\$ 3,341,084</u>	 <u>\$ 3,354,657</u>

ANGELINA & NECHES RIVER AUTHORITY

Statement of Cash Flows

August 31, 2009 and 2008

	ANRA Operations	Holmwood Utilities	Lake Columbia	Neches Compost Facility	North Angelina County RWF	2009 TOTAL	2008 Total
Cash Flows from Operating Activities							
Receipts from customers	\$ 927,125	\$ 175,644	\$ 21,224	\$ 571,756	\$ 489,776	\$ 2,185,524	\$2,013,365
Other Income	84,018	-	-	-	-	84,018	119,923
Payments to suppliers	(393,257)	(150,832)	68,787	(262,803)	(226,878)	(964,982)	(942,709)
Payments to employees	(628,985)	-	-	(125,824)	-	(754,810)	(758,746)
Net cash provided/(used) operating activities	(11,101)	24,812	90,011	183,129	262,898	549,750	431,833
Cash flows from Capital and Related Financing Activities							
Purchase of capital assets	(11,723)	(238,068)	(294,876)	(4,833)	(19,479)	(568,979)	(654,530)
Debt proceeds	-	-	-	-	-	-	981,936
Proceeds for long term assets	-	-	-	-	23,916	23,916	-
Principal on long term debt	(24,907)	(15,000)	-	(78,342)	(135,000)	(253,249)	(585,956)
Interest on long term debt	(5,017)	(24,750)	(21,563)	(60,229)	(156,142)	(267,701)	(227,621)
Net cash provided/(used) by Capital and Related Fin. Act.	(41,647)	(277,818)	(316,439)	(143,404)	(286,705)	(1,066,013)	(486,171)
Cash flows from Investing Activities							
Interest from investments	1,909	1,914	3,640	676	1,056	9,195	29,846
Proceeds from sale of assets	-	-	-	-	6,333	6,333	-
Net cash Provided by Investing Activities	1,909	1,914	3,640	676	7,389	15,529	29,846
Net increase (decrease) in Cash and Cash Equivalents	(50,838)	(251,092)	(222,788)	40,401	(16,418)	(500,735)	(24,492)
Beginning Cash and Cash Equivalents	167,978	297,324	247,152	114,986	175,672	1,003,112	1,027,604
Ending Cash and Cash Equivalents	\$ 117,140	\$ 46,232	\$ 24,364	\$ 155,387	\$ 159,254	\$ 502,377	\$1,003,112
Reconciliations of Operating Income to Net Cash Provided by Operating Activities							
Operating income	\$ (6,643)	\$ 1,388	\$ 8,860	\$ 86,079	\$ 180,626	\$ 270,310	108,397
Adjustments to reconcile operating income to cash provided by operating activities:							
Depreciation	24,895	20,752	-	109,541	123,392	278,581	288,357
Changes in Assets and Liabilities:							
(Increase) decrease in:							
Accounts receivable	5,560	5,774	(342)	(19,985)	(1,593)	(10,586)	(36,741)
Due from other funds	(34,555)	-	-	-	-	(34,555)	7,942
Increase (decrease) in:							
Accounts payable	601	(5,627)	40,893	4,372	(30,296)	9,943	(10,256)
Accrued liabilities	(959)	(875)	-	3,336	-	1,502	(9,228)
Due to other funds	-	3,400	40,600	(214)	(9,231)	34,555	(36,561)
Net cash Provided by Operating Activities	\$ (11,101)	\$ 24,812	\$ 90,011	\$ 183,129	\$ 262,898	\$ 549,750	\$ 311,910

UNAUDITED
ANRA/HOLMWOOD UTILITIES
TSI-1 SERVICES AND RATES
FY 2009

1. Services provided by the District 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>\$41.41</u>	<u>3,000</u>	<u>N</u>	<u>\$ 1.49</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>\$37.01</u>	<u>3,000</u>	<u>N</u>	<u>\$ 3.44</u>	<u>3,001 to 7,000</u>
District 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>\$102.61</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>162</u>	<u>143</u>	x 1.0	<u>143</u>
1"	<u>10</u>	<u>10</u>	x 2.5	<u>25</u>
1 1/2"			x 5.0	<u> </u>
2"			x 8.0	<u> </u>
4"			x 25.0	<u> </u>
Total water	<u>172</u>	<u>153</u>		<u>168</u>
Total wastewater	<u>161</u>	<u>161</u>	x 1.0	<u>161</u>

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

3. Total Water Consumption (In Thousands) During the Fiscal Year:

Gallons pumped into system:	17,494,294	Water Accountability Ratio:
Gallons billed to customers:	11,781,000	<u>67.3%</u>

4. Standby Fees:

Does the District have Debt Service standby fees? Yes No

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

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

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

5. Location of District:

County in which District is located: Jasper County

Is the District located entirely within one county? Yes No

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

City in which District is located: N/A

Is the District located within a city's extra territorial jurisdiction (ETJ)?

Entirely Partly Not at all

ETJs in which District is located: City of Jasper

Are Board members appointed by an office outside the District?

Yes No

If yes, by whom? Governor

Angelina & Neches River Authority
 TSI-5. Long Term Debt Service Requirements
 All Bonded Debt Series - by Years
 For the Year Ended August 31, 2009

Due During Fiscal Years Ending	Annual Requirements for All Series Bonds		
	Principal Due	Interest Due	Total Annual Requirements
2010	220,000	241,953	461,953
2011	240,000	241,980	481,980
2012	260,000	240,847	500,847
2013	280,000	238,689	518,689
2014	290,000	235,736	525,736
2015	330,000	220,770	550,770
2016	340,000	204,284	544,284
2017	350,000	247,276	597,276
2018	370,000	230,491	600,491
2019	335,000	214,121	549,121
2020	355,000	197,766	552,766
2021	365,000	180,599	545,599
2022	100,000	168,851	268,851
2023	110,000	162,586	272,586
2024	170,000	96,182	266,182
2025	135,000	86,038	221,038
2026	155,000	77,409	232,409
2027	160,000	67,722	227,722
2028	110,000	59,596	169,596
2029	75,000	54,513	129,513
2030	75,000	50,224	125,224
2031	85,000	45,927	130,927
2032	85,000	41,055	126,055
2033	85,000	36,185	121,185
2034	100,000	31,273	131,273
2035	100,000	25,493	125,493
2036	105,000	19,712	124,712
2037	115,000	13,644	128,644
2038	120,000	6,997	126,997
	\$ 5,620,000	\$ 3,737,917	\$ 9,357,917

Angelina & Neches River Authority
 TSI-5. Long Term Debt Service Requirements
 Series 2001 North Angelina County - Contract Revenue Bonds
 For the Year Ended August 31, 2009
 \$ 3,100,000

Due During Fiscal Years Ending	Principal Due April 1	Interest Due April 1 and October 1	Total Annual Requirements
2010	135,000	106,576	241,576
2011	150,000	100,348	250,348
2012	165,000	93,409	258,409
2013	180,000	85,730	265,730
2014	190,000	77,385	267,385
2015	210,000	68,263	278,263
2016	220,000	58,339	278,339
2017	230,000	48,359	278,359
2018	240,000	38,455	278,455
2019	250,000	28,103	278,103
2020	260,000	17,200	277,200
2021	270,000	5,805	275,805
	<u>\$ 2,500,000</u>	<u>\$ 727,972</u>	<u>\$ 3,227,972</u>

Angelina & Neches River Authority
 TSI-5. Long Term Debt Service Requirements
 Series 2006 North Angelina County - Contract Revenue Bonds
 For the Year Ended August 31, 2009
 \$ 600,000

Due During Fiscal Years Ending	Principal Due April 1	Interest Due April 1 and October 1	Total Annual Requirements
2010	20,000	39,045	59,045
2011	20,000	37,675	57,675
2012	20,000	36,305	56,305
2013	20,000	34,935	54,935
2014	20,000	33,565	53,565
2015	25,000	32,024	57,024
2016	25,000	30,311	55,311
2017	25,000	28,599	53,599
2018	30,000	26,715	56,715
2019	30,000	24,660	54,660
2020	35,000	22,433	57,433
2021	35,000	20,036	55,036
2022	40,000	17,468	57,468
2023	40,000	14,728	54,728
2024	45,000	11,816	56,816
2025	45,000	8,734	53,734
2026	50,000	5,480	55,480
2027	55,000	1,884	56,884
	<u>\$ 580,000</u>	<u>\$ 426,413</u>	<u>\$ 1,006,413</u>

Angelina & Neches River Authority
 TSI-5. Long Term Debt Service Requirements
 Series 1998 Neches Compost Facility - Contract Revenue Bonds
 For the Year Ended August 31, 2009
 \$ 620,000

Due During Fiscal Years Ending	Principal Due February 1	Interest Due Feb 1 and August 1	Total Annual Requirements
2010	\$ 35,000	\$ 15,719	\$ 50,719
2011	35,000	14,249	49,249
2012	35,000	12,744	47,744
2013	40,000	11,103	51,103
2014	40,000	9,333	49,333
2015	45,000	7,430	52,430
2016	45,000	5,394	50,394
2017	45,000	3,335	48,335
2018	50,000	1,150	51,150
	<u>\$ 370,000</u>	<u>\$ 80,455</u>	<u>\$ 450,455</u>

Angelina & Neches River Authority
 TSI-5. Long Term Debt Service Requirements
 Series 2003-A Neches Compost Facility - Contract Revenue Bonds
 For the Year Ended August 31, 2009
 \$ 477,700

Due During Fiscal Years Ending	Principal Due April 1	Interest Due April 1 and October 1	Total Annual Requirements
2010	\$ 15,000	\$ 20,213	\$ 35,213
2011	20,000	19,425	39,425
2012	20,000	18,375	38,375
2013	20,000	17,325	37,325
2014	20,000	16,275	36,275
2015	25,000	15,225	40,225
2016	25,000	13,913	38,913
2017	25,000	12,600	37,600
2018	25,000	11,288	36,288
2019	30,000	9,975	39,975
2020	30,000	8,400	38,400
2021	30,000	6,825	36,825
2022	30,000	5,250	35,250
2023	35,000	3,675	38,675
2024	35,000	1,838	36,838
	<u>\$ 385,000</u>	<u>\$ 180,600</u>	<u>\$ 565,600</u>

Angelina & Neches River Authority
 TSI-5. Long Term Debt Service Requirements
 Series 2008 Holmwood Utilities Project - Contract Revenue Bonds
 For the Year Ended August 31, 2009
 \$ 550,000

Due During Fiscal Years Ending	Principal Due April 1	Interest Due April 1 and October 1	Total Annual Requirements
2010	15,000	31,650	46,650
2011	15,000	30,750	45,750
2012	20,000	29,700	49,700
2013	20,000	28,500	48,500
2014	20,000	27,300	47,300
2015	25,000	25,950	50,950
2016	25,000	24,450	49,450
2017	25,000	22,950	47,950
2018	25,000	21,450	46,450
2019	25,000	19,950	44,950
2020	30,000	18,300	48,300
2021	30,000	16,500	46,500
2022	30,000	14,700	44,700
2023	35,000	12,750	47,750
2024	35,000	10,650	45,650
2025	35,000	8,550	43,550
2026	40,000	6,300	46,300
2027	40,000	3,900	43,900
2028	45,000	1,350	46,350
	<u>\$ 535,000</u>	<u>\$ 355,650</u>	<u>\$ 890,650</u>

Angelina & Neches River Authority
 TSI-5. Long Term Debt Service Requirements
 Lake Columbia - Contract Revenue Bonds
 For the Year Ended August 31, 2009
 \$ 800,000

Due During Fiscal Years Ending	Principal Due August 1	Interest Due August 1	Total Annual Requirements
2010	\$ -	\$ 18,400	\$ 18,400
2011	-	25,300	25,300
2012	-	32,200	32,200
2013	-	39,100	39,100
2014	-	46,000	46,000
2015	-	46,000	46,000
2016	-	46,000	46,000
2017	-	84,114	84,114
2018	-	84,114	84,114
2019	-	84,114	84,114
2020	-	84,114	84,114
2021	-	84,114	84,114
2022	-	84,114	84,114
2023	-	84,114	84,114
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>\$ 1,258,687</u>	<u>\$ 2,058,687</u>

Angelina & Neches River Authority
 TSI-5. Long Term Debt Service Requirements
 Lake Columbia - Contract Revenue Bonds
 For the Year Ended August 31, 2009
 \$ 450,000

Due During Fiscal Years Ending	Principal Due August 1	Interest Due August 1	Total Annual Requirements
2010	\$ -	\$ 10,351	\$ 10,351
2011	-	14,233	14,233
2012	-	18,114	18,114
2013	-	21,996	21,996
2014	-	25,878	25,878
2015	-	25,878	25,878
2016	-	25,878	25,878
2017	-	47,319	47,319
2018	-	47,319	47,319
2019	-	47,319	47,319
2020	-	47,319	47,319
2021	-	47,319	47,319
2022	-	47,319	47,319
2023	-	47,319	47,319
2024	20,000	25,878	45,878
2025	20,000	24,742	44,742
2026	25,000	23,605	48,605
2027	20,000	22,186	42,186
2028	25,000	21,050	46,050
2029	25,000	19,609	44,609
2030	30,000	18,185	48,185
2031	30,000	16,466	46,466
2032	30,000	14,746	44,746
2033	30,000	13,028	43,028
2034	35,000	11,294	46,294
2035	40,000	9,271	49,271
2036	35,000	6,959	41,959
2037	40,000	4,936	44,936
2038	45,000	2,624	47,624
	<u>\$ 450,000</u>	<u>\$ 708,140</u>	<u>\$ 1,158,140</u>

**Cash/Investments
on Deposit
I & S Fund Requirements (TWDB Bonds)
8/31/09**

	8/31/09
	<u>Balance</u>
North Angelina County	
Interest & Sinking Fund	<u>\$ 124,698.06</u>
 Neches Compost Facility	
Interest & Sinking Fund	25,152.80
CD - Reserve	25,000.00
CD - Reserve	<u>25,000.00</u>
	<u>75,152.80</u>
 Totals	 <u><u>\$ 199,850.86</u></u>

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, 2009

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		\$ 47,453.00
REQUIRED PRESENT BALANCE (at FY end)	\$ 21,666.00	\$ 47,453.00
ACTUAL PRESENT BALANCE (at FY end)	\$ 25,152.80	\$ 50,153.00
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 _____
Preparer's signature Date

cc: Jansen and Gregorczyk
 Certified Public Accountant

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

FISCAL YEAR ENDING: August 31, 2009

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)	\$ 101,880.00	\$ -
ACTUAL PRESENT BALANCE (at FY end)	\$ 124,698.00	\$ -
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 _____
Preparer's signature Date

cc: Jansen and Gregorczyk
 Certified Public Accountant

Board of Directors

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Term Ends: 9-5-2009

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[Lufkin Texas 75902-0387](#)

ANGELINA & NECHES RIVER AUTHORITY
SCHEDULE OF INSURANCE IN FORCE
August 31, 2009

Name of Company	Policy Numer	Policy Period	Details of Coverage	Liability Limits	Annual Premium
Texas Water Conservation Association	0042	7/1/08-7/1/09	Auto Liability	1,000,000	\$ 4,058
Texas Water Conservation Association	0042	7/1/08-7/1/09	General Liability	1,000,000	3,189
Texas Water Conservation Association	0042	7/1/08-7/1/09	Errors & Omissions	1,000,000	1,974
Texas Water Conservation Association	0042	7/1/08-7/1/09	Property Liability	4,495,528	9,602
Texas Water Conservation Association	0042	7/1/08-7/1/09	Auto Physical Damage	Scheduled	5,889
					\$ 24,712