



ANNUAL COMPREHENSIVE FINANCIAL REPORT



**For the Fiscal Year Ended
August 31, 2023**

Prepared by the Accounting Department

Montgomery County, Texas



San Jacinto River Authority
1577 Dam Site Road
Conroe, Texas 77304

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INTRODUCTORY SECTION



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January 25, 2024

Board of Directors
San Jacinto River Authority
Montgomery County, Texas

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the San Jacinto River Authority (SJRA or Authority) for the fiscal year ended August 31, 2023. The purpose of the ACFR is to provide reliable financial information about the SJRA to the SJRA's Board of Directors, customers, general public, and other interested parties. The SJRA's Accounting Department has prepared the ACFR in accordance with generally accepted accounting principles (GAAP). Management assumes full responsibility for the completeness and reliability of the information contained in the ACFR, based upon a comprehensive framework of internal controls that are established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective of such internal controls is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

An independent auditor, Knox Cox & Co., LLP, Certified Public Accountants, has issued an unmodified ("clean") opinion on the SJRA's financial statements for the year ended August 31, 2023. The independent auditor's report is located at the front of the financial section of the ACFR.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profiles of the Government

The San Jacinto River Authority is a conservation and reclamation district, body politic and corporate, and a governmental agency of the State of Texas created and operating under the provisions of a series of acts compiled as Vernon's Annotated Texas Civil Statutes, Article 8280-121, enacted pursuant to the provisions of Section 59 of Article XVI of the Texas Constitution, whose area comprises all of the territory within the watershed of the San Jacinto River and its tributaries, except that portion of the watershed lying within the boundaries of Harris County. Such geographical area consists of all of Montgomery County and parts of Waller, Grimes, Walker, San Jacinto, Liberty, and Fort Bend counties.

The SJRA is governed by a board of seven directors appointed to six-year staggered terms by the governor of the State of Texas. The SJRA has statutory power for developing, conserving, and protecting the water resources of the San Jacinto River watershed. The SJRA provides a variety of services including water and wastewater treatment; municipal, industrial, and agricultural raw water supply; water quality management and reservoir operations. These operations are accounted for in the division descriptions below.

The **General & Administration Division**, located in the general business office at Lake Conroe, consists of professional, technical, accounting, administrative, and support staff working under the direction of the General Manager. The General & Administration Division's primary function is to provide management and support services to SJRA's five operating divisions (listed below).

The **Highlands Division**, located in East Harris County, operates a pump station at Lake Houston, as well as an extensive 27-mile system of canals and a 1,400-acre reservoir for delivery of raw water to industrial, municipal, and agricultural customers. The Highlands Division also operates additional pump stations that transfer raw water from the Trinity River via the Coastal Water Authority (CWA) to the Highlands Division's East Canal and South Canal systems.

The **Lake Conroe Division** is situated seven miles west of Interstate 45 at the Lake Conroe Dam. The SJRA supplies raw water from Lake Conroe to various customers, including a major industrial customer. Built as a water supply reservoir and completed in 1973, Lake Conroe is operated and maintained by the SJRA; however, the City of Houston owns two-thirds of the permitted water rights in the reservoir and participates in two-thirds of the Lake Conroe costs. In addition to operating and maintaining the dam, this Division handles the licensing, regulation, and enforcement functions related to onsite sewage facilities immediately around Lake Conroe, boat sanitation, piers, boat slips, boathouses, marinas, and other facilities operated or constructed around or on Lake Conroe. The Lake Conroe Division collects fees associated with these permits and licenses. In addition, the Lake Conroe Division has contracted with five Woodlands MUDs to maintain the Bear Branch Reservoir and drainage system. The participating MUDs makes annual contributions to cover the budgeted expenses and any capital improvements based on a prorate share.

The **Woodlands Division** is located in southern Montgomery County and provides wholesale water supply and wastewater treatment services to the 119,000-person community of The Woodlands (The Howard Hughes Corporation data as of January 2021). To provide these services, SJRA operates wastewater treatment plants, lift stations, water wells, water plants, water booster pump stations, elevated and ground storage tanks, and miles of wastewater collection systems and water transmission facilities. The Woodlands Division purchases surface water from the Groundwater Reduction Plan (GRP) Division to blend with groundwater provided by the water wells.

The **Groundwater Reduction Plan (GRP) Division**, with its office located at the Lake Conroe Dam, is responsible for implementing an alternative water supply program

for its participants that ensures reliable, long-term water supplies for its participants in Montgomery County. Originally constructed to meet the groundwater reduction requirements of the Lone Star Groundwater Conservation District (LSGCD), the GRP Division designed, constructed, operates, maintains, and administers a surface water treatment plant and transmission lines. The GRP Division withdraws raw surface water from Lake Conroe, treats it to meet or exceed federally mandated drinking water standards, and then transmits it to selected customer cities and water utilities within Montgomery County to reduce the area's reliance on groundwater (aquifer) sources.

The **Flood Management Division** was created in the spring of 2018 pursuant to a directive from Governor Greg Abbott. The purpose of the Flood Management Division is to develop short-term and long-term regional flood management strategies within the San Jacinto River Basin. The intent is to build partnerships with federal, state, and local governmental entities; identify funding options and/or revenue sources; and coordinate, collaborate, and partner with other flood management entities within the San Jacinto River Basin.

ECONOMIC CONDITION AND OUTLOOK

The Texas Economy. According to the Texas Comptroller of Public Accounts Key Economic Indicators as of August 2023: the unemployment rate change from previous year for Texas increased by 0.4% while the U.S. rate increased by 0.1%; the change in CPI from previous year for Texas and the U.S. increased 3.6%; and the change in Consumer Confidence Index from previous year for Texas increased by 6.8% while the U.S. increased by 4.9%. The Comptroller issued the "The Gulf Coast Region: 2022 Regional Snapshot Report" and the "2022 Texas Regional Report" showing population growth to be 19.9% in the Region vs. 15.9% for Texas and 7.4% for the U.S. for 2010-2020. In addition, the Bureau of Economic Analysis data, showed the Per Capita Personal Income Growth to be 4.4% for Houston-The Woodlands-Sugar Land Metropolitan Statistical Area, 3.4% for Texas, and 1.6% for the U.S. for 2021-2022.

The Local Economy. The SJRA's boundaries include the entire watershed of the San Jacinto River and its tributaries excluding Harris County. The SJRA serves many customers in the greater Houston area and is authorized to operate in Harris County east of the San Jacinto River. The SJRA does not collect any type of taxes, so other than revenue received from customers, the SJRA's only other source of funds are from grants or bonds. Continued population growth within SJRA's service area will lead to an increasing demand for water. With SJRA's service area located between Houston and Dallas, two rapidly growing major metropolitan areas, the need for future water supplies and reliable planning is vital, and as a result, SJRA's Board of Directors and staff are working diligently to assess the need for future water supplies and plan accordingly.

FINANCIAL INFORMATION

SJRA Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the SJRA are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable assurance, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As demonstrated by the statements and schedules included in the financial section of this report as well as the MD&A also included herein, the SJRA continues to meet its responsibility for sound financial management. The SJRA encourages readers to closely review each section of this report including the review provided by the MD&A in order to have a thorough understanding of the SJRA, its activities, financial position, and results of operations.

MAJOR INITIATIVES

For the Year. During Fiscal Year 2023, the Texas Legislature approved Senate Bill 2586 in April 2023, which finalized the Sunset Advisory Commission's second review of SJRA and put into legislation recommendations for SJRA. Sunset Advisory Commission evaluations are a powerful legislative oversight tool and result in recommendations provided to the Texas Legislature to implement improvements that increase SJRA's effectiveness and efficiency. Key recommendations from the Sunset Advisory Commissions 2020-2021 report related to improvements in public engagement and communications, improvements to procurement policies/practices, and recommendations to update SJRA's governing law to meet standard provisions. SJRA has already taken substantial measures to address the recommendations provided in the 2021 Sunset report. Due to impacts of the ongoing pandemic, the Texas Legislature approved Senate Bill 713 in June 2021, which stated that SJRA go through Sunset review again during 2022. Key recommendations from the Sunset Advisory Commissions 2022-2023 report related to changes to the administration of the Board of Directors and increasing public engagement. In June 2023, Jace Houston, General Manager resigned his position and Ed Shackelford was named Acting General Manager. The Board of Directors commissioned an executive search firm to source candidates for the General Manager position. A General Manager had not been chosen by the close of the fiscal year

The GRP Division's Surface Water Treatment Plan includes two process water recovery basins that were originally constructed in 2013 and included a soil cement liner. The SJRA has experienced degradation of the soil cement liner resulting in maintenance and treatment process issues. The GRP Division had engaged a consultant to design improvements to the backwash pond foundation to address this degradation as well as addressing a lack of grading within the basins to promote positive drainage when the basins

are dewatered for maintenance during Fiscal Year 2022, with construction beginning in Fiscal Year 2023 with estimated completion in mid Fiscal Year 2024. This project is being funded by remaining bond proceeds.

The Highlands Division continued construction to replace Siphons 25 and 26 with rehabilitation of the levees between Siphons 24 and 27 and the addition of two access culverts with completion in Fiscal Year 2024. Additionally, during Fiscal Year 2022, the East Canal culvert structure crossing under Spring Meadow Drive developed a leak and emergency action was taken to implement a temporary repair to stabilize the site while replacing the structure. The permanent replacement of the structure at Spring Meadow is completed during Fiscal Year 2023. In addition, the Highlands Division completed construction of ventilation improvements at the Lake Houston Pump Station during Fiscal Year 2023 and began construction of the Emergency Operations Center located at the Lake Houston Pump Station. The Emergency Operations Center is anticipated to be complete in late Fiscal Year 2024.

During Fiscal Year 2023, SJRA continued planning for adequate, long-term water resources for the San Jacinto River Basin, including Montgomery County, along with the planning necessary for the development of additional future supplies of water. This initiative was evident in the work of SJRA staff related to raw water supply master planning, development of water rights applications, and regional water planning.

The Flood Management Division was successfully awarded TWDB Flood Infrastructure Fund (FIF) Grants at the end of Fiscal Year 2021 for four projects: Spring Creek Watershed Flood Control Dams Conceptual Engineering Feasibility, Lake Conroe - Lake Houston Joint Operations Study, Upper San Jacinto River Basin Regional Sedimentation Study, and the San Jacinto County Flood Early Warning System. Three of the four projects are in partnership with other entities and stakeholders in the basin to meet the local match for the grants. SJRA's portion of the local match for the projects are primarily being provided as in-kind services. The Flood Management Division continued performance of three of the four projects in Fiscal Year 2023. The fourth project, the Lake Conroe - Lake Houston Joint Operations Study, remained on hold pending City of Houston efforts to design new gates at the Lake Houston dam.

The Woodlands aging wastewater system is in need of renewal. The Woodlands issued \$42.9 million in bonds on November 7, 2017, to address major renewal needs. This is in addition to the continued annual renewal of the system that is paid for by the Woodlands Repair and Replacement Fund. During Fiscal Year 2023, the Woodlands Division completed the first phase of the Wastewater Strategic Plan to evaluate the Wastewater system needs as a whole and analyze alternatives to address the renewal of the wastewater treatment plants and conveyance in The Woodlands. Alternatives evaluated included rehabilitation of the current wastewater treatment plants, replacement of the current wastewater treatment plants, and consolidation Wastewater Treatment Plants Nos. 1 and 2. Wastewater Treatment Plant No. 3 is not being considered in this study as it is the newest in age. This Strategic Plan included significant engagement of project stakeholders including representatives from the Municipal Utility District's served by the Woodlands

Division, the Woodlands Water Agency, the Howard Hughes Corporation, the Woodlands Chamber of Commerce, and the Woodlands Township. The evaluation committee voted to move forward to phase two of the Wastewater Strategic Plan and limited the scope to replace Wastewater Treatment Plant No. 1, not consolidate Wastewater Treatment Plant Nos. 1 and 2.

The Lake Conroe Division completed improvements to the Westside Diversion Channel during Fiscal Year 2023, which included repairs of sloughing slopes and improvements to prevent future erosion and sloughing both east and west of Dam Site Road. Also during Fiscal Year 2023, the Lake Conroe Division completed rehabilitation of electrical components at the West End Facility for the existing boat dock and fuel dispensing station. A second portion of this project is anticipated to lengthen and improve the existing boat ramp at the West End Facility. During Fiscal Year 2023, the Lake Conroe Division completed master planning efforts and began final design of improvements to the Lake Conroe maintenance facilities.

For the Future. In November 2009, the LSGCD adopted final regulations that required certain groundwater users to prepare and submit a Groundwater Reduction Plan by April 1, 2010, outlining how large volume groundwater users intended to meet a January 2016 deadline for the reduction of groundwater use and conversion to alternative water supplies. The SJRA met this regulatory requirement with the development of a long-term approach that provided a compliance solution for participants within the county who choose to join. The SJRA plan was designed so that any large volume groundwater user in the county could join the SJRA's Joint GRP by executing a GRP Contract and paying the required GRP Pumpage Fee and/or GRP Surface Water Fees monthly. For Fiscal Year 2023, the GRP Pumpage Fee was set at \$2.99 per thousand gallons of groundwater pumped by the participating entity and is billed monthly. The GRP Surface Water Fee was set at \$3.41 per thousand gallons of surface water received by the participating entity. These fees may increase in the future as necessary to cover costs. SJRA's Board approved the rates to remain the same. The total cost of the entire surface water system that was constructed to meet the 2016 deadline was \$490 million. As of the end of the Fiscal Year 2023, 149 participants have joined the SJRA GRP. The GRP Division was responsible for implementing the surface water program and constructing, operating, and maintaining the necessary infrastructure that started delivering surface water in mid-September 2015, ahead of the January 1, 2016, deadline. On September 8, 2020, the LSGCD adopted new regulations which, in pertinent part, repealed its regulations requiring certain water users implement a GRP in order to reduce groundwater use and convert to alternative water supplies. Notwithstanding LSGCD's actions, the GRP Contracts remain in force and effect in accordance with their terms. Refer to MD&A and Note 11 in the Notes to Financial Statements for a discussion of the status of ongoing litigation related to the GRP, including the status of collection of amounts due and owing SJRA by certain GRP participants.

The Highlands Division's upcoming initiatives will include completion of the replacement of Siphons 25 and 26, which have been identified as needing replacement due to age, structural condition, and potential for failure. Replacement of these siphons will result in additional hydraulic capacity and reduce head loss across the siphon structure. The

Highlands Division also anticipates completion of the levee improvements to the Main Canal between Siphon 24 and 27. The Division will continue improvements at the Lake Houston Pump Station to allow for remote operations.

During early Fiscal Year 2024, the Lake Conroe Division plans to rehabilitate sluice gates, including the hydraulic power unit, gate actuators, and associated equipment for the Lake Conroe Dam service outlet. Projects to update the Lake Conroe Dam Water Conservation and Drought Contingency Plans, replace the Dam Spillway Generator, and begin construction of the improvements to Lake Conroe's maintenance facilities, are also planned for Fiscal Year 2024. These projects will address the existing failing maintenance building and will increase efficiency, safety, and maintenance capabilities of the Lake Conroe Division maintenance staff. In addition, Lake Conroe anticipates renewal of the operating contract with the City of Houston in Fiscal Year 2024.

During late Fiscal Year 2021, the Authority began a project to replace the current Enterprise Resource Planning (ERP) software. The Authority had engaged an experienced ERP software selection consultant to provide guidance and aid in determining system requirements, developing a Request for Proposal (RFP), evaluating the RFP responses, developing software demonstration scripts, conducting software demonstrations, and aiding in contract negotiations with the selected vendor. At the end of Fiscal Year 2022, the ERP selection committee had shortlisted the responses down and seen demonstrations from all three vendors. SJRA selected a firm and began implementation of the selected software during Fiscal Year 2023 with estimated completion in late Fiscal Year 2024.

Acknowledgements

Independent Audit. Section 49.191 of the Texas Water Code requires an annual audit of the SJRA's accounting records by a certified public accountant or public accountant holding a permit from the Texas State Board of Public Accountancy and selected by the Board of Directors. The firm Knox Cox & Co., LLP was selected following SJRA's protocol for selection of professional services to conduct the Fiscal Year 2023 financial audit. We appreciate their professionalism, timeliness, and assistance in completing this report. Copies of this report will be filed with the Texas Commission on Environmental Quality (TCEQ), State Comptroller, State Auditor, and Texas Water Development Board.


Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended August 31, 2022. This was the 14th consecutive year that SJRA has achieved this prestigious award. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

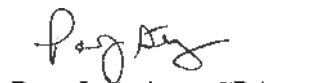
To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR, whose contents conform to program


standards. Such an ACFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate for Fiscal Year 2023.

Acknowledgements. We congratulate our employees for another successful year of operation. Without their dedication and professionalism, we could not have provided such a high level of service to the customers of the SJRA service area. The preparation of the Annual Comprehensive Financial Report on a timely basis was made possible by the dedicated staff of the SJRA's Accounting Department.

Sincerely,


Aubrey A. Spear, P.E.
General Manager


Pam J. Steiger, CPA
Chief Financial Officer


Janye L. Lewis, CPA
Accounting Manager

SAN JACINTO RIVER AUTHORITY

Certificate of Achievement for Excellence in Financial Reporting



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**San Jacinto River Authority
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

August 31, 2022

Christopher P. Morill

Executive Director/CEO

SAN JACINTO RIVER AUTHORITY

Organizational Chart



SAN JACINTO RIVER AUTHORITY

Board of Directors

	<u>Term Expires</u>
Ronnie Anderson, President	2027
Charles "Ed" Boulware, Vice-President	2023
William "Wil" Faubel, Secretary	2025
Ricardo "Rick" Mora, Secretary-Pro Tem	2025
Mark Micheletti, Treasurer	2023
Stacey Buick, Member	2027
Stephanie Johnson, Member	2025

The San Jacinto River Authority is governed by seven directors, appointed by the Governor of the State of Texas. Each director serves a six-year term, and may continue to serve after such term until a successor is appointed.

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FINANCIAL SECTION



Independent Auditors' Report

Board of Directors
San Jacinto River Authority
Montgomery County, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of the San Jacinto River Authority (the "Authority"), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Authority, as of August 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 7-14 and 69-76 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The other supplementary information, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Handwritten signature in black ink that reads "Karp Cot & Co. LLP". The signature is written in a cursive, flowing style.

Sugar Land, Texas
January 25, 2024

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SAN JACINTO RIVER AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

The management of the San Jacinto River Authority (the "Authority") offers readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended August 31, 2023. We encourage readers to consider the information presented here in conjunction with the financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The Authority's total assets and deferred outflows were \$845.2 million; of this amount, approximately \$569.8 million represents net capital assets and \$275.4 million represents cash and cash equivalents and other current, noncurrent and deferred outflow of resources.
- Liabilities for the Authority totaled \$554.6 million of which \$505.9 million accounts for obligations under long-term debt.
- The Authority's total assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$287.2 million. This amount represents net position; of this amount, \$90.5 million is net investment in capital assets. An additional \$90.5 million is restricted net position and the remaining \$106.2 million represents unrestricted net position.
- Operating revenues, net of eliminations, for the Authority at year-end were \$138.7 million. The major revenue sources, net of eliminations, were wholesale water and wastewater treatment service fees to Woodlands' MUDs of \$50.4 million; Groundwater Reduction Plan fees of \$58.6 million; untreated water sales to industrial, municipal and agricultural customers of \$19.7 million; contractual revenues of \$3.2 million for City of Houston's cost sharing commitment of Lake Conroe; and capacity charges of \$4.3 million.
- Operating expenses totaled \$78.0 million. Highlights within operating expenses were salaries, wages and employee benefits of \$20.5 million, operating supplies of \$17.5 million and depreciation and amortization of \$24.8 million.
- Non-operating expenses exceeded non-operating revenues by approximately \$11.2 million. This was primarily attributable to interest expense paid on bonds that totaled \$22.1 million as of year-end.
- Capital contributions totaled \$1.6 million, of which \$0.76 million was customer contributions for capacity improvements in the Highlands Division, \$0.70 million was due to contributions from the five Woodlands MUDs surrounding Bear Branch flowage easement and \$0.15 million due to contributions from local partners to Flood Management for the local funding match requirements related to the Flood Infrastructure Fund (FIF) Grant Projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management Discussion and Analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements include three components: 1) business-type and fiduciary fund financial statements, 2) notes to the financial statements, and 3) required supplemental information. This report also contains other supplemental information in addition to the basic financial statements.

ENTERPRISE FUNDS

Enterprise Funds are used to report the same functions presented as business-type activities in the basic financial statements. The Authority's major Enterprise Funds are presented by division as follows:

- Raw Water Supply
- Highlands Division
- Lake Conroe Division
- Woodlands Division
- Groundwater Reduction Plan Division
- Flood Management
- General and Administration Division
- Bear Branch
- Region H

FIDUCIARY FUND

The fiduciary fund is used to report on the Authority's Pension Trust Fund.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

STATEMENT OF NET POSITION

The Statement of Net Position for the Authority is presented as one of the required basic financial statements. The Statement of Net Position includes all of the Authority's assets and liabilities. A major function of the Statement of Net Position is to measure the ability of the Authority to meet its current and long-term obligations. In the Statement of Net Position, the difference between total assets and total liabilities is titled as Net Position.

State and local governments report the net value or "Net Position" in these major categories:

- Net Investment in Capital Assets
- Restricted
- Unrestricted

The Governmental Accounting Standards Board (GASB) believes the users of the Authority's financial statements should know whether "Net Position" was invested in capital assets, are restricted for future use or their future use is unrestricted.

FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a financial statement position. In the case of the Authority, assets exceeded liabilities by \$287.2 million at the close of the most recent fiscal year.

As of August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current assets	\$ 248,991,335	\$ 204,619,638
Noncurrent assets	21,029,790	28,167,214
Capital assets	<u>569,792,775</u>	<u>582,269,367</u>
Total Assets	839,813,900	815,056,219
Deferred Outflows of Resources	5,408,772	2,335,748
Liabilities		
Current liabilities	47,195,393	43,114,125
Noncurrent liabilities	<u>507,385,819</u>	<u>530,969,125</u>
Total Liabilities	554,581,212	574,083,250
Deferred Inflows of Resources	3,454,654	7,282,793
Net Position		
Net Investment in Capital Assets	90,488,246	73,940,671
Restricted:		
Debt service	65,668,477	62,716,606
Construction	20,496,360	20,126,954
Other	4,624,313	4,349,718
Unrestricted	<u>105,909,410</u>	<u>74,891,975</u>
Total Net Position	<u>\$ 287,186,806</u>	<u>\$ 236,025,924</u>

- Current assets increased by \$44.4 million which represents a 22% increase from prior year. Unrestricted cash and cash equivalents increased by \$27.5 million mainly due to drought conditions and receipt of back payments owed from, Quadvest, LP, and Woodlands Oaks Utility Co., two GRP customers that were not previously paying. Noncurrent assets decreased by \$7.1 million which represents a 25% decrease from the prior year. Net Pension Asset decreased \$6.1 million and Long-Term Accounts Receivable decreased \$1.0 million. Within Current and Noncurrent Assets, Accounts Receivable has two GRP customers that are not paying the full invoiced amount and are part of current lawsuits. Specific to fiscal year 2023, the short pay of fees, interest, and penalties totaled

\$6,200,440 for the City of Conroe and \$423,350 for the City of Magnolia. The total balances for all fiscal years for the City of Conroe and City of Magnolia are listed below:

<u>Balance Status</u>	<u>City of Conroe</u>	<u>City of Magnolia</u>
Current	\$ 3,190,940	\$ 250,606
Past Due	12,822,778	727,540
Late Fees & Interest	4,709,253	254,013
Total at August 31, 2023	\$ 20,722,971	\$ 1,232,159

The Authority has commenced litigation against the City of Conroe, the City of Magnolia, Quadvest, LP, and Woodland Oaks Utility Co. in an effort to collect the past due amounts as well as late fees and interest thereon. In addition, the Authority had two GRP customers that ceased payments during fiscal year 2020 that agreed to pay current and past due fees, excluding late fees and interest, during fiscal year 2023. Specific to fiscal year 2023, the unpaid fees, interest, and penalties (not including invoices with a balance status of current) totaled \$1,031,359 for Quadvest, LP and \$93,467 for Woodlands Oaks Utility Co. The total balances for all fiscal years for Quadvest, LP and Woodlands Oaks Utility Co. are listed below:

<u>Balance Status</u>	<u>Quadvest, LP</u>	<u>Woodlands Oaks Utility Co.</u>
Current	\$ 1,394,037	\$ 76,635
Past Due	-	-
Late Fees & Interest	2,327,537	209,252
Total at August 31, 2023	\$ 3,721,574	\$ 285,887

- Total amount of GRP pumpage, penalties, and interest past due at August 31, 2023 was \$21,348,024.
- Capital assets decreased by \$12.5 million, primarily due to the net effect of increase in Intangible right-to-use assets, an increase in Construction in Progress from ongoing capital improvements projects, and an increase in accumulated depreciation.
- Current liabilities increased by \$4.1 million, a 9% increase primarily due to the net impact of an increase in Accounts Payable, an increase in Accrued Interest Payable related to bonds, and a decrease in the current portion of bonds.
- Noncurrent liabilities and Long-Term Debt decreased by \$23.6 million, a 4% decrease primarily due to making the scheduled payments on existing bonds and an increase in net pension Liability of \$0.34 million.
- Total liabilities decreased by \$19.5 million, a 3% decrease from the prior year primarily due to an increase in accounts payable and accrued liabilities-unrestricted, a decrease in current portion of bonds, and a decrease in long-term debt.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

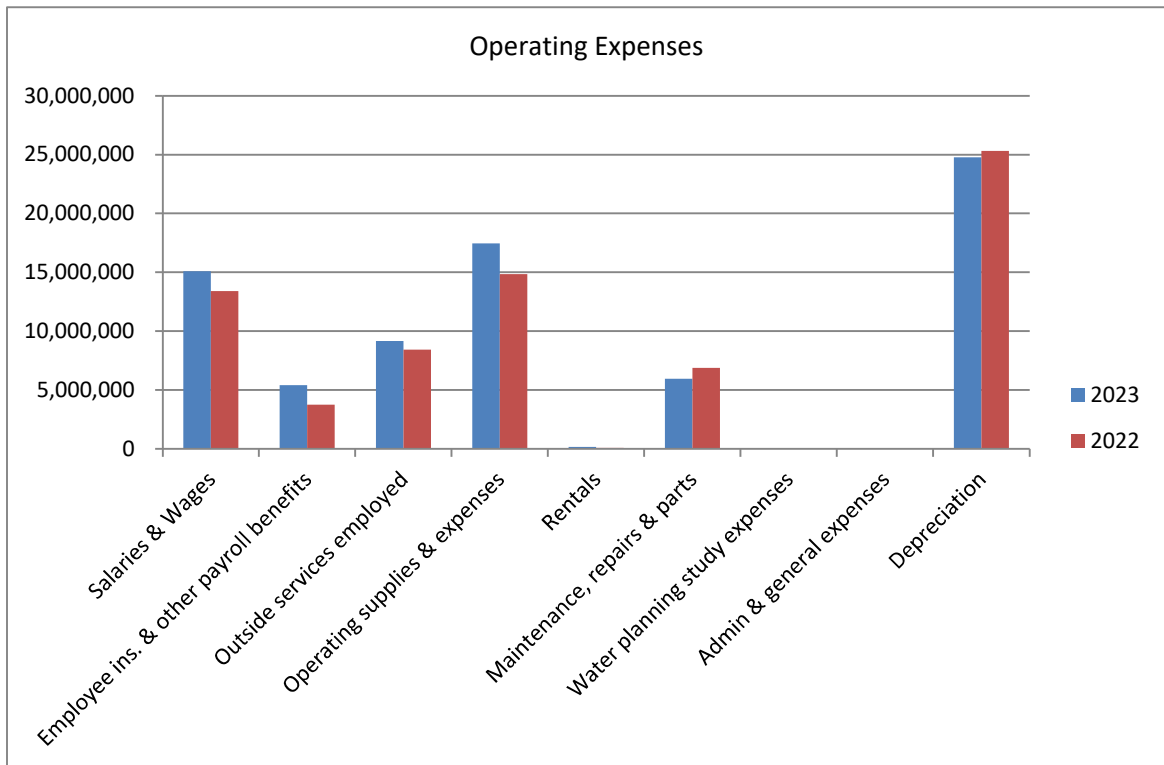
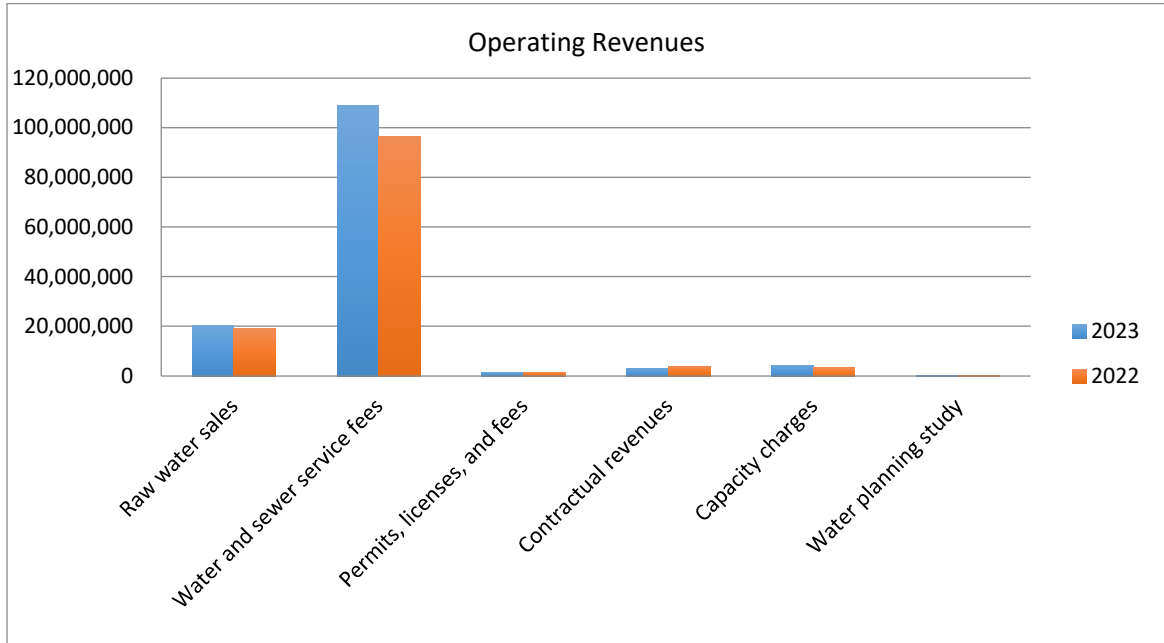
The Statement of Revenues, Expenses and Changes in Net Position is the basic statement of activities for all the Authority's Divisions. The Authority does not seek to earn a profit in the long term. However, the Authority must cover its operations, maintenance and other costs while providing sufficient reserves annually from fees and charges since the Authority does not levy or

collect any tax revenue. The Statement of Revenues, Expenses and Changes in Net Position measures how well annual costs are covered by fees and charges.

For the Years Ended August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Revenues:		
Raw water sales	\$ 20,402,383	\$ 19,099,227
Water and sewer service fees	108,977,922	96,231,415
Permits, licenses and fees	1,412,211	1,418,004
Contractual revenues	3,185,002	3,911,945
Capacity charges	4,310,609	3,300,650
Water planning study (Region H)	377,532	320,023
Total Operating Revenues	<u>138,665,659</u>	<u>124,281,264</u>
Operating Expenses:		
Salaries and wages	15,083,717	13,418,772
Employee insurance and other payroll benefits	5,402,815	3,743,106
Outside services employed	9,169,685	8,440,887
Operating supplies & expenses	17,450,096	14,859,879
Rentals	152,015	84,370
Maintenance, repairs and parts	5,945,408	6,885,976
Water planning study expenses (Region H)	1,536	6,847
Depreciation and amortization	24,758,629	25,316,731
Total Operating Expenses	<u>77,963,901</u>	<u>72,756,568</u>
Operating Income	60,701,758	51,524,696
Nonoperating Revenues (Expenses)		
Investment earnings (loss)	7,108,331	80,292
Gain (Loss) on disposal of assets	199,566	179,206
Other revenues	2,974,663	2,658,030
Amortization of bond premium/discounts	643,714	625,190
Interest expense and bond issuance costs	<u>(22,089,427)</u>	<u>(22,853,363)</u>
Total Nonoperating Revenues (Expenses)	<u>(11,163,153)</u>	<u>(19,310,645)</u>
Contributed Capital	<u>1,622,277</u>	<u>652,646</u>
Net Income	51,160,882	32,866,697
Net position at beginning of year	<u>236,025,924</u>	<u>203,159,227</u>
Net Position at End of Year	<u>\$ 287,186,806</u>	<u>\$ 236,025,924</u>

The following charts illustrate the breakdown of the Authority's Operating Revenues and Operating Expenses, respectively.



- Total Operating Revenue increase \$14.4 million primarily due to an increase in water and sewer fees of \$12.7 million. The increase is attributed to an increase in water demand due to drought conditions.

- Employee Insurance & Other payroll benefits increased 44% primarily related to the annual pension adjustment due to a change in market valuation effective November 1, 2022.
- Operating Supplies & Expenses increased by \$2.6 million, an increase of 17% over the previous year. The increase is primarily due to an increase in Granulated Activated Carbon expense for the GRP division.

CAPITAL ASSETS AND LONG-TERM DEBT

CAPITAL ASSETS

The Authority's net capital assets as of August 31, 2023 totaled \$569.8 million. This investment in capital assets includes land; water permits and rights; office furniture, fixtures and equipment; Intangible right-to- use assets, other machinery and equipment; automobiles and trucks; buildings; dams and appurtenances; water systems; wastewater utility systems; capital improvement plans; and construction in progress. The total decrease in the Authority's capital assets, net for the current fiscal year was \$12.5 million, a 2% decrease.

Major capital asset events during the current fiscal year included the following:

- The Authority added \$3.0 million for Water Systems primarily related to the replacement of the siphon at Spring Meadow and ventilation improvements to the Lake Houston Pump Station in the Highlands and added \$0.7 Million for Dams and Appurtenances primarily related to improvements to Lake Conroe's West Side Diversion Channel.
- The Authority increased \$7.4 Million for Construction in Progress for capital projects primarily related to the net effect of placing into service the Water Systems and Dams and Appurtenances additions, and the addition of in progress projects primarily related to the implementation of Enterprise Resource Planning software, improvements to Lake Conroe's maintenance facility, improvements at Siphon Nos. 25 and 26, the addition of Highlands Reservoir Dam Access Road, an access culvert at the South Canal, and improvements at the Lake Houston Pump Station campus.

	<u>2023</u>	<u>2022</u>
Capital Assets - at cost		
Land	\$ 33,636,769	\$ 33,618,119
Water permits and rights	30,947,801	30,947,801
Office furniture, fixtures & equip	6,033,614	6,176,980
Other machinery and equipment	14,908,812	14,496,377
Intangible right-to-use assets	464,151	365,907
Automobiles and trucks	3,389,893	3,241,653
Buildings	27,185,222	27,147,822
Dams and appurtenances	10,109,293	9,434,710
Water systems	607,169,804	604,122,227
Wastewater utility systems	122,889,686	122,740,770
Capital improvement plans	3,611,319	3,611,319
Construction in progress	16,926,217	9,518,908
Less accumulated depreciation	<u>(307,479,806)</u>	<u>(283,153,226)</u>
Total Capital Assets	<u>\$ 569,792,775</u>	<u>\$ 582,269,367</u>

Additional information on the Authority's capital assets is presented in Note 4 of the notes to the financial statements.

LONG-TERM DEBT

At the end of the current fiscal year, the Authority had long-term debt of \$505.9 million. The debt primarily represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

As of August 31, 2023 and 2022

Long-Term Debt	<u>2023</u>	<u>2022</u>
First Lien Bonds -		
less current maturities	\$ 501,975,000	\$ 525,295,000
Lease liabilities - less current	162,497	138,143
Unamortized bond premium	<u>3,786,302</u>	<u>4,430,016</u>
Total Long-Term Debt	<u>\$ 505,923,799</u>	<u>\$ 529,863,159</u>

Additional information on the Authority's long-term debt is presented in Notes 5, 6 and 7 of the notes to the financial statements.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Accounting Manager of the San Jacinto River Authority; P.O. Box 329; Conroe, Texas 77305.

BASIC FINANCIAL STATEMENTS



SAN JACINTO RIVER AUTHORITY

STATEMENT OF NET POSITION

August 31, 2023

	<u>Total</u>	<u>Eliminations</u>	<u>Business Type Activities -</u>		
			<u>Raw Water Enterprise</u>		
			<u>Raw Water Supply</u>	<u>Highlands Division</u>	<u>Lake Conroe Division</u>
<u>Assets and Deferred Outflows</u>					
Current Assets					
Cash and cash equivalents					
Unrestricted	\$ 61,844,621	\$	\$	\$ 4,594,942	\$ 3,842,379
Restricted:					
Debt service	67,986,764			4,087,728	
Construction	45,973,113			13,538,487	3,343,688
Other	2,654,118				
Investments - restricted					
Restricted:					
Debt service	6,811,784			4,682,688	
Construction	24,846,281				
Other	2,165,532				
Accounts receivable, net	34,579,116	(5,984,694)	2,256,176	710,374	12,960,761
Other receivables	5,448				
Inventory	447,391				
Prepaid expenses	1,677,167		951	84,444	73,484
Total Current Assets	<u>248,991,335</u>	<u>(5,984,694)</u>	<u>2,257,127</u>	<u>27,698,663</u>	<u>20,220,312</u>
Noncurrent Assets					
Accounts receivable - long-term	21,029,790				
Total Noncurrent Assets	<u>21,029,790</u>				
Capital Assets- at cost					
Land	29,196,595			6,770,499	5,403,094
Land Improvements	4,440,174			237,233	579,635
Intangible right-to-use assets	464,151			394,546	
Water permits and rights	30,947,801		30,947,801		
Furniture, fixtures and equipment	6,033,614			337,996	330,817
Other machinery and equipment	14,908,812			3,018,865	368,016
Automobiles and trucks	3,389,893			401,017	125,775
Buildings	27,185,222			1,608,098	161,422
Dams and appurtenances	10,109,293				8,390,358
Water systems	607,169,804			79,170,983	6,747
Wastewater utility systems	122,889,686				
Capital improvement plans	3,611,319			3,076,459	
Construction in progress	16,926,217		331,651	10,739,933	206,639
Accumulated depreciation and amortization	(307,479,806)			(26,009,439)	(4,647,415)
Total Capital Assets	<u>569,792,775</u>		<u>31,279,452</u>	<u>79,746,190</u>	<u>10,925,088</u>
Deferred Outflows of Resources					
Deferred outflows related to pension and OPEB	5,408,772				
Total Deferred Outflows of Resources	<u>5,408,772</u>				
Total Assets and Deferred Outflow					
	<u>\$ 845,222,67</u>	<u>\$ (5,984,694)</u>	<u>\$ 33,536,57</u>	<u>\$ 107,444,85</u>	<u>\$ 31,145,40</u>

See Notes to Financial Statements.

Enterprise Funds

Woodlands Division	Groundwater Reduction Plan Division	Flood Management Division	Bear Branch	Region H	General and Administration Division
\$ 9,213,209	\$ 41,374,830	\$	\$	\$	\$ 2,819,261
4,814,680	59,084,356				
24,204,386	1,272,367				3,614,185
11,714		1,699,391	626,530	255,160	61,323
2,129,096					
24,846,281					
2,165,532					
7,784,211	15,775,096		1,050		1,076,142
		5,448			
378,553	68,838				
521,942	384,553	4,076	2,192		605,525
<u>76,069,604</u>	<u>117,960,040</u>	<u>1,708,915</u>	<u>629,772</u>	<u>255,160</u>	<u>8,176,436</u>
	21,029,790				
	21,029,790				
1,832,159	14,306,156		884,687		
1,004,817	2,470,693		90,314		57,482
69,605					
1,268,513	2,448,499	2,381			1,645,408
10,510,523	913,801				97,607
1,315,690	542,402				1,005,009
2,925,884	15,616,136				6,873,682
			1,718,935		
106,479,346	421,334,054				178,674
122,889,686					
534,860					
3,559,405	806,432	285,919	33,866		962,372
(152,130,758)	(119,932,705)	(1,364)	(444,088)		(4,314,037)
<u>100,259,730</u>	<u>338,505,468</u>	<u>286,936</u>	<u>2,283,714</u>		<u>6,506,197</u>
					5,408,772
					5,408,772
<u>\$ 176,329,33</u>	<u>\$ 477,495,29</u>	<u>\$ 1,995,85</u>	<u>\$ 2,913,48</u>	<u>\$ 255,16</u>	<u>\$ 20,091,40</u>

SAN JACINTO RIVER AUTHORITY

STATEMENT OF NET POSITION

August 31, 2023

	<u>Total</u>	<u>Eliminations</u>	<u>Business - Type Activities -</u>		
			<u>Raw Water Enterprise</u>		
			<u>Raw Water Supply</u>	<u>Highlands Division</u>	<u>Lake Conroe Division</u>
<u>Liabilities</u>					
Current Liabilities					
Accounts payable and accrued liabilities - unrestricted	\$ 12,557,058	\$ (5,984,694)	\$ 107,777	\$ 1,082,040	\$ 415,828
Restricted for Debt service:					
Current portion of bonds	23,320,000		1,555,000	2,000,000	
Current portion of lease liabilities	56,929			48,565	
Accrued interest payable	9,174,904		44,833	687,471	
Restricted for Construction:					
Accounts payable					
Retainage payable	349,154			314,891	
Unearned revenue	1,737,348		1,952		87,053
Total Current Liabilities	<u>47,195,393</u>	<u>(5,984,694)</u>	<u>1,709,562</u>	<u>4,132,967</u>	<u>502,881</u>
Noncurrent Liabilities					
Net Pension liability	335,108				
OPEB liability	1,126,912			215,087	403,200
Total Noncurrent Liabilities	<u>1,462,020</u>			<u>215,087</u>	<u>403,200</u>
Long-Term Debt					
First lien water revenue bonds - less current maturities	505,761,302		1,233,395	41,112,976	
Lease liabilities - less current	162,497			123,295	
Total Long-Term Debt	<u>505,923,799</u>		<u>1,233,395</u>	<u>41,236,271</u>	
Total Liabilities	<u>554,581,212</u>	<u>(5,984,694)</u>	<u>2,942,957</u>	<u>45,584,325</u>	<u>906,081</u>
Deferred Inflows of Resources					
Deferred inflows related to pension and OPEB	3,454,654				
Total Deferred Inflows of Resources	<u>3,454,654</u>				
<u>Fund Equity</u>					
Net Position					
Net investment in capital assets	90,488,246		28,491,057	36,166,248	10,925,088
Restricted:					
Debt service	65,668,477			8,082,945	
Construction	20,496,360			13,538,487	3,343,688
Other	4,624,313				
Unrestricted	105,909,410		2,102,565	4,072,848	15,970,543
Total Net Position	<u>287,186,806</u>		<u>30,593,622</u>	<u>61,860,528</u>	<u>30,239,319</u>
Total Liabilities, Deferred Inflows and Fund Equity	<u>\$ 845,222,672</u>	<u>\$ (5,984,694)</u>	<u>\$ 33,536,579</u>	<u>\$ 107,444,853</u>	<u>\$ 31,145,400</u>

Enterprise Funds

Woodlands Division	Groundwater Reduction Plan Division	Flood Management Division	Bear Branch	Region H	General and Administration Division
\$ 6,093,933	\$ 9,336,824	\$ 154,338	\$ 82,859	\$ 55,149	\$ 1,213,004
3,845,000	15,920,000				
8,364					
642,491	7,800,109				
2,534	31,729				
		1,587,772		60,571	
<u>10,592,322</u>	<u>33,088,662</u>	<u>1,742,110</u>	<u>82,859</u>	<u>115,720</u>	<u>1,213,004</u>
					335,108
426,689					81,936
<u>426,689</u>					<u>417,044</u>
57,355,553	406,059,378				
39,202					
<u>57,394,755</u>	<u>406,059,378</u>				
<u>68,413,766</u>	<u>439,148,040</u>	<u>1,742,110</u>	<u>82,859</u>	<u>115,720</u>	<u>1,630,048</u>
					3,454,654
					<u>3,454,654</u>
88,062,278	(82,233,272)	286,936	2,283,714		6,506,197
6,301,285	51,284,247				
					3,614,185
2,177,246		1,699,391	546,913	139,440	61,323
11,374,759	69,296,283	(1,732,586)			4,824,998
<u>107,915,568</u>	<u>38,347,258</u>	<u>253,741</u>	<u>2,830,627</u>	<u>139,440</u>	<u>15,006,703</u>
<u>\$ 176,329,334</u>	<u>\$ 477,495,298</u>	<u>\$ 1,995,851</u>	<u>\$ 2,913,486</u>	<u>\$ 255,160</u>	<u>\$ 20,091,405</u>

SAN JACINTO RIVER AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year Ended August 31, 2023

	<u>Total</u>	<u>Eliminations</u>	<u>Business - Type Activities -</u>		
			<u>Raw Water Enterprise</u>		
			<u>Raw Water Supply</u>	<u>Highlands Division</u>	<u>Lake Conroe Division</u>
Operating Revenues:					
Water sales:					
Industrial and Municipal	\$ 20,273,700	\$ (3,006,363)	\$ 22,666,826	\$	\$
Irrigation	128,683		128,683		
Water and sewer service fees	108,977,922	(19,319,138)			
Permits, licenses and fees	1,412,211				1,205,111
Contractual revenues	3,185,002				3,185,002
Capacity charges	4,310,609				
Water planning grants	377,532				
Total Operating Revenues	<u>138,665,659</u>	<u>(22,325,501)</u>	<u>22,795,509</u>		<u>4,390,113</u>
Operating Expenses:					
Salaries and wages	15,083,717		332,039	2,608,527	2,244,314
Employee insurance and other payroll benefits	5,402,815		111,997	898,678	896,675
Outside services employed	9,169,685	(19,319,138)	414,487	272,997	1,322,391
Operating supplies and expenses	17,450,096	(3,006,363)	239,914	595,498	380,423
Rentals	152,015	(30,605)		106,868	54,942
Maintenance, repairs & parts	5,945,408			957,484	406,314
Water planning grant expenses	1,536				
General and admin. expenses allocated			46,267	432,734	826,969
Depreciation and amortization	24,758,629			2,787,064	151,259
Total Operating Expenses	<u>77,963,901</u>	<u>(22,356,106)</u>	<u>1,144,704</u>	<u>8,659,850</u>	<u>6,283,287</u>
Operating Income (Loss)	<u>60,701,758</u>	<u>30,605</u>	<u>21,650,805</u>	<u>(8,659,850)</u>	<u>(1,893,174)</u>
Nonoperating Revenues (Expenses)					
Investment earnings (loss)	7,108,331		302	927,406	224,247
Gain (Loss) on disposal of assets	199,566			125,946	7,214
Other revenues	2,974,663	(30,605)	332	75,812	85,604
Amortization of bond premium/discounts	643,714		174,083	276,007	
Interest expense and bond issuance costs	(22,089,427)		(112,600)	(1,660,797)	
Total Nonoperating Revenues (Expenses)	<u>(11,163,153)</u>	<u>(30,605)</u>	<u>62,117</u>	<u>(255,626)</u>	<u>317,065</u>
Income (Loss) Before Contributions and Transfers	49,538,605		21,712,922	(8,915,476)	(1,576,109)
Transfers			(19,261,998)	11,359,651	6,028,898
Capital Contributions	<u>1,622,277</u>			<u>764,228</u>	
Change in Net Position	<u>51,160,882</u>		<u>2,450,924</u>	<u>3,208,403</u>	<u>4,452,789</u>
Net Position at Beginning of Year	<u>236,025,924</u>		<u>28,142,698</u>	<u>58,652,125</u>	<u>25,786,530</u>
Net Position at End of Year	<u>\$ 287,186,806</u>	<u>\$</u>	<u>\$ 30,593,622</u>	<u>\$ 61,860,528</u>	<u>\$ 30,239,319</u>

See Notes to Financial Statements.

Enterprise Funds

Woodlands Division	Groundwater Reduction Plan Division	Flood Management Division	Bear Branch	Region H	General and Administration Division
\$	\$ 613,237	\$	\$	\$	\$
50,392,277	77,904,783				
207,100					
4,310,609					
		169,646		207,886	
<u>54,909,986</u>	<u>78,518,020</u>	<u>169,646</u>		<u>207,886</u>	
5,215,397	3,421,471	347,344	106,196		808,429
1,985,402	1,334,954	111,866	41,890		21,353
22,203,916	3,059,203	363,393	5,222	196,503	650,711
5,589,789	12,699,113	25,016	3,600		923,106
9,983					10,827
2,999,086	1,265,933		156,285		160,306
				1,536	
814,680	377,284	44,859	31,319		(2,574,112)
6,810,846	14,638,015	458	20,184		350,803
<u>45,629,099</u>	<u>36,795,973</u>	<u>892,936</u>	<u>364,696</u>	<u>198,039</u>	<u>351,423</u>
<u>9,280,887</u>	<u>41,722,047</u>	<u>(723,290)</u>	<u>(364,696)</u>	<u>9,847</u>	<u>(351,423)</u>
2,349,215	3,267,495	872	26,043		312,751
60,406	6,000				
44,434	2,763,018	146	60		35,862
183,625	9,999				
<u>(1,551,945)</u>	<u>(18,764,085)</u>				
<u>1,085,735</u>	<u>(12,717,573)</u>	<u>1,018</u>	<u>26,103</u>		<u>348,613</u>
10,366,622	29,004,474	(722,272)	(338,593)	9,847	(2,810)
(382,044)	(397,028)	536,657			2,115,864
		154,491	703,558		
<u>9,984,578</u>	<u>28,607,446</u>	<u>(31,124)</u>	<u>364,965</u>	<u>9,847</u>	<u>2,113,054</u>
<u>97,930,990</u>	<u>9,739,812</u>	<u>284,865</u>	<u>2,465,662</u>	<u>129,593</u>	<u>12,893,649</u>
<u>\$ 107,915,568</u>	<u>\$ 38,347,258</u>	<u>\$ 253,741</u>	<u>\$ 2,830,627</u>	<u>\$ 139,440</u>	<u>\$ 15,006,703</u>

SAN JACINTO RIVER AUTHORITY

STATEMENT OF CASH FLOWS

Year Ended August 31, 2023

	Business - Type Activities -				
	Total	Eliminations	Raw Water Enterprise		
			Raw Water Supply	Highlands Division	Lake Conroe Division
Cash Flows from Operating Activities					
Cash received from customers	\$ 128,377,281	\$ (22,325,501)	\$ 22,265,241	\$ (699,608)	\$ 207,272
Cash payments to suppliers for goods and services	(25,405,266)	22,356,106	(691,964)	(1,382,920)	(2,560,195)
Cash paid for employee services	(20,924,201)		(444,036)	(3,503,207)	(3,133,493)
Other revenues	2,974,663	(30,605)	332	75,812	85,604
Net Cash Provided (Used) by Operating Activities	<u>85,022,477</u>		<u>21,129,573</u>	<u>(5,509,923)</u>	<u>(5,400,812)</u>
Cash Flows from Noncapital Financing Activities					
Transfers			(19,261,998)	11,359,651	6,028,898
Net Cash Provided (Used) by Noncapital Finance Activities			<u>(19,261,998)</u>	<u>11,359,651</u>	<u>6,028,898</u>
Cash Flows from Capital and Related Financing Activities					
Principal paid on bonds	(22,570,000)		(1,500,000)	(1,940,000)	
Principal paid on notes					
Interest paid	(22,402,803)		(137,600)	(1,687,986)	
Proceeds from bond sales					
Bond issue expense					
Acquisition of facilities and equipment	(12,183,793)		(230,277)	(8,681,581)	(85,151)
Lease payments	(53,534)			(45,695)	
Proceeds from the sale of assets	199,566			125,946	7,214
Capital contributions/(distributions)	1,622,277			764,228	
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(55,388,287)</u>		<u>(1,867,877)</u>	<u>(11,465,088)</u>	<u>(77,937)</u>

Enterprise Funds

Woodlands Division	Groundwater Reduction Plan Division	Flood Management Division	Bear Branch	Region H	General and Administration Division
\$ 52,144,674	\$ 74,883,248	\$ 351	\$ (32,369)	\$ 268,457	\$ 1,665,516
(28,847,858)	(12,989,725)	(371,961)	(226,794)	(167,258)	(522,697)
(7,192,866)	(4,756,425)	(459,210)	(148,086)		(1,286,878)
44,434	2,763,018	146	60		35,862
<u>16,148,384</u>	<u>59,900,116</u>	<u>(830,674)</u>	<u>(407,189)</u>	<u>101,199</u>	<u>(108,197)</u>
<u>(382,044)</u>	<u>(397,028)</u>	<u>536,657</u>			<u>2,115,864</u>
<u>(382,044)</u>	<u>(397,028)</u>	<u>536,657</u>			<u>2,115,864</u>
(3,755,000)	(15,375,000)				
(1,594,009)	(18,983,208)				
(1,348,793)	(928,971)	(20,605)	(33,865)		(854,550)
(7,839)					
60,406	6,000				
		<u>154,491</u>	<u>703,558</u>		
<u>(6,645,235)</u>	<u>(35,281,179)</u>	<u>133,886</u>	<u>669,693</u>		<u>(854,550)</u>

SAN JACINTO RIVER AUTHORITY

STATEMENT OF CASH FLOWS

Year Ended August 31, 2023

	Business - Type Activities -				
	Total	Eliminations	Raw Water Enterprise		
			Raw Water Supply	Highlands Division	Lake Conroe Division
Cash Flows from Investing Activities					
Sale and maturity of investments	39,346,311			4,568,962	
Purchase of investments	(39,487,197)			(4,682,688)	
Interest earned	7,108,331		302	927,406	224,247
Net Cash Provided by Investing Activities	<u>6,967,445</u>		<u>302</u>	<u>813,680</u>	<u>224,247</u>
Net Increase (Decrease) in Cash and Cash Equivalents	36,601,635			(4,801,680)	774,396
Cash and equivalents at beginning of year	<u>141,856,981</u>			<u>27,022,837</u>	<u>6,411,671</u>
Cash and Equivalents at End of Year	<u>\$ 178,458,616</u>	<u>\$</u>	<u>\$</u>	<u>\$ 22,221,157</u>	<u>\$ 7,186,067</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ 60,701,758	\$ 30,605	\$ 21,650,805	\$ (8,659,850)	\$ (1,893,174)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Other revenues and expenses	2,974,663	(30,605)	332	75,812	85,604
Depreciation and amortization	24,758,629			2,787,064	151,259
(Increase) decrease in receivables	(4,046,198)	5,984,694	(483,753)	(266,874)	(3,347,047)
(increase) decrease in inventory	(41,376)				
(Increase) decrease in prepaid expenses and deposits	(12,565)			2,904	3,987
(Increase) decrease in net pension asset	6,107,440				
Increase (decrease) in net pension liability	335,108				
Increase (decrease) in accounts payable and accrued liabilities	1,382,721	(5,984,694)	(37,563)	547,023	(400,112)
Increase (decrease) in OPEB liability	20,946			3,998	7,496
Increase (decrease) in deferred outflows	(3,073,024)				
Increase (decrease) in deferred inflows	(3,828,139)				
Increase (decrease) in unearned revenue	(257,486)		(248)		(8,825)
Total Adjustments	<u>24,320,719</u>	<u>(30,605)</u>	<u>(521,232)</u>	<u>3,149,927</u>	<u>(3,507,638)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 85,022,477</u>	<u>\$</u>	<u>\$ 21,129,573</u>	<u>\$ (5,509,923)</u>	<u>\$ (5,400,812)</u>
Noncash investing, capital, and financing activities:					
Acquisition of capital assets through assumption of a liability	\$ 425,079			\$ 393,350	

See Notes to Financial Statements.

Enterprise Funds

Woodlands Division	Groundwater Reduction Plan Division	Flood Management Division	Bear Branch	Region H	General and Administration Division
34,777,349 (34,804,509) 2,349,215	3,267,495	872	26,043		312,751
<u>2,322,055</u>	<u>3,267,495</u>	<u>872</u>	<u>26,043</u>		<u>312,751</u>
11,443,160	27,489,404	(159,259)	288,547	101,199	1,465,868
<u>26,800,829</u>	<u>74,242,149</u>	<u>1,858,650</u>	<u>337,983</u>	<u>153,961</u>	<u>5,028,901</u>
<u>\$ 38,243,989</u>	<u>\$ 101,731,553</u>	<u>\$ 1,699,391</u>	<u>\$ 626,530</u>	<u>\$ 255,160</u>	<u>\$ 6,494,769</u>
\$ 9,280,887	\$ 41,722,047	\$ (723,290)	\$ (364,696)	\$ 9,847	\$ (351,423)
44,434 6,810,846 (1,950,632) (36,138)	2,763,018 14,638,015 (3,257,488) (5,238)	146 458 184,548	60 20,184 (1,050)		35,862 350,803 (908,596)
(30,638)	(31,072)	652	(322)		41,924 6,107,440 335,108
2,021,692 7,933	4,070,834	15,796	(61,365)	30,781	1,180,329 1,519 (3,073,024) (3,828,139)
<u>6,867,497</u>	<u>18,178,069</u>	<u>(308,984)</u> <u>(107,384)</u>	<u>(42,493)</u>	<u>60,571</u> <u>91,352</u>	<u>243,226</u>
<u>\$ 16,148,384</u>	<u>\$ 59,900,116</u>	<u>\$ (830,674)</u>	<u>\$ (407,189)</u>	<u>\$ 101,199</u>	<u>\$ (108,197)</u>

\$ 31,729

San Jacinto River Authority
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FIDUCIARY FUND

August 31, 2023

Assets

Assets

Investments			
Fixed Income Securities		\$	7,742,609
Equity Securities			12,252,872
Real Estate Investments			1,818,659
Total Assets			21,814,140

Liabilities and Net Position

Liabilities

Accrued expenses and benefit payable			
Total Net Position Restricted for Pension		\$	21,814,140

See Notes to Financial Statements.

San Jacinto River Authority

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

PENSION TRUST FIDUCIARY FUND

Year Ended August 31, 2023

Additions

Employer contributions	\$ 876,461
Investment Income (Loss)	(5,404,127)
Total Additions	<u>(4,527,666)</u>

Deductions

Service Benefits	1,617,934
Administrative expenses	2,706
Total Deductions	<u>1,620,640</u>

Change in Net Position Restricted for Pension (6,148,306)

Net Position at Beginning of Year	<u>27,962,446</u>
Net Position at End of Year	<u>\$ 21,814,140</u>

See Notes to Financial Statements.

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SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the San Jacinto River Authority (the "Authority"), a governmental agency and political subdivision of the State of Texas, conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB"). The following is a summary of the more significant policies consistently applied in the preparation of the accompanying financial statements:

A. Reporting Entity

The reporting entity refers to the scope of activities, organizations and functions included in the financial statements. The Authority is a separate, self-supporting governmental unit and is administered by a Board of seven members who are appointed by the Governor of the State of Texas. There are no dependent functions or agencies that meet any of the criteria for inclusion in the reporting entity in accordance with the requirements of the GASB.

B. Business-Type Activities

The business-type activities and the related accounts of the Authority are organized on the basis of Enterprise Funds, each of which is considered a separate accounting entity. The operations of each Enterprise Fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenses, as appropriate. These Enterprise Funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the cost of providing services to customers on a continuing basis (expenses, including depreciation) be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, debt service or other purposes.

The Enterprise Funds maintained by the Authority are described below:

General and Administration Fund ("General and Administration Division")

The General and Administration Division, located in the general business office at Lake Conroe, consists of professional, technical, accounting, administrative and support staff working under the direction of the General Manager. The General and Administration Division provides management and support services to the SJRA's five operating divisions, time, salary, and benefit costs are allocated to each division based on time worked and full-time equivalents (FTEs). The majority of the growth occurring during and after 2014 (see Number of Employees by Division, pages 100-101) was directly related to the planning and implementation of a groundwater reduction program in response to regulations adopted by the Lone Star Groundwater Conservation District.

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Raw Water Fund ("Raw Water Enterprise")

This Enterprise consists of the Highlands and Lake Conroe Divisions plus revenue and expenses associated with the Authority's overall raw water supply system that are not otherwise divisible between the Highlands Division and the Lake Conroe Division (Raw Water Supply). The Enterprise accounts for the long-term water sale contracts to industrial, agricultural and municipal customers from its raw water supplies. Most of the sales contracts contain provisions for the quantities of water, take or pay whether or not the water is used by the customers. Some of the sales contracts contain options and reservations for the additional purchases of near-term future water supplies by customers. In all such contracts, the Authority has reserved the right from time to time to adjust its rates for the sale and for reservation of raw water.

Highlands Fund ("Highlands Division")

This fund accounts for the long-term water sale commitments to several industrial, agricultural and municipal customers from its water resources in the Reservoir and Canal System located in Highlands, Texas.

Lake Conroe Dam and Reservoir Fund ("Lake Conroe Division")

The Authority contracted with the City of Houston for the joint construction of Lake Conroe. Under the terms of the contract, the City of Houston advanced two-thirds of the financing of such construction and owns two-thirds of permitted water rights of Lake Conroe. The Authority, in whom the legal title to the physical properties is vested, owns the remaining one-third of the permitted water rights. The Authority operates Lake Conroe for the benefit of itself and the City of Houston pursuant to the terms and conditions of a 1968 contract between the Authority and the City of Houston. An amended and restated contract between the parties, which extends the general terms and conditions of the 1968 contract for the useful life of the Lake Conroe Dam and reservoir, has been approved and executed by the Authority and is in the process of review and approval by the City of Houston. The operating costs of Lake Conroe are generally borne one-third by the Authority and two-thirds by the City of Houston. The accompanying financial statements include only the costs of the Authority's ownership interest in Lake Conroe; therefore, the costs of the City of Houston's two-thirds interest of \$26,902,395 in Lake Conroe are excluded from the capital asset totals presented.

For operating Lake Conroe, the Authority is reimbursed for two-thirds of the net annual costs and expenses (after credits for revenues received from recreational facilities and other Lake Conroe sources except the sale of water) incurred by the Authority for maintenance, operation and capital outlays of Lake Conroe. Due to the joint ownership interests in capital assets, the accompanying financial statements present only the Authority's share in capital assets of Lake Conroe.

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Woodlands Division Fund (“Woodlands Division”)

This fund accounts for the wholesale water and wastewater treatment plants (Central Plants) and major water production, storage and distribution facilities and wastewater collection and conveyance equipment (Central Lines) located in The Woodlands, Texas. As described below, the Central Plants and Central Lines (collectively, the Central Facilities) are provided to this fund through purchases at actual costs of reserve capacity rights in such Central Facilities by the eleven municipal utility districts located in The Woodlands, Texas. Some of the costs of reserve capacity were reduced by federal grants received by the Authority for the initial cost of construction and expansion of wastewater treatment facilities comprising a part of the Central Facilities. The Woodlands Division participates in the groundwater reduction program administered by the Authority’s GRP Division. The GRP pumpage fee and surface water fee income and related payments are reflected in the eliminations column of the financial statements.

All activities necessary to provide wholesale water and sewer services from such assets are accounted for in this fund, including operations, maintenance, financing and related debt service, and billings to and collections from the participating municipal utility districts. The basic agreement with the municipal utility districts provides for wholesale water and wastewater service billings based upon the recovery of the actual expenses incurred for the operations, maintenance and contingency reserves for the Central Facilities, exclusive of depreciation of such assets, as well as capacity charges for the purchase of reserved capacity rights. As of August 31, 2023, the following municipal utility districts have purchased reserve capacity in such Central Facilities: Montgomery County Municipal Utility District Nos. 6, 7, 36, 39, 46, 47, 60 and 67, The Woodlands Municipal Utility District No. 1, The Woodlands Metro Center Municipal Utility District, and Harris-Montgomery Counties Municipal Utility District No. 386 (Montgomery County side only).

In the initial 1975 agreement and supplemental agreements thereto between the Authority and The Woodlands Development Company (Company) including its successors, the Company agreed to advance monies to the Woodlands Division, to the extent that funds were not otherwise available to finance the costs of the expansions to the Central Facilities. Such agreements also stipulate that sums advanced to the Woodlands Division by the Company shall be reimbursed to the Company from capacity charges received from the participating municipal utility districts. Since 1989, the Company has not been called upon to make any advances for such purposes, and substantially all prior advances by the Company have been fully reimbursed. The participating municipal utility districts make payment of capacity charges for purchased reserved capacity rights by contributing their respective pro rata shares of costs, in cash by contributing additional facilities in kind, or by payment of their pro rata shares of the debt services costs on contract revenue bonds issued by the Authority to finance the costs of Central Facilities.

Flood Management Fund (“Flood Management Division”)

The Flood Management Division was created in the spring of 2018 to develop short-term and long-term regional flood management strategies within the San Jacinto River Basin. The intent is to build partnerships with federal, state, and local governmental entities;

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

identify funding options and/or revenue sources; and coordinate, and partner with other flood management entities within the San Jacinto River Basin.

Groundwater Reduction Plan Fund (“Groundwater Reduction Plan Division”)

As authorized by the Board of Directors, the Authority developed a Groundwater Reduction Plan (GRP) on behalf of all large volume groundwater users (LVGU’s) within Montgomery County who choose to join. Individual LVGU’s in Montgomery County will be able to comply with the Lone Star Groundwater Conservation District (LSGCD) regulatory requirements adopted by LSGCD in 2009. The projected water demand of all participating LVGUs is included in the planning for the Authority’s regionalized surface water treatment and transmission system. The specific requirements for this planning are set forth in the LSGCD’s District Regulatory Plan. In order to join the Authority’s GRP, individual LVGUs had to execute a GRP contract with the Authority obligating them to pay groundwater pumpage fees and/or surface water fees. The revenues from participant fees cover all costs associated with implementing the GRP program. On September 8, 2020, the LSGCD adopted new regulations which, in pertinent part, repealed its 2009 regulations. Notwithstanding the foregoing, the GRP Contracts remain in force and effect in accordance with their terms. See Note 12 for discussion of the status of ongoing litigation related to the GRP, including collection of amounts due and owing from certain GRP participants.

On October 16, 2009, a Water Supply Contract with City of Houston was fully executed by the Mayor of the City of Houston. The agreement allows the Authority to purchase surface water from the City’s two-thirds share in Lake Conroe. The Authority will pay a reservation fee for water that is reserved from the City but not actually used in a given year. The reservation fee will be a prorated amount based on one-half of the City’s share of the annual O&M and capital expenses for the Lake Conroe Division. The term of the agreement is for 80 years, with a continuation of service upon expiration under similar terms.

Bear Branch Fund (“Bear Branch”)

The Authority owns and maintains the Bear Branch Reservoir System (Bear Branch) which provides elements of a storm water management system within a portion of The Woodlands, Texas service area. The Authority purchased the assets of Bear Branch from the Woodlands Land Development Company, LP in April 2000. All activities necessary to maintain and improve Bear Branch assets are accounted for in this fund. As of August 31, 2023, contracts have been signed with Montgomery County Municipal Utility Districts Nos. 7, 46, 47, 60 and 67 to purchase their agreed to proportionate share of reserve capacity rights for storm water detention resulting from the construction and maintenance of Bear Branch System.

Region H Fund (“Region H”)

Under an agreement with the Texas Water Development Board, the Authority is the designated contracting agency and group-appointed administrator of the Region H Water Planning Group.

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

C. Fiduciary Activity

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the Authority's business-type activities because the resources of those funds are not available to the Authority. The Authority has fiduciary responsibility for the defined benefit pension plan. Accordingly, the Authority's Pension Trust Fund is included in the accompanying basic financial statement as a pension trust fund in the fiduciary fund statements.

D. Measurement Focus and Basis of Accounting

The Enterprise Funds have a net income or economic resources measurement focus and are accounted for using the accrual basis of accounting, under which revenues are recognized when they are earned including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred. With this measurement focus, all assets and liabilities associated with the operation of these funds are included in the Statement of Net Position.

The Authority distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The Authority applies all GASB pronouncements as well as Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

E. Cash and Cash Equivalents, and Investments

Cash and cash equivalents include amounts in checking, savings, money market accounts and Public Funds Investment Pools and securities per the Authority's Investment Policy.

Restricted funds consist of construction and debt service funds derived from bond and debt issuances, operational revenues designated for specific purposes by the SJRA Board and other funds with contractual or legal constraints.

Investments are reported at fair value. Any changes in the fair value of financial investments are records as income.

F. Accounts Receivable

The allowance for doubtful accounts is established to provide an estimate of bad debts charged to revenues. Losses are charged against the allowance when Management believes the collectability of a receivable is unlikely. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by Management and is based on historical experience and specifically identified questionable receivables. The evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. As of August 31, 2023, the Authority has record (\$28,144) in bad debts.

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

G. Depreciation

Depreciation is provided for in amounts sufficient to relate the cost of the depreciable property to operations on a straight-line basis over their estimated useful lives in the Enterprise Funds. The depreciation for the Lake Conroe Division is based only on the one-third ownership interest of the Authority in such assets. The Authority's policy is to capitalize assets with an initial installed cost exceeding \$5,000 and useful life of five years or greater. The useful lives by the type of assets are as follows:

<u>Asset Class</u>	<u>Useful Life</u>
Office furniture, fixtures and equipment	5 years
Other machinery and equipment	5-10 years
Automobiles and trucks	5-10 years
Buildings	50 years
Dams and appurtenances	100 years
Water systems	30 years
Wastewater utility systems	30 years
Capital improvement plans	20 years

The Authority's Management considers its water permits and rights permanent in nature and since these intangible assets have no evident limited life, no amortization is being recognized.

H. Leases

The Authority is a lessee because it leases capital assets from other entities. As a lessee, the Authority reports lease liabilities and intangible right-to-use capital assets (also referred to as lease assets). The Authority recognizes lease proceeds and capital outlay at initiation of the lease, and the outflow of resources for the lease liability. At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. For additional information on intangible right-to-use assets and lease liabilities, see Note 5.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The Authority uses the interest rate charged by the lessor as the discount rate when explicit. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease and any options to renew that the Authority is reasonably certain to exercise. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

price that the Authority is reasonably certain to exercise. The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported as intangible right-to-use asset along with other capital assets and lease liabilities are reported with current liabilities and long-term debt on the statement of net position.

I. Unamortized Bond Premium or Discount

Included within long-term debt is unamortized bond premium or discount. The bond premiums or discounts are being amortized over the life of the related obligation on the straight-line method.

J. Date of Management's Review

Subsequent events have been evaluated through January 25, 2024, which is the date the financial statements were available to be issued.

K. Net Position

Net position represents the difference between assets and liabilities. Investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent bond proceeds.

Net positions are reported as restricted when there are limitations imposed on their use by the SJRA Board or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Unrestricted net position represents the remaining portion of net position.

When both restricted and unrestricted resources are available for use, it is generally the Authority's policy to use restricted resources first.

L. Reclassification

Certain reclassifications to prior year balances have been made to conform to current year presentation. Such reclassifications have no effect on the change in net position.

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

A summary of **net investment in capital assets** as of August 31, 2023 follows:

	Capital Assets -		
	Net of Depreciation & Amortization	Bonds Payable and Other	Total
General and Administration Division	\$ 6,506,197	\$	\$ 6,506,197
Raw Water Supply	31,279,452	(2,788,395)	28,491,057
Highlands Division	79,746,190	(43,579,942)	36,166,248
Lake Conroe Division	10,925,088		10,925,088
Woodlands Division	100,259,730	(12,197,452)	88,062,278
Groundwater Reduction Plan Division	338,505,468	(420,738,740)	(82,233,272)
Flood Management	286,936		286,936
Bear Branch	2,283,714		2,283,714
Total	<u>\$ 569,792,775</u>	<u>\$ (479,304,529)</u>	<u>\$ 90,488,246</u>

A summary of net position restricted for **debt service** as of August 31, 2023 follows:

	Restricted Cash for Debt Service	Liabilities Payable from Restricted Cash for Debt Service	Total
Highlands Division	\$ 8,770,416	\$ (687,471)	\$ 8,082,945
Woodlands Division	6,943,776	(642,491)	6,301,285
Groundwater Reduction Plan Division	59,084,356	(7,800,109)	51,284,247
Total	<u>\$ 74,798,548</u>	<u>\$ (9,130,071)</u>	<u>\$ 65,668,477</u>

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

A summary of net position restricted for **construction** as of August 31, 2023 follows:

	Restricted Cash for Construction	Bonds Payable	Liabilities Payable from Restricted Cash for Construction	Total
General and Administration Division	\$ 3,614,185	\$	\$	\$ 3,614,185
Highlands Division	13,538,487			13,538,487
Lake Conroe Division	3,343,688		-	3,343,688
Woodlands Division	24,204,386	(24,204,386)		-
Groundwater Reduction Plan Division	1,272,367	(1,272,367)		-
Total	\$ 45,973,113	\$ (25,476,753)	\$ -	\$ 20,496,360

A summary of net position restricted for **other** as of August 31, 2023 follows:

	Emergency Reserve	Grants and other	Total
General and Administration Division	\$	\$ 61,323	\$ 61,323
Woodlands Division	2,177,246		2,177,246
Flood Management		1,699,391	1,699,391
Bear Branch		546,913	546,913
Region H		139,440	139,440
Total	\$ 2,177,246	\$ 2,447,067	\$ 4,624,313

A summary of net position – **unrestricted** as of August 31, 2023 follows:

	Designated			
	Operating Reserve	Emergency	Undesignated	Total
General & Administration Div.	\$ 1,624,961	\$ 529,491	\$ 2,670,546	\$ 4,824,998
Raw Water Supply			2,102,565	2,102,565
Highlands Division	2,607,262	1,531,383	(65,797)	4,072,848
Lake Conroe Division	1,194,924	2,647,455	12,128,164	15,970,543
Woodlands Division			11,374,759	11,374,759
Flood Management			(1,732,586)	(1,732,586)
Groundwater Reduct. Plan Div.			69,296,283	69,296,283
Total	\$ 5,427,147	\$ 4,708,329	\$ 95,773,934	\$ 105,909,410

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

All cash, savings, money market accounts and Public Funds Investment Pools are in various financial institutions and are carried at cost. Marketable securities are held at U.S. Bank and are carried at fair value.

	<u>Book Balance</u>	<u>Bank Balance</u>	<u>Insurance & Fair Value of Collateral</u>
Collateral held by pledging banks in the Authority's name	\$ 51,189,079	\$ 51,603,429	\$ 47,239,889
Cash equivalents, not requiring pledging by banks, money funds & Pools	<u>127,269,537</u>	<u>127,269,537</u>	N/A
Total Cash and Cash Equivalents	<u>\$ 178,458,616</u>	<u>\$ 178,872,966</u>	

The aforementioned cash equivalents are secured by U.S. Government obligations and investment pools do not require collateral to be held by the financial institution.

Investment Policy

The Authority has adopted a written Public Funds Investment Act policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. The investments of the Authority are in compliance with its investment policy.

Investments

River authorities in Texas are authorized to make investments as follows:

- Obligations of the U.S. or its agencies
- Obligations of the state of Texas or its agencies
- Obligations guaranteed by the U.S. or the state of Texas
- Certificates of deposit of federally insured banks and savings and loans domiciled in Texas
- Various others meeting specific requirements

The Authority invested in obligations of the U.S. or its agencies as of August 31, 2023.

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the fair value of its underlying investment portfolio within one half of one percent of the value of its shares. The Authority has been authorized by the Board of Directors to invest in the Pools. In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 79, investment pools use amortized cost (which excludes unrealized gains and losses) to compute share price without any limitation or restrictions on withdrawals. An external investment pool qualifies for amortized cost reporting if it transacts with its participants at a stable net asset value per share and meets various portfolio maturity, quality, diversification liquidity and pricing requirements. Investments in pools are deemed to have a weighted average maturity of one day. At August 31, 2023, the Authority participated in TexPool (\$80,428,249), TexStar (\$5,219,545) and Texas CLASS (\$40,461,578).

Interest Rate Risk

In accordance with its investment policy, the Authority manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than two years, in order to meet cash requirements for ongoing operation. The Authority's investments in the state investment pools via TexPool, TexStar and Texas CLASS were rated AAAM by Standard and Poor's.

Credit Risk – Investments

In accordance with its investment policy, the Authority minimized credit risk losses due to default of a security issuer or backer, by limiting investments to the safest types of securities.

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Investments – Fair Value

The Authority's investments are stated at fair value which is the amount that would be received in an asset sale or paid in an orderly transaction between unaffiliated market participants. The Authority categorizes the fair value measurement of its investments based on the hierarchy established by generally accepted accounting principles. The categorization of financial instruments within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The hierarchy is prioritized into three levels (with Level 3 being the lowest) defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2: Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

The fair value measurement of investments and the level within the fair value hierarchy at which the investments are measured at August 31, 2023 are as follows:

	<u>08/31/23</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level				
Money Market Funds	\$ 8,927,967	\$ 8,927,967		\$
U.S. Treasury Notes	24,895,630		24,895,630	
Total Investments	<u>\$ 33,823,597</u>	<u>\$ 8,927,967</u>	<u>\$ 24,895,630</u>	<u>\$</u>

The Authority has no Level 3 inputs at August 31, 2023.

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The individual interfund receivables/payables as of August 31, 2023 follow:

	<u>Receivables</u>	<u>Payables</u>
Enterprise Funds:		
Raw Water Supply	\$	\$
General and Administration Division	1,044,683	1,750
Highlands Division	1,520,407	1,141,898
Woodlands Division	77,473	4,068,195
Lake Conroe Division		2,373
Groundwater Reduction Plan Division	3,341,081	749,906
Region H		
Bear Branch	1,050	20,572
	<u>\$ 5,984,694</u>	<u>\$ 5,984,694</u>

Interfund balances and transfers primarily result from payroll transactions with related employee benefits, and GRP pumpage fees and GRP surface water fees. Payroll transactions and related employee benefits become the basis for expenses of the divisions and departments which use the services. Beginning in fiscal year 2010, interfund transactions record the monthly groundwater pumpage and surface water fees which is sources of revenue to the GRP Division and expenses of the Woodlands Division.

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – CAPITAL ASSETS

The following table summarizes the changes in the components of capital assets:

	Balance at September 01, 2022	Additions	Deletions	Balance at August 31, 2023
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 29,196,595	\$	\$	\$ 29,196,595
Water permits and rights	30,947,801			30,947,801
Construction in progress	9,518,908	11,700,729	(4,293,420)	16,926,217
Total Capital Assets Not Being Depreciated	69,663,304	11,700,729	(4,293,420)	77,070,613
Capital Assets Being Depreciated:				
Land improvements	1,562,697	18,650		1,581,347
Roads	2,858,827			2,858,827
Furniture, fixtures and equipment	6,176,980		(143,366)	6,033,614
Other machinery and equipment	14,496,377	565,129	(152,694)	14,908,812
Automobiles and trucks	3,241,653	284,231	(135,991)	3,389,893
Intangible right-to-use assets	365,907	98,244		464,151
Buildings	27,147,822	37,400		27,185,222
Dams and appurtenances	9,434,710	674,583		10,109,293
Water systems	604,122,227	3,047,577		607,169,804
Wastewater utility systems	122,740,770	148,916		122,889,686
Capital improvement plans	3,611,319			3,611,319
Total Capital Assets Being Depreciated	795,759,289	4,874,730	(432,051)	800,201,968
Less Accumulated Depreciation for:				
Roads	1,486,527	135,143		1,621,670
Land improvements	1,085,758	50,249		1,136,007
Furniture, fixtures and equipment	5,592,166	201,824	(143,367)	5,650,623
Other machinery and equipment	10,006,023	658,973	(152,697)	10,512,299
Automobiles and trucks	2,457,027	318,753	(135,987)	2,639,793
Leased equipment	78,611	85,834		164,445
Buildings	5,965,516	566,809		6,532,325
Dams and appurtenances	3,533,828	110,694		3,644,522
Water systems	182,197,345	19,275,266		201,472,611
Wastewater utility systems	70,083,594	3,289,442		73,373,036
Capital improvement plans	666,831	65,644		732,475
Total Accumulated Depreciation	283,153,226	24,758,631	(432,051)	307,479,806
Total Capital Assets Being Depreciated, Net	512,606,063	(19,883,901)	0	492,722,162
Business-Type Activities				
Capital Assets, Net	\$ 582,269,367	\$ (8,183,172)	\$ (4,293,420)	\$ 569,792,775

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – LEASES

The Authority has leasing arrangements, summarized below:

The Authority entered into a lease agreement to lease tower space to affix a SCADA antenna for the Woodlands Division for 60 months beginning October 1, 2013, with five optional 60-month renewal periods. The Authority has exercised two of the renewal options extending the contract expiration to September 30, 2028. Currently, the Authority is not reasonably certain to exercise future renewal options. As of September 1, 2022, there were 72 payments remaining of the term reasonably certain to be exercised. Under the terms of the lease, the Authority pays a monthly fee that is adjusted 3% each year and in Fiscal Year 2023 the monthly payments were \$782.87.

The Authority entered into a lease agreement to lease fiber optic lines serving the Highlands Division SCADA system for 60 months beginning August 20, 2021, with unlimited 12-month renewal options. After the initial term of the lease, the lease would be considered a short-term lease since it becomes cancelable on a year-to-year basis. As of September 1, 2022, there were 48 payments remaining of the contract term before becoming a short-term lease on August 19, 2026. Under the terms of the lease, the Authority pays a monthly fee of \$2,660.

The Authority entered into a lease agreement to lease fiber optic lines serving the Highlands Division IT system for 60 months beginning October 4, 2022, with unlimited 12-month renewal options. After the initial term of the lease, the lease would be considered a short-term lease since it becomes cancelable on a year-to-year basis as of October 3, 2027. Under the terms of the lease, the Authority pays a monthly fee of \$1,761.40. As of Fiscal Year 2023, the Authority recognized a right to use asset of \$98,244 and a lease liability of \$98,244.

Lease liabilities as of August 31, 2023, are detailed as follows:

Lease Description	Contract End Date	Discount Rate	Balance at September 1, 2022	Retirements (Additions)	Balance at August 31, 2023	Amounts Due Within One Year
SCADA Tower Lease	9/30/28	3%	\$ 55,405	\$ 7,839	\$ 47,566	\$ 8,364
SCADA Fiber Lease	8/19/26	3%	119,311	28,734	90,577	29,608
IT Fiber Optic Lease	10/3/27	3%		(81,283)	81,283	18,957
Total Lease Liabilities			\$ 174,716	\$ (44,710)	\$ 219,426	\$ 56,929

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Schedule of future lease payments as of August 31, 2023

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 56,929	\$ 5,804	\$ 62,733
2025	58,955	4,069	63,024
2026	60,076	2,271	62,347
2027	30,828	882	31,710
2028	12,638	184	12,822
Total	\$ 219,426	\$ 13,210	\$ 232,636

The Authority amortized the intangible right-to-use assets as of August 31, 2023:

<u>Lease Activities</u>	<u>Balance at September 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at August 31, 2023</u>
Intangible right-to-use assets, net of accumulated amortization				
SCADA Antenna Tower Lease	\$ 52,204	\$	\$ (8,701)	\$ 43,503
SCADA Fiber Optic Lease	235,094		(59,260)	175,834
IT Fiber Optic Lease		98,244	(17,872)	80,372
Total	\$ 287,298	\$	\$ (85,833)	\$ 299,709

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – UNAMORTIZED BOND PREMIUM OR DISCOUNT

A summary of changes in the unamortized bond premium or discount follows:

	Original Bond Premium or (Discount)	Balance at Sept. 1, 2022	Current Year Amortization	Retirements	Balance at Aug. 31, 2023
Raw Water Supply					
Water Revenue Refunding Bonds:					
Series 2019R-A	\$ 537,386	\$ 272,477	\$ 174,083	\$	\$ 98,394
Total Raw Water Supply	<u>537,386</u>	<u>272,477</u>	<u>174,083</u>	<u></u>	<u>98,394</u>
Highlands Division					
Water Revenue Bonds:					
Series 2013	265,830				
Series 2014	(1,348)	(890)	161		(1,051)
Series 2019R-B	2,434,636	2,014,873	275,846		1,739,027
Total Highlands Division	<u>2,699,118</u>	<u>2,013,983</u>	<u>276,007</u>	<u></u>	<u>1,737,976</u>
Total Raw Water Enterprise	<u>3,236,504</u>	<u>2,286,460</u>	<u>450,090</u>	<u></u>	<u>1,836,370</u>
Woodlands Division					
Special Project Revenue Refunding Bonds:					
Series 2014	1,183,116	594,592	57,284		537,308
Series 2014	2,488,017	1,429,587	126,341		1,303,246
Total Woodlands Division	<u>3,671,133</u>	<u>2,024,179</u>	<u>183,625</u>	<u></u>	<u>1,840,554</u>
GRP Division					
Special Project Revenue Bonds:					
Series 2011	114,995	65,984	4,678		61,306
Series 2016	69,788	53,393	5,321		48,072
Total GRP Division	<u>184,783</u>	<u>119,377</u>	<u>9,999</u>	<u></u>	<u>109,378</u>
Totals	<u>\$ 7,092,420</u>	<u>\$ 4,430,016</u>	<u>\$ 643,714</u>	<u>\$</u>	<u>\$ 3,786,302</u>

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 7 – LONG-TERM DEBT

A summary of changes in bonds payable follows:

	Interest Rates	Original Issuance	Balance at Sept. 1, 2022	Additions	Deductions	Balance at Aug. 31, 2023	Due Within One Year
Raw Water Supply							
Water Revenue Refunding Bonds:							
Series 2019A	3.00-4.00%	6,680,000	\$ 4,190,000	\$	\$ 1,500,000	\$ 2,690,000	\$ 1,555,000
Total Raw Water Supply			<u>4,190,000</u>	<u>\$</u>	<u>1,500,000</u>	<u>2,690,000</u>	<u>1,555,000</u>
Highlands Division							
Water Revenue Bonds:							
Series 2014	2.00-3.50%	5,360,000	4,370,000		180,000	4,190,000	185,000
Series 2015	0.89-4.28%	29,000,000	23,760,000		950,000	22,810,000	975,000
Series 2019A	2.00-5.00%	16,715,000	15,185,000		810,000	14,375,000	840,000
Total Highlands Division			<u>43,315,000</u>		<u>1,940,000</u>	<u>41,375,000</u>	<u>2,000,000</u>
Total Raw Water Enterprise			<u>47,505,000</u>		<u>3,440,000</u>	<u>44,065,000</u>	<u>3,555,000</u>
Woodlands Division							
Special Project Revenue Refunding Bonds:							
Series 2014	2.00-5.00%	11,355,000	7,010,000		660,000	6,350,000	675,000
Series 2014	3.00-5.00%	26,700,000	18,130,000		1,455,000	16,675,000	1,530,000
Series 2017	0.00-1.710%	42,895,000	37,975,000		1,640,000	36,335,000	1,640,000
Total Woodlands Division			<u>63,115,000</u>		<u>3,755,000</u>	<u>59,360,000</u>	<u>3,845,000</u>
Groundwater Reduction Plan Division							
Special Project Revenue Bonds:							
Series 2009	0.85-2.66%	21,500,000	13,145,000		1,750,000	11,395,000	1,790,000
Series 2011	3.00-5.25%	83,155,000	64,615,000		2,745,000	61,870,000	2,860,000
Series 2011A	1.47-4.97%	67,470,000	47,525,000		2,545,000	44,980,000	2,640,000
Series 2012	1.47-4.62%	175,000,000	128,560,000		5,870,000	122,690,000	6,070,000
Series 2012A	1.67-4.62%	165,000,000	149,545,000		1,290,000	148,255,000	1,345,000
Series 2013	0.53-4.76%	39,850,000	31,945,000		1,105,000	30,840,000	1,145,000
Series 2016	2.00-4.00%	2,305,000	1,910,000		70,000	1,840,000	70,000
Total Groundwater Reduction Plan Division			<u>437,245,000</u>		<u>15,375,000</u>	<u>421,870,000</u>	<u>15,920,000</u>
Total Bonds Payable			<u>\$ 547,865,000</u>	<u>\$</u>	<u>\$ 22,570,000</u>	<u>\$ 525,295,000</u>	<u>\$ 23,320,000</u>

Of the \$525,295,000 of bonds payable, \$501,975,000 is considered long-term and \$23,320,000 is considered current.

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

The Water Revenue Bonds within Raw Water Enterprise resolution requires that the gross revenues of the Authority, after deducting maintenance and operating expenses, shall be transferred in the following order:

- Debt Service Fund – No later than the fifth day preceding each maturity date, an amount sufficient to pay principal and interest on the outstanding Water Revenue Bonds.
- Debt Service Reserve Fund – On or before the fifth day of each month, such amounts in equal monthly installments, not less than one-sixtieth of the average annual sum payable in respect of the principal and interest scheduled to become due on the outstanding Water Revenue Bonds at the time of such computation.

The GRP Division Special Project Revenue Bond resolutions require that the gross revenues of the GRP, after deducting maintenance and operating expenses, shall be transferred in the following order:

- Debt Service Fund – No later than the fifth day preceding each maturity date, an amount sufficient to pay principal and interest on the outstanding Special Project Revenue Bonds in such fiscal year.
- Debt Service Reserve Fund – On a monthly basis, in equal monthly installments, an amount not less than one-sixtieth of the average annual sum payable in respect of the principal and interest scheduled to become due on the outstanding Special Project Revenue Bonds at the time of such computation.

The Woodlands Division Special Project Revenue Bond resolutions require that capacity charges be assessed, levied and made to and collected from the customers pursuant to the agreement on a monthly basis in an amount not less than one-twelfth of the scheduled amount of principal and interest to become due on the outstanding Special Project Revenue Bonds in such fiscal year.

The Woodlands Division 2017 Special Project Revenue Bond resolutions require that the gross revenues of the Woodlands, after deducting maintenance and operating expenses, shall be transferred in the following order:

- Debt Service Fund – No later than the fifth day preceding each maturity date, an amount sufficient to pay principal and interest on the outstanding Special Project Revenue Bonds in such fiscal year.
- Debt Service Reserve Fund – On a monthly basis, in equal monthly installments, an amount not less than one-sixtieth of the average annual sum payable in respect of the principal and interest scheduled to become due on the outstanding Special Project Revenue Bonds at the time of such computation.

Management believes the Authority is in compliance with the covenants of all bond issues.

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Maturities of bonds payable for the next five fiscal years and thereafter follow:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Raw Water Enterprise			
2024	\$ 3,555,000	\$ 1,691,936	\$ 5,246,936
2025	3,205,000	1,567,414	4,772,414
2026	2,155,000	1,465,242	3,620,242
2027	2,240,000	1,376,112	3,616,112
2028	2,340,000	1,281,183	3,621,183
2029-2033	13,210,000	4,882,045	18,092,045
2034-2038	13,135,000	2,135,182	15,270,182
2039-2043	4,225,000	180,843	4,405,843
	<u>\$ 44,065,000</u>	<u>\$ 14,579,957</u>	<u>\$ 58,644,957</u>
Woodlands Division			
2024	\$ 3,845,000	\$ 1,487,931	\$ 5,332,931
2025	3,930,000	1,390,172	5,320,172
2026	4,035,000	1,281,746	5,316,746
2027	4,170,000	1,148,020	5,318,020
2028	4,305,000	1,005,925	5,310,925
2029-2033	18,900,000	2,866,212	21,766,212
2034-2038	10,120,000	1,207,125	11,327,125
2039-2043	10,055,000	428,282	10,483,282
	<u>\$ 59,360,000</u>	<u>\$ 10,815,413</u>	<u>\$ 70,175,413</u>
Groundwater Reduction Plan Division			
2024	\$ 15,920,000	\$ 18,436,969	\$ 34,356,969
2025	16,520,000	17,835,209	34,355,209
2026	17,185,000	17,176,263	34,361,263
2027	17,870,000	16,485,721	34,355,721
2028	18,595,000	15,762,145	34,357,145
2029-2033	106,025,000	65,779,794	171,804,794
2034-2038	133,365,000	38,441,974	171,806,974
2039-2043	96,390,000	6,824,273	103,214,273
	<u>\$ 421,870,000</u>	<u>\$ 196,742,348</u>	<u>\$ 618,612,348</u>

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 8 – GENERAL AND ADMINISTRATIVE EXPENSES

The general and administrative expenses represent the direct and related expenses incurred by and paid for the services of the administrative personnel and the expenses of the usage of the administrative plant and equipment of the Authority. Since the Authority is involved in different types of activities, and some of such activities are governed by contractual agreements, these types of expenses are accounted for separately from the different types of activities accounted for in the funds maintained by the Authority so that the Authority may comply with the contractual allocation of such expenses to the different activities of the funds maintained by the Authority for the year ended August 31, 2023.

NOTE 9 – RETIREMENT PLANS

Defined Contribution Pension Plan

In August 2016, the Authority adopted the San Jacinto River Authority 401(a) Plan with ICMA-RC and also the existing 457(B) Deferred Compensation Plan from the Standard to ICMA-RC.

ICMA-RC is the trustee of the 401(a) and 457(b) Plans.

Eligibility. Employees hired prior to August 1, 2016 are covered under the Defined Benefit Pension Plan and are not eligible for the new 401(a) Plan. Employees hired on or after August 1, 2016 are eligible to receive employer contributions under the new 401(a) Plan. All employees are eligible to make elective deferrals to the existing 457(b) Plan.

Benefits Provided. The Authority provides a Fixed Employer Contribution of 8% earnings on behalf of each participant for the Plan year and provides Variable Employer Match of 100% up to 4% of employee elective deferrals made to the 457(b) Plan as a matching contribution to the 401(a) Plan.

Vesting. Participants are vested 25% after three years, 50% after four years, and 100% after five years of service in the 401(a) Plan. Participants are always 100% vested in the 457(b) Plan.

Contributions to each employee's 401(a) and 457(b) plans are invested in accordance with employee's instructions. Individual accounts are maintained for each participant.

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Method used to value investments. Investments are reported at fair value.

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the San Jacinto River Authority Pension Plan and additions to/deductions from the San Jacinto River Authority Pension Plan's fiduciary net position have been determined on the same basis as they are reported by the San Jacinto River Authority. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description (Pension Plan)

Plan Administration. The Authority's defined benefit pension plan, the San Jacinto River Authority Pension Plan (the "Plan"), provides retirement benefits to plan members and beneficiaries. The Plan is a single employer, noncontributory defined benefit plan. The Plan's benefit provisions were established and may be amended by the Authority's Board. The Plan is administered by a trustee for the benefit of the Authority's employees. The Authority does not have access to, nor can it utilize the assets of the Plan. The Trustee is responsible for making payments to the Authority's retired employees.

Standard Insurance Co. is the trustee of the Plan. There is no stand alone pension plan report available, but a copy of the actuarial report, prepared by Milliman, is available upon request from the Authority. The Authority has contracted with Alliant Services to evaluate the Authority's pension plan and make recommendations regarding modernization, cost-control measures, and long-term strategies for retirement offerings.

Benefits Provided. The Plan is available to all active employees hired before August 1, 2016, who have completed one year of service and attained age 21. Normal retirement age is 65. The Plan also provides benefits for early and late retirement. The retirement benefit at normal retirement is equal to 1.00% of average monthly compensation up to a participant's covered compensation level plus 0.55% of average monthly compensation in excess of the covered compensation level multiplied by the number of years of credited service not to exceed 40 years. The retirement benefit is payable monthly during the life of the retired participant. The Plan also provides death and disability benefits. A member is 100% vested in the accrued benefit upon completion of 5 years of service.

Plan Membership. At November 1, 2021, there were 141 plan members including 90 active members, 15 terminated vested members, 36 retired members and beneficiaries.

Contributions. Employees of the Authority do not contribute to the Plan. The Authority makes annual contributions to the Plan equal to the total of normal cost and the amount needed to fund the unfunded actuarial accrued liability over a ten year amortization period as determined from the actuarial valuation report.

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NOTES TO FINANCIAL STATEMENTS

Investments

Pension Plan Investment policy. It is the policy of the Authority's Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation policy as of December 9, 2021.

<u>Asset Class</u>	<u>Target Allocation</u>
Fixed Income	8%
US Bonds	20%
Global Bonds	7%
Domestic Equities	46%
Foreign Equities	10%
Real Estate	<u>9%</u>
Total	100%

Rate of return. For the plan year ended October 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was negative 19.35%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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NOTES TO FINANCIAL STATEMENTS

Calculation of Money-Weighted Rate of Return

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

<u>Interest</u>	<u>Net External Cash Flows</u>	<u>Periods Invested</u>	<u>Period Weight</u>	<u>Net External Cash Flows With Interest</u>
Beginning Value - November 1, 2021	\$ 27,962,446	12.00	1.00	\$ 22,551,257
Monthly Net External Cash Flows:				
November	(48,310)	12.00	1.00	(38,961)
December	(48,310)	11.00	0.92	(39,638)
January	810,995	10.00	0.83	678,410
February	(48,310)	9.00	0.75	(41,114)
March	(48,310)	8.00	0.67	(41,827)
April	(48,310)	7.00	0.58	(42,645)
May	(63,511)	6.00	0.50	(57,036)
June	(926,589)	5.00	0.42	(846,559)
July	(136,343)	4.00	0.33	(127,002)
August	(57,841)	3.00	0.25	(54,813)
September	(42,261)	2.00	0.17	(61,369)
October	(72,967)	1.00	0.08	(64,563)
Ending Value - October 31, 2022	\$ 21,814,140			<u>\$ 21,814,140</u>
Money-Weighted Rate of Return	-19.35%			

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NOTES TO FINANCIAL STATEMENTS

Return on assets. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of June 30, 2022.

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Arithmetic Real Rate of Return</u>
US Core Fixed Income	Bloomberg Barclays Aggregate	8.00%	1.72%
US Interm Bonds	BBgBarc US Govt/Credit Interm TR	15.00%	1.33%
US High Yield Bonds	ICEE BofA US High Yield TR	5.00%	3.60%
Global Bonds	FTSE WGBI	7.00%	-0.21%
US Large Cap Equity	S&P 500 TR	25.00%	3.89%
US Small & Mid Cap Equit	Russell 2500 TR	21.00%	3.99%
Global Equity	MSCI ACWI NR	10.00%	4.63%
US REITs	FTSE NAREIT Equity REIT	9.00%	3.82%
Assumed Inflation - Mean			2.40%
Assumed Inflation - Standard Deviation			1.25%
Portfolio Real Mean Return			3.64%
Portfolio Nominal Mean Deviation			6.13%
Portfolio Standard Deviation			11.98%
Long-Term Expected Rate of Return			5.75%

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NOTES TO FINANCIAL STATEMENTS

Net Pension Liability

	October 31, 2021	October 31, 2022
Total pension liability	\$ 21,855,006	\$ 22,149,248
Fiduciary net position	27,962,446	21,814,140
Net Pension Liability (Asset)	\$ (6,107,440)	\$ 335,108
Fiduciary net position as a % of total pension liability	127.95%	98.49%
Covered payroll	\$ 8,104,641	\$ 7,729,356
Net pension liability as a % of covered payroll	-75.36%	4.34%

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date taking into account any significant changes between the valuation date and the fiscal year end as prescribed by GASB 67 and 68.

Discount Rate

	October 31, 2021	October 31, 2022
Discount rate	6.00%	5.75%
Long-term expected rate of return, net of investment expense	6.00%	5.75%
Municipal bond rate	N/A	N/A

Other Key Actuarial Assumptions

	October 31, 2021	October 31, 2022
Valuation date	November 1, 2020	November 1, 2021
Measurement date	October 31, 2021	October 31, 2022
Inflation	2.30%	2.40%
Salary increases including inflation	5.00%	5.00%
Mortality	PubG-2010 Public	PubG-2010 Public
	Retirement Plans Amount-Weighted projected with Scale MP-2020	Retirement Plans Amount-Weighted projected with Scale MP-2021
Actuarial cost method	Entry Age Normal	Entry Age Normal

Discount rate. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Authority, calculated using the discount rate of

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

5.75%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75%) or 1-percentage-point higher (6.75%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	4.75%	5.75%	6.75%
Total pension liability	\$ 25,594,714	\$ 22,149,248	\$ 19,299,821
Fiduciary net position	21,814,140	21,814,140	21,814,140
Net Pension Liability (Asset)	\$ 3,780,574	\$ 335,108	\$ (2,514,319)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of August 31, 2022	\$ 21,855,006	\$ 27,962,446	\$ (6,107,440)
Changes for the year:			
Service cost	853,797		853,797
Interest on total pension liability	1,314,697		1,314,697
Effect of economic/demographic gains or losses	(856,896)		(856,896)
Effect of assumptions changes or inputs	600,578		600,578
Benefit payments	(1,617,934)	(1,617,934)	
Administrative expenses		876,461	(876,461)
Net investment income		(5,404,127)	5,404,127
Employer contributions		(2,706)	2,706
Balances as of August 31, 2023	\$ 22,149,248	\$ 21,814,140	\$ 335,108

Pension plan fiduciary net position. The pension plan does not issue standalone financial reports. However, additional information about the pension plan is available in separately issued reports prepared by the plan's actuary (San Jacinto River Authority Pension Plan: GASB 67 and 68 Disclosure Report and San Jacinto River Authority Pension Plan Actuarial Valuation Report).

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NOTES TO FINANCIAL STATEMENTS

Pension Expense

	September 01, 2022 to August 31, 2023
Pension Expense	
Service cost	\$ 853,797
Interest on total pension liability	1,314,697
Administrative expenses	2,706
Expected investment return net of investment expenses	(1,655,747)
Recognition of economic/demographic gains and losses	(570,872)
Recognition of assumption changes or inputs	202,898
Recognition of investment gains and losses	537,258
	\$ 684,737

As of August 31, 2023, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Contributions made subsequent to measurement date	\$	\$ 940,259
Difference between expected and actual experience	(3,295,057)	503,886
Changes in assumptions	(148,639)	1,211,889
Net difference between projected and actual earnings		2,738,014
Total	\$ (3,443,696)	\$ 5,394,048

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended August 31:

2023	\$	(24,847)
2024		157,529
2025		100,268
2026		1,117,675
2027		(282,554)
Thereafter*		(57,978)

* Note that additional future deferred inflows and outflows of resources may impact these numbers.

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NOTES TO FINANCIAL STATEMENTS

Depletion Date Projection

GASB 67 and 68 generally require that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 and 68 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 and 68 (paragraph 29) do allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for the Authority.

- The Authority has a least a 5-year history of paying at least 100% of the Actuarially Determined Contribution (previously termed the Annual Required Contribution).
- The Actuarially Determined Contribution is based on a closed amortization period, which means that payment of the Actuarially Determined Contribution each year will bring the plan to a 100% funded position by the end of the amortization period.
- GASB 67 and 68 specify that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is Milliman's professional opinion that the detailed depletion date projects outlined in GASB 67 and 68 will show that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

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NOTES TO FINANCIAL STATEMENTS

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

The Authority provides other post-employment benefits (OPEB) for supplemental medical insurance coverage for certain retired employees and their dependents and grandfathered active employees. The OPEB plan is a single-employer defined benefit supplemental healthcare plan administered by the Authority. Section 49.069 of the Texas Water Code assigns the responsibility to establish and amend OPEB plan provisions to the Authority's Board of Directors. The Authority's Board of Directors also has the option to adopt the provisions of Subtitle F, Title 10, of the Texas Government Code, Chapter 2264 which allows modified reporting of the OPEB plan liability for the Authority's unfunded actuarial accrued liability. The OPEB plan was adopted by the Board of Directors on October 28, 1986. The policy was amended on October 25, 1989 to exclude employees hired after November 1, 1989.

As of September 1, 2021 actuarial valuation, eight former employees, dependents, and surviving spouses are receiving OPEB healthcare benefits. Three active employees and their dependents will receive this benefit if the employees continue working for the Authority until reaching the normal retirement age of 65.

The Authority issues this publicly available financial report that includes financial statements and required supplementary information for the OPEB plan.

Funding Policy

The contribution required from OPEB plan members may be amended by the Authority's Board of Directors. As of the date of this report, the OPEB healthcare plan is 100% funded by the Authority on a pay-as-you-go-basis and has no trust for accumulating assets. The Authority paid an estimated \$40,117 for OPEB medical insurance coverage for retired employees covered under the OPEB plan during the fiscal year ending August 31, 2023. After review, the Authority deems no reserve necessary for OPEB healthcare plan.

Benefits Provided

The Authority provides healthcare benefits for retirees and their dependents. Employees hired prior to 1990 and who are continuously employed by the Authority through age 65 are eligible for retiree health benefits. Spouses of eligible retirees are also eligible for coverage. Eligible retirees and spouses may choose to enroll in the fully insured Medicare Supplement medical plan. The benefit terms provide for payment of 100% of the total premium of the fully insured Medicare Supplement plan for eligible retirees and spouses.

Employees Covered by Benefit Terms

As of August 31, 2023, eight former employees, dependents, and surviving spouses are receiving OPEB healthcare benefits. Three active employees and their dependents will receive this benefit if the employees continue working for the Authority until reaching the normal retirement age of 65.

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NOTES TO FINANCIAL STATEMENTS

Total OPEB Liability

The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions, and was then projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 75.

OPEB Liability

	<u>August 31, 2022</u>	<u>August 31, 2023</u>
Total OPEB liability	\$ 1,105,965	\$ 1,126,912
Covered payroll	\$ 274,839	\$ 288,581
Total OPEB liability as a % of covered payroll	402.40%	390.50%

Discount Rate

The discount rate was based on the Bond Buyer General Obligation 20-bond municipal index.

Discount Rate

	<u>August 31, 2022</u>	<u>August 31, 2023</u>
Discount rate	3.59%	3.81%
20 Year Tax-Exempt Municipal Bond Yield	3.59%	3.81%

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NOTES TO FINANCIAL STATEMENTS

Other Key Actuarial Assumptions

The actuarial assumptions that determined the total OPEB liability as of August 31, 2023 are as follows:

	August 31, 2022	August 31, 2023
Valuation date	September 1, 2021	September 1, 2021
Measurement date	August 31, 2022	August 31, 2023
Inflation	2.30%	2.30%
Salary increases including inflation	5.00%	5.00%
Mortality	Pub-2010 Mortality (headcount weighted) for Employees, Healthy and Contingent Annuitants projected forward (fully generational) with MP-2021	Pub-2010 Mortality (headcount weighted) for Employees, Healthy and Contingent Annuitants projected forward (fully generational) with MP-2021
Actuarial cost method	Entry Age Normal	Entry Age Normal

Changes in OPEB Liability

	Total OPEB Liability
Balances as of September 1, 2022	\$ 1,105,965
Changes for the year:	
Service cost	10,405
Interest on total OPEB liability	39,364
Effect on economic/demographic gains or loss	44,170
Effect of assumptions changes inputs	(32,875)
Benefit payments	(40,117)
Balances as of August 31, 2023	\$ 1,126,912

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NOTES TO FINANCIAL STATEMENTS

Sensitivity Analysis

The following presents the total OPEB liability of the Authority, calculated using the discount rate of 3.81 percent, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81 percent) or 1-percentage-point higher (4.81 percent) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	2.81%	3.81%	4.81%
Total OPEB Liability	\$ 1,288,495	\$ 1,126,912	\$ 993,787

The following presents the total OPEB liability of the Authority, calculated using the current trend rates, as well as what the Authority's total OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 975,447	\$ 1,126,912	\$ 1,311,440

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended August 31, 2023, the Authority recognized OPEB expense of \$(396,904) and \$(142,028) for fiscal year 2022 and fiscal year 2023 respectively.

OPEB Expense

	Year Ended August 31	
	2022	2023
OPEB Expense		
Service cost	\$ 24,486	\$ 10,405
Interest on total OPEB liability	36,127	39,364
Effect of plan changes		
Recognition of economic/demographic gains and losses	(274,550)	(78,097)
Recognition of assumption changes or inputs	(182,967)	(113,700)
	\$ (396,904)	\$ (142,028)

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NOTES TO FINANCIAL STATEMENTS

At August 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$	\$ 14,724
Changes in assumptions	(10,958)	
Total	\$ (10,958)	\$ 14,724

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended August 31:	
2022	\$ 3,766
2023	
2024	
2025	
2026	

Thereafter*

* Note that additional future deferred inflows and outflows of resources may impact these numbers.

NOTE 11 – MAJOR CUSTOMERS

Industrial and municipal water sales totaling \$20,268,533 were invoiced to the Authority's three largest customers of the Raw Water Supply Division. This accounts for 89% of the Raw Water Supply Division water sales revenues for the year ended August 31, 2023.

Revenues totaling \$3,185,002 accrued from the Authority's primary contractual partner (City of Houston) in the Lake Conroe reservoir project. This accounts for 73% of the Lake Conroe Division's operating revenues for the year ended August 31, 2023.

Water pumpage and surface water fees totaling \$37,867,607 were invoiced to the Authority's two largest customers of the Groundwater Reduction Plan Division. This accounts for 48% of Groundwater Reduction Plan Division's operating revenues for the year ended August 31, 2023.

Water and sewer service fees totaling \$36,553,412 were invoiced to the Authority's five largest customers of the Woodlands Division. This accounts for approximately 67% of The Woodlands Division's Water and sewer fees for the year ended August 31, 2023.

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NOTES TO FINANCIAL STATEMENTS

NOTE 12 – CONTINGENCIES

Hurricane Harvey Litigation

There are 9 active lawsuits that have been filed against the Authority in Harris County, Texas, on behalf of numerous property owners that allege, among other claims, that the release of water from the Lake Conroe Dam following the landfall of Hurricane Harvey caused flooding on their properties in violation of the Takings Clause of the Texas Constitution and/or violation of the Texas Private Real Property Rights Preservation Act. Many other lawsuits that were previously pending in the Harris County District Courts have been consolidated with these remaining suits. There are ten additional lawsuits originally filed in Harris County that have been transferred to counties in which the allegedly damaged properties are located. These include Orange, Montgomery, Liberty, Jefferson, Brazoria, San Jacinto, and Wharton Counties.

The Authority is contesting all of these lawsuits vigorously and intends to continue to do so. One of the 9 active lawsuits filed in Harris County is on appeal before the Court of Appeals for the Fourteenth District of Texas, Houston, Texas. Another lawsuit which was filed in Harris County but subsequently transferred to Montgomery County is on appeal before the Court of Appeals for the Ninth District of Texas, Beaumont, Texas.

The above summary based on the status of litigation through August 31, 2023

GRP Litigation

On June 20, 2016, the Authority adopted a Rate Order setting revised rates applicable to its GRP Participants. The rate revisions were to become effective on September 1, 2016. On August 16, 2016, the City of Conroe, Texas, the second-largest rate payer in the Authority's GRP, adopted an ordinance that, among other things, directed City staff not to pay the revised rates adopted by the Authority. Litigation ensued as described below.

Quadvest, L.P. et al. v. San Jacinto River Authority, No. 19-09-12611, in the 284th Judicial District Court for Montgomery County, Texas. Quadvest, L.P., Woodland Oaks Utility, L.P., Everett Square, Inc., E.S. Water Consolidators, Inc., Utilities Investments Co., Inc., and T&W Water Service Company filed a lawsuit against the Authority in Montgomery County, Texas, for breach of the parties GRP Contracts. Plaintiffs allege that the Authority has improperly set the rates it charges for groundwater pumpage and surface water usage under the GRP Contracts. The Authority filed cross-claims against the Cities of Conroe and Magnolia for breach of contract for their failure to pay the prevailing GRP rates since September 2016.

Conroe and Magnolia challenged the trial court's jurisdiction on the basis of governmental immunity, specifically that the GRP Contracts lack the essential terms of price and quantity necessary for the statutory waiver of immunity to apply and because the parties did not first mediate their dispute. The trial court granted the Cities' plea to the jurisdiction, and the Authority took an interlocutory appeal. That appeal was styled *San Jacinto River Authority v. City of Conroe, Texas and City of Magnolia, Texas*, No. 09-20-00180-CV, in the Court of Appeals for the Ninth District of Texas, Beaumont, Texas. On April 21, 2022, the

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NOTES TO FINANCIAL STATEMENTS

court of appeals affirmed the grant of the Cities' plea to the jurisdiction because the parties did not first mediate their dispute. The court held mediation was a jurisdictional prerequisite to the waiver of immunity.

The Authority filed a Petition for Review asking the Supreme Court of Texas to review the decision of the Ninth Court.

The above summary based on the status of litigation through August 31, 2023. On September 1, 2023, the Supreme Court of Texas granted the Petition for Review and scheduled oral argument for January 9, 2024.

San Jacinto River Authority v. Quadvest, L.P. et al. v., No. 20-08-10189, in the 284th Judicial District Court for Montgomery County, Texas. After the Montgomery County District Court granted the plea to the jurisdiction in the lawsuit discussed in the preceding paragraph, Quadvest, L.P. and Woodland Oaks Utility, L.P. announced that they would no longer pay the fees owed under the GRP Contracts. Once these two private utilities became delinquent, the Authority filed this lawsuit for breach of the GRP Contracts for failure to pay. The trial court issued orders on December 16, 2022, denying defendants' motion for partial summary judgment and granting the Authority's motion for partial summary judgment, holding that the GRP Contracts are incontestable, valid, and enforceable according to their terms.

Rather than proceed with discovery and trial, the utilities wanted to file an interlocutory appeal on the issue of the incontestability of the GRP Contracts. SJRA was agreeable to an interlocutory appeal on the condition that Quadvest and Woodland Oaks paid the amount in dispute and agreed to pay going forward until some final court order relieves them of the obligation. Quadvest and Woodland Oaks paid the amounts owing and remain current and filed an interlocutory appeal in the Ninth Court of Appeals, No. 09-23-00167. The utilities filed their Appellants' Brief on August 31, 2023. Since then, SJRA has filed its Appellee's Brief and the utilities have filed their Reply Brief.

The above summary is based on the status of litigation through August 31, 2023.

Quadvest, L.P. et al. v. San Jacinto River Authority, No. 4:19-CV-4508, in the U.S. District Court for the Southern District of Texas. Quadvest, L.P. and Woodland Oaks Utility, L.P. have filed a lawsuit against the Authority in federal court for violation of the federal antitrust laws in connection with Authority's GRP Contracts. Plaintiffs allege that the GRP Contracts are illegal because they "unreasonably restrain trade." Plaintiffs have now amended their Complaint to add a claim for attempted monopoly. The parties concluded discovery in August 2023.

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NOTES TO FINANCIAL STATEMENTS

The above summary based on the status of litigation through August 31, 2023. On September 1, 2023, SJRA filed its motion for summary judgment; Quadvest filed its own motion for summary judgment on September 5, 2023. Those motions were both denied and trial is scheduled to begin on January 9, 2024.

The Authority is contesting all of the above lawsuits vigorously and intends to continue to do so. The Authority cannot express a judgement as to the potential outcome of the lawsuits, estimate the amount or range of potential collections and/or losses related to the lawsuits, or estimate legal expenses that may be incurred in contesting the lawsuits. No inference should be drawn from the foregoing.

Please refer to the Management Discussion and Analysis (pages 9-10) for past due balances due and owed under GRP Contract and are subject to the above-referenced litigation and, in certain cases, other collections litigation brought by the Authority.

NOTE 13 – 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. Commercial insurance coverage exceeded settlement amounts in each of the past three years.

NOTE 14 – FUNDING FOR REGION H WATER PLANNING GRANT

Under an agreement with the Texas Water Development Board ("TWDB"), the Authority is the contracting agency and designated representative of the Region H Water Planning Group. Under the contract, the TWDB provides financial assistance to develop a regional water plan for Region H, a 15 county area, which includes most of the San Jacinto River watershed. The TWDB, fulfilling the requirements set forth in Senate Bills 1, 2 and 3, defines the scope of work to be included in the plan and the time frame for completion of the various tasks in the plan. Senate Bill 1 was enacted by the 75th Texas Legislature in 1997, Senate Bill 2 was enacted by the 77th Texas Legislature in 2001 and Senate Bill 3 was enacted by the 80th Texas Legislature in 2007. The TWDB rules provide that State funds will be used to pay 100% of the direct regional water plan costs. The Authority has received contributions from governments and other parties interested in the development of the plan that partially fund miscellaneous other Region H costs.

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NOTES TO FINANCIAL STATEMENTS

NOTE 15 – COMPENSATED ABSENCES

Vacation

As of August 31, 2023, employees of the Authority accrue vacation quarterly based on their hire date. Vacation is accrued as follows:

- 0-2.99 years of employment 6.67 monthly hours
- 3-4.99 years of employment 8.34 monthly hours
- 5-9.99 years of employment 10 monthly hours
- 10-14.99 years of employment 11.67 monthly hours
- 15+ years of employment 13.34 monthly hours

Employees will be allowed to accrue up to eight (8) quarters of vacation time. Balances exceeding 8 quarters at the employee's current accrual rate will automatically be donated to the Sick Leave Pool, and employees will not be paid for unused vacation time unless otherwise authorized by the General Manager due to a declared Minor or Major Emergency Closing that prevents a previously scheduled vacation. Employees must use the accrued vacation in at least half (1/2) hour increments.

Upon separation of employment, employees will be paid for up to four quarters of unused vacation time. Unused vacation time over four quarters will be automatically donated to the Sick Leave Pool. The liability and annual expense for accrued vacation was calculated based on the employee's pay rate times the accrued vacation hours plus applicable employee benefits as of the end of the fiscal year.

Sick Leave

The Authority provides paid sick leave benefits to all eligible, Regular Full-time employees for periods of temporary absence due to illness, injuries, or scheduled medical appointments.

Accrual: Sick leave will accrue at the rate of eight hours per month. No more than 36 eight-hour days (288 hours) of accrued sick leave may be carried forward from one fiscal year to the next. Balances in excess of 36 days (288 hours) will be canceled on August 31 of each year.

Retirement/Termination: There is no payment for unused sick leave when an employee terminates employment for any reason other than normal retirement. When an employee is retiring and meets all the eligibility requirements under the Authority's Pension Plan to retire at their normal retirement date, that employee will be eligible for payment of their unused sick leave balance up to 36 days (288 hours).

Compensatory Time

Non-exempt employees may accrue compensatory time (comp time) in lieu of being paid overtime compensation at the discretion of the Authority. Compensatory time is accrued at the rate of one and one-half times the number of hours worked in excess of 40 hours in the work week.

Accrued Compensatory time is limited based on the operational needs of the division. The actual overtime worked must be banked in a minimum of 1/2 hour increments. The

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

maximum accrual per division is listed below:

Maximum Accruals:

- General and Administration Employees – 20 actual hours = 30 compensatory time hours
- Woodlands Employees – 20 actual hours = 30 compensatory time hours
- Lake Conroe Employees – 40 actual hours = 60 compensatory time hours
- Highlands Employees – 80 actual hours = 120 compensatory time hours
- GRP Employees – 20 actual hours = 30 compensatory time hours

Compensatory time may be used for personal leave of absences that regular sick and/or vacation would not cover. Requests for use of compensatory time will be granted provided that operational needs are not compromised.

Payment of Compensatory Time

All employees who are reclassified from a non-exempt position to an exempt position will be paid all accrued compensatory time upon approval of the reclassification and will cease to be eligible for any additional overtime and/or compensatory time. Likewise, an employee who is promoted, transferred or demoted to another non-exempt position will be paid in full for any compensatory time accrued before the promotion, transfer or demotion becomes effective. Upon leaving employment with the Authority, a non-exempt employee will be paid for unused compensatory time at the employee’s current hourly rate.

The following table shows the beginning liability balances, current year’s expense and ending liability balance for each category of compensated absences:

	Sept. 1, 2022	Additions	Reductions	Aug. 31, 2023
Lake Conroe Vacation	\$ 41,636	\$ 6,918	\$	\$ 48,554
Highlands Vacation	14,060	5,277		19,337
Flood Management	11,467	8,534		20,001
General & Admin Vacation	295,312	28,349		323,661
Woodlands Vacation	123,959	16,755		140,714
GRP Vacation	48,770	32,307		81,077
Vacation Total	<u>535,204</u>	<u>98,140</u>		<u>633,344</u>
Lake Conroe Sick Leave				
Highlands Sick Leave		8,719		8,719
Flood Management				
General & Admin Sick Leave	37,259	9,191		46,450
Woodlands Sick Leave	2,634		2,634	
GRP, Sick Leave	6,192		3,499	2,693
Sick Leave Total	<u>46,085</u>	<u>17,910</u>	<u>6,133</u>	<u>57,862</u>
Lake Conroe Comp Time	2,065	512		2,577
Highlands Comp Time	2,415	1,698		4,113
Flood Management				
General & Admin Comp Time	2,939		1,342	1,597
Woodlands Comp Time	722		386	336
GRP Comp Time	799		292	507
Compensatory Time Total	<u>8,940</u>	<u>2,210</u>	<u>2,020</u>	<u>9,130</u>
Total	<u>\$ 590,229</u>	<u>\$ 118,260</u>	<u>\$ 8,153</u>	<u>\$ 700,336</u>

The current year expense and ending fiscal year 2023 liability for compensatory time is calculated based on the total employee hours accrued times the end of fiscal year 2023 pay rate.

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 16 – NEW PRONOUNCEMENTS

In fiscal year 2023, the Authority implemented GASB Statement No. 96, "Subscription-Based Information Technology Arrangements (SBITA)", which requires governments to recognize a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The Authority adopted the standard effective September 1, 2022. The adoption of this standards did not have a material impact and prior periods were not restated due to implementation of the GASB Statement No. 96.

REQUIRED SUPPLEMENTARY INFORMATION



SAN JACINTO RIVER AUTHORITY

GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NOS. 67 & 68, DEFINED BENEFIT PENSION PLAN, SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Year Ended August 31, 2023

Fiscal Year Ending August 31	2023	2022	2021	2020
<u>Total Pension Liability</u>				
Service cost	\$ 853,797	\$ 963,869	\$ 1,130,300	\$ 1,111,238
Interest on total pension liability	1,314,697	1,359,279	1,277,394	1,288,568
Effect of plan changes				
Effect of assumption changes or inputs	(856,896)	(1,408,134)	158,155	692,910
Effect of economic/demographic gains or (losses)	600,578	(102,265)	(136,299)	(1,910,767)
Benefit payments	(1,617,934)	(1,278,434)	(529,185)	(526,971)
Net change in total pension liability	294,242	(465,685)	1,900,365	654,978
Total pension liability, beginning	21,855,006	22,320,691	20,420,326	19,765,348
Total Pension Liability, Ending (a)	\$ 22,149,248	\$ 21,855,006	\$ 22,320,691	\$ 20,420,326
<u>Fiduciary Net Position</u>				
Employer contributions	\$ 876,461	\$ 988,629	\$ 1,174,817	\$ 1,318,812
Member contributions				
Investment income net of investment expenses	(5,404,127)	6,093,927	915,003	2,047,106
Benefit payments	(1,617,934)	(1,278,434)	(529,185)	(526,971)
Administrative expenses	(2,706)	(5,573)	(6,212)	(6,087)
Net Change in Plan Fiduciary Net Position	(6,148,306)	5,798,549	1,554,423	2,832,860
Fiduciary net position, beginning	27,962,446	22,163,897	20,609,474	17,776,614
Fiduciary Net Position, Ending (b)	\$ 21,814,140	\$ 27,962,446	\$ 22,163,897	\$ 20,609,474
Net Pension Liability/(Asset), Ending (a)-(b)	\$ 335,108	\$ (6,107,440)	\$ 156,794	\$ (189,148)
Fiduciary Net Position as a % of total pension liability	98.49%	127.95%	99.30%	100.93%
Covered Payroll	\$ 7,361,291	\$ 7,718,706	\$ 8,333,286	\$ 9,564,583
Net Pension Liability as a % of Covered Payroll	4.55%	-79.13%	1.88%	-1.98%

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

2019	2018	2017	2016	2015	2014
\$ 1,243,286	\$ 1,200,814	\$ 1,045,193	\$ 1,000,263	\$ 904,125	\$
1,119,847	1,057,429	938,603	882,137	805,717	
	535,907	(258,264)			
1,007,771	(376,723)	(467,654)	(336,786)		
(551,303)	(667,764)	(359,464)	(306,775)	(280,659)	
<u>2,819,601</u>	<u>1,749,663</u>	<u>898,414</u>	<u>1,238,839</u>	<u>1,429,183</u>	
16,945,747	15,196,084	14,297,670	13,058,831	11,629,648	
<u>\$ 19,765,348</u>	<u>\$ 16,945,747</u>	<u>\$ 15,196,084</u>	<u>\$ 14,297,670</u>	<u>\$ 13,058,831</u>	<u>\$</u>
\$ 1,281,550	\$ 1,446,275	\$ 1,225,120	\$ 1,222,436	\$ 1,200,435	\$
110,522	2,338,816	488,949	265,496	754,693	
(551,303)	(667,764)	(359,464)	(306,775)	(280,659)	
(6,936)	(7,226)	(6,875)	(7,379)	(11,471)	
<u>833,833</u>	<u>3,110,101</u>	<u>1,347,730</u>	<u>1,173,778</u>	<u>1,662,998</u>	
16,942,781	13,832,680	12,484,950	11,311,172	9,648,174	
<u>\$ 17,776,614</u>	<u>\$ 16,942,781</u>	<u>\$ 13,832,680</u>	<u>\$ 12,484,950</u>	<u>\$ 11,311,172</u>	<u>\$</u>
<u>\$ 1,988,734</u>	<u>\$ 2,966</u>	<u>\$ 1,363,404</u>	<u>\$ 1,812,720</u>	<u>\$ 1,747,659</u>	<u>\$</u>
89.94%	99.98%	91.03%	87.32%	86.62%	
\$ 9,946,465	\$ 10,524,840	\$ 10,081,467	\$ 9,002,044	\$ 8,355,491	\$ 5,642,798
19.99%	0.03%	13.52%	20.14%	20.92%	

SAN JACINTO RIVER AUTHORITY

GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NOS. 67 & 68, DEFINED BENEFIT PENSION PLAN, SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended August 31, 2023

Fiscal Year Ended August 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2014	\$ 951,702	\$ 958,987	\$ (7,285)	\$ 7,693,148	12.47%
2015	1,090,455	1,200,435	(109,980)	8,773,266	13.68%
2016	1,091,804	1,222,436	(130,632)	9,452,146	12.93%
2017	1,172,614	1,225,120	(52,506)	10,585,540	11.57%
2018	1,281,074	1,446,275	(165,201)	11,051,082	13.09%
2019	1,159,682	1,281,550	(121,868)	10,443,788	12.27%
2020	1,289,760	1,318,812	(29,052)	10,042,812	13.13%
2021	999,597	1,174,817	(175,220)	8,680,506	13.53%
2022		988,629	(988,629)	8,104,641	12.20%
2023		876,461	(876,461)	7,729,356	11.34%

Actuarial Methods and Assumptions Used for Funding Policy

The following actuarial methods and assumptions were used in the November 1, 2021 funding valuation. Each assumption is individually reasonable and, in combination, offer our best estimate of anticipated experience under the plan at the time. Please see the valuation report dated January 4, 2022 for further details.

Valuation Timing

The valuation is performed as of November 1 and the actuarially determined contribution is determined as of midyear (i.e. April 1).

Actuarial Cost Method

Entry Age Normal

Amortization Method

Level percent or level dollar

Level percent

Closed, open, or layered periods

Closed

Amortization Period at 11/1/2021

25 years for UAAL, 5 years for subsequent gains/losses, expected future service for plan amendments, 10 years for assumption changes

Amortization Growth Rate

N/A

Asset Valuation Method

Smoothing period

N/A

Recognition method

Market Value

Corridor

None

Inflation

2.40%

Salary Increases

5.00%

Investment Rate of Return

5.75%, based on the Plan's investment policy, including target asset allocation, and Milliman's capital market expectations.

Cost of Living Adjustment

None

Retirement Age

Annual rates of retirement are shown below

Age 55-61-Rate 5%

Age 62-64-Rate 15%

Age 65- Rate 100%

Turnover

50% of the 2003 SOA Pension Plan Turnover Study Small (1000 lives or less) Plan Age Table

Mortality

PubG-2010 Public Retirement Plans Amount-Weighted Mortality Tables projected with Scale MP-2020

SAN JACINTO RIVER AUTHORITY

GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NOS. 67 & 68, *DEFINED BENEFIT PENSION PLAN*, SCHEDULE OF INVESTMENT RETURNS

Year Ended August 31, 2023

<u>Fiscal Year Ended August 31</u>	<u>Net Money- Weighted Rate of Return</u>
2014	3.73%
2015	7.42%
2016	2.20%
2017	3.73%
2018	15.95%
2019	0.62%
2020	11.08%
2021	4.30%
2022	27.29%
2023	-19.35%

SAN JACINTO RIVER AUTHORITY

GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NOS. 74 & 75, POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS

Year Ended August 31, 2023

Fiscal Year Ending August 31	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Total OPEB Liability</u>				
Service cost	\$ 10,405	\$ 24,486	\$ 29,934	\$ 23,037
Interest on total OPEB liability	39,364	36,127	37,146	60,194
Changes of benefit terms				
Effect of economic/demographic gains or (losses)	44,171	(322,631)		(455,879)
Effect of assumption changes or inputs	(32,875)	(274,349)	(18,216)	74,419
Benefit payments	(40,117)	(40,523)	(46,737)	(47,103)
Change in total OPEB liability	<u>20,948</u>	<u>(576,890)</u>	<u>2,127</u>	<u>(345,332)</u>
Total OPEB liability, beginning	1,106,965	1,683,855	1,681,728	2,027,060
Total OPEB Liability, Ending	<u><u>\$ 1,127,913</u></u>	<u><u>\$ 1,106,965</u></u>	<u><u>\$ 1,683,855</u></u>	<u><u>\$ 1,681,728</u></u>
Covered-Employee Payroll	\$ 288,581	\$ 274,839	\$ 263,108	\$ 263,108
Total OPEB Liability as a % of Covered Payroll	390.85%	402.77%	639.99%	639.18%

There are no assets accumulated in a trust that meets the criteria of GASB Statement 75 to pay related benefits of the OPEB plan.

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

2019	2018	2017	2016	2015	2014
\$ 20,070	\$ 22,695	\$ 28,903	\$	\$	\$
72,789	68,240	61,195			
(181,457)					
321,952	(144,021)	(242,418)			
(48,166)	(52,564)	(51,636)			
<u>185,188</u>	<u>(105,650)</u>	<u>(203,956)</u>			
1,841,872	1,947,522	2,151,478			
<u>\$ 2,027,060</u>	<u>\$ 1,841,872</u>	<u>\$ 1,947,522</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 322,813	\$ 322,115	\$ 393,447	\$ 352,848	\$ 347,971	\$ 336,482
627.94%	571.81%	494.99%			

SAN JACINTO RIVER AUTHORITY

GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NOS. 74 & 75, POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended August 31, 2023

Fiscal Year Ended August 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contribution as a % of Covered Payroll
2014	\$ 49,446	\$ 49,446	\$	\$ 336,482	14.69%
2015	51,223	51,223		347,971	14.72%
2016	52,301	52,301		352,848	14.82%
2017	51,636	51,636		393,447	13.12%
2018	52,564	52,564		322,115	16.32%
2019	48,166	48,166		322,813	14.92%
2020	47,103	47,103		263,108	17.90%
2021	46,737	46,737		263,108	17.76%
2022	40,523	40,523		274,839	14.74%
2023	40,117	40,117		288,581	13.90%

Actuarial Methods and Assumptions Used for Funding Policy

The Authority does not pre-fund benefits. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis and there is not a trust for accumulating plan assets. The following actuarial methods and assumptions were used in the September 1, 2021 accounting valuation.

Valuation Timing

Actuarial valuations are performed biennially as of September 1 for accounting purposes only. The most recent valuation was performed as of September 1, 2021.

Actuarial Cost Method

Entry Age Normal

Amortization Method

Level percent or level dollar

N/A

Closed, open, or layered periods

N/A

Amortization Period at September 1, 2018

N/A

Amortization Growth Rate

N/A

Inflation

2.40%

Salary Increases

5.00%

Discount Rate

August 31, 2022: 3.59%

August 31, 2023: 3.81%

Healthcare Cost Trend Rates

4.7% for 2022, 4.8 for 2023-2025 and ultimately grading down to 3.8% per year in 2072 and beyond.

Retirement

100% at age 65

Mortality

RP-2010 Mortality (headcount weighted) for Employees, Healthy Annuitants, and Contingent Annuitants projected forward (fully generational) with MP-2021

OTHER SUPPLEMENTARY INFORMATION



SAN JACINTO RIVER AUTHORITY
SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL - RAW WATER ENTERPRISE

Year Ended August 31, 2023

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
<u>Operating Revenues</u>				
Water revenues	\$ 27,380,475	\$ 27,380,475	\$ 25,980,511	\$ (1,399,964)
Permits, licenses and fees	1,138,023	1,138,023	1,205,111	67,088
Total Revenues	<u>28,518,498</u>	<u>28,518,498</u>	<u>27,185,622</u>	<u>(1,332,876)</u>
<u>Operating Expenses</u>				
Current:				
Salaries and wages	5,170,819	5,170,819	5,184,880	14,061
Employee insurance and other payroll benefits	2,203,036	2,203,036	1,907,350	(295,686)
Outside services employed	3,432,046	3,432,046	2,009,875	(1,422,171)
Operating supplies and expenses	1,263,531	1,263,531	1,215,835	(47,696)
Rentals	289,822	289,822	161,810	(128,012)
Maintenance, repairs and parts	3,997,650	3,997,650	1,363,798	(2,633,852)
General and administrative	1,915,656	1,915,656	1,305,970	(609,686)
Depreciation and amortization			2,938,323	2,938,323
Total Expenditures	<u>18,272,560</u>	<u>18,272,560</u>	<u>16,087,841</u>	<u>(2,184,719)</u>
Operating Net Income	10,245,938	10,245,938	11,097,781	851,843
<u>Nonoperating Revenues (Expenses)</u>				
Interest income			1,151,955	1,151,955
Interest expense on bonds	(1,767,966)	(1,767,966)	(1,773,397)	(5,431)
Other			744,998	744,998
Total Nonoperating Revenues (Expenses)	<u>(1,767,966)</u>	<u>(1,767,966)</u>	<u>123,556</u>	<u>1,891,522</u>
Income (Loss) Before Contributions and Transfers	<u>\$ 8,477,972</u>	<u>\$ 8,477,972</u>	<u>\$ 11,221,337</u>	<u>\$ 2,743,365</u>

SAN JACINTO RIVER AUTHORITY

SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGETARY BASIS)

WOODLANDS DIVISION

Year Ended August 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Operating Revenues</u>				
Water and sewer service fees	\$ 46,071,360	\$ 46,071,360	\$ 50,392,277	\$ 4,320,917
Permits, licenses and fees	207,100	207,100	207,100	
Capacity charges	3,294,393	3,294,393	4,310,609	1,016,216
Total Revenues	<u>49,572,853</u>	<u>49,572,853</u>	<u>54,909,986</u>	<u>5,337,133</u>
<u>Operating Expenses</u>				
Current:				
Salaries and wages	5,784,741	5,784,741	5,215,397	(569,344)
Employee insurance and other payroll benefits	2,421,217	2,421,217	1,985,402	(435,815)
Outside services employed	19,856,345	20,009,581	22,203,916	2,194,335
Operating supplies and expenses	5,835,271	5,835,271	5,589,789	(245,482)
Rentals	26,200	26,200	9,983	(16,217)
Maintenance, repairs and parts	6,492,890	6,709,759	2,999,086	(3,710,673)
General and administrative	903,080	903,080	814,680	(88,400)
Depreciation and amortization			6,810,846	6,810,846
Total Expenditures	<u>41,319,744</u>	<u>41,689,849</u>	<u>45,629,099</u>	<u>3,939,250</u>
Operating Net Income (Loss)	8,253,109	7,883,004	9,280,887	1,397,883
<u>Nonoperating Revenues (Expenses)</u>				
Interest income	9,770	9,770	2,349,215	2,339,445
Interest expense	(1,550,390)	(1,550,390)	(1,551,945)	(1,555)
Other			288,465	288,465
Total Nonoperating Revenues	<u>(1,540,620)</u>	<u>(1,540,620)</u>	<u>1,085,735</u>	<u>2,626,355</u>
Income (Loss) Before Contributions and Transfers	<u>\$ 6,712,489</u>	<u>\$ 6,342,384</u>	<u>\$ 10,366,622</u>	<u>\$ 4,024,238</u>

NOTES TO OTHER SUPPLEMENTARY INFORMATION

The Woodlands Division budget is prepared using a modified cash basis by the Woodlands Division management. The basic goal is to establish water/sewer rates for customers at a level that will provide funds to cover projected annual maintenance and operations expenses plus relatively minor capital asset purchases such as vehicles and office equipment. Since major infrastructure assets are acquired from other capital funds within the Woodlands Division, depreciation is excluded from the Woodlands Division rate calculation and budget.

SAN JACINTO RIVER AUTHORITY
SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL
GROUNDWATER REDUCTION PLAN DIVISION

Year Ended August 31, 2023

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
<u>Operating Revenues</u>				
Industrial and Municipal water sales	\$ 613,200.00	\$ 613,200	\$ 613,237	\$ 37
Water revenues *	61,716,021	61,716,021	77,904,783	16,188,762
Total Revenues	62,329,221	62,329,221	78,518,020	16,188,799
<u>Operating Expenses</u>				
Current:				
Salaries and wages	3,631,117	3,631,117	3,421,471	(209,646)
Employee insurance and other payroll benefits	1,466,898	1,466,898	1,334,954	(131,944)
Outside services employed	2,688,465	2,688,465	3,059,203	370,738
Operating supplies and expenses	14,235,158	14,235,158	12,699,113	(1,536,045)
Rentals	1,000	1,000		(1,000)
Maintenance, repairs and parts	2,092,960	2,092,960	1,265,933	(827,027)
General and administrative	493,362	493,362	377,284	(116,078)
Depreciation			14,638,015	14,638,015
Total Expenditures	24,608,960	24,608,960	36,795,973	12,187,013
Operating Net Income	37,720,261	37,720,261	41,722,047	4,001,786
<u>Nonoperating Revenues (Expenses)</u>				
Interest income			3,267,495	3,267,495
Interest expense	(18,764,085)	(18,764,085)	(18,764,085)	
Other **	5,400	5,400	2,779,017	2,773,617
Total Nonoperating Revenues (Expenses)	(18,758,685)	(18,758,685)	(12,717,573)	6,041,112
Income (Loss) Before Contributions and Transfers	\$ 18,961,576	\$ 18,961,576	\$ 29,004,474	\$ 10,042,898

The Authority's water revenue budget for its Groundwater Reduction Plan is based on rates and estimated water demand established to cover operating expenses, debt service requirements and to fund reserves based on projections of water demand and funding needs.

* Water revenues in the amount of \$77,904,783 includes short pays of fees for City of Conroe (\$2,944,132) and City of Magnolia (\$215,681).

** Other nonoperating revenues of \$2,779,017 includes nonpayment of interest and penalties for City of Conroe (\$1,592,861), City of Magnolia (\$90,650), Quadvest, LP. (\$343,904), and Woodlands Oak Utilities (\$84,348).

SAN JACINTO RIVER AUTHORITY
SCHEDULE OF NET POSITION
GROUNDWATER REDUCTION PLAN DIVISION

August 31, 2023

Assets

Current Assets

Cash and cash equivalents	
Unrestricted	\$ 41,374,830
Restricted for debt service	59,084,356
Restricted for construction	1,272,367
Accounts receivable, inventory and prepaids	16,228,487
Total Current Assets	117,960,040

Noncurrent Assets

21,029,790

Capital Assets - at cost

Land	14,306,156
Land improvements	2,470,693
Furniture and fixtures	2,448,499
Other machinery and equipment	913,801
Automobiles and trucks	542,402
Buildings	15,616,136
Water systems	421,334,054
Construction in progress	806,432
Accumulated Depreciation	(119,932,705)

Total Capital Assets 338,505,468

Total Noncurrent and Capital Assets 359,535,258

Total Assets \$ 477,495,298

Liabilities

Current Liabilities

Accounts payable and accrued liabilities - unrestricted	\$ 9,336,824
Restricted for debt services - current portion of bonds	15,920,000
Restricted for debt services - accrued interest payable	7,800,109
Total Current Liabilities	33,088,662

Noncurrent Liabilities

First lien water revenue bonds - less current maturities	405,950,000
Unamortized bond premium or discount	109,378

Total Noncurrent Liabilities 406,059,378

Total Liabilities 439,148,040

Net Position

Net Position

Net investment in capital assets	(82,233,272)
Restricted for debt service	51,284,247
Unrestricted	69,296,283

Total Net Position \$ 38,347,258

SAN JACINTO RIVER AUTHORITY
SCHEDULE OF REVENUES AND EXPENSES
GROUNDWATER REDUCTION PLAN DIVISION

Year Ended August 31, 2023

Operating Revenues

Industrial and Municipal water sales	\$ 613,237
Water revenues (GRP Pumpage and Surface Water Fees)	77,904,783
Total Revenues	<u>78,518,020</u>

Operating Expenses

Current:

Salaries and wages	3,421,471
Employee insurance and other payroll benefits	1,334,954
Outside services employed	3,059,203
Operating supplies and expenses	12,699,113
Rentals	
Maintenance, repairs and parts	1,265,933
General and administrative expenses	377,284
Depreciation	14,638,015
Total Expenditures	<u>36,795,973</u>

Operating Net Income (Loss) 41,722,047

Nonoperating Revenues (Expenses)

Interest income	3,267,495
Gain (Loss) on disposal of assets	6,000
Amortization of debt issuance costs	9,999
Interest expense on bonds	(18,764,085)
Other	2,763,018
Total Nonoperating Revenues (Expenses)	<u>(12,717,573)</u>

Income (Loss) Before Transfers and Contributions 29,004,474

Transfers Contributions (397,028)

Change in Net Position 28,607,446

Net Position at Beginning of Year 9,739,812

Net Position at End of Year \$ 38,347,258

SAN JACINTO RIVER AUTHORITY
SCHEDULE OF CASH FLOWS
GROUNDWATER REDUCTION PLAN DIVISION

Year Ended August 31, 2023

Cash Flows from Operating Activities	
Cash received from customers	\$ 74,883,248
Cash payments to suppliers for goods and services	(12,989,725)
Cash paid for employee services	(4,756,425)
Other revenues and expenses	2,763,018
Net Cash Provided by Operating Activities	<u>59,900,116</u>
Cash Flows from Noncapital Financing Activities	
Transfers	(397,028)
Net Cash Provided by Noncapital Financing Activities	<u>(397,028)</u>
Cash Flows from Capital and Related Financing Activities	
Principal paid on bonds	(15,375,000)
Interest paid on bonds	(18,983,208)
Acquisition of capital assets	(928,971)
Proceeds from the sale of assets	6,000
Capital contributions	
Net Cash (Used) by Capital and Related Financing Activities	<u>(35,281,179)</u>
Cash Flows from Investing Activities	
Interest earned	3,267,495
Net Cash Flows Provided by Investing Activities	<u>3,267,495</u>
Net (Decrease) in Cash and Cash Equivalents	27,489,404
Cash and equivalents at beginning of year	<u>74,242,149</u>
Cash and Equivalents at End of Year	<u>\$ 101,731,553</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ 41,722,047
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Other revenues and expenses	2,763,018
Depreciation	14,638,015
(Increase) decrease in receivables	(3,257,488)
(Increase) decrease in inventory	(5,238)
(Increase) decrease in prepaids	(31,072)
Increase (decrease) in accounts payable and accrued liabilities	4,070,834
Increase in unearned revenue	
Total Adjustments	<u>18,178,069</u>
Net Cash Provided by Operating Activities	<u>\$ 59,900,116</u>

SAN JACINTO RIVER AUTHORITY

SCHEDULE OF CAPITAL ASSETS **LAKE CONROE DAM, RESERVOIR AND RELATED EQUIPMENT**

Year Ended August 31, 2023

Dam and Appurtenances:	
Dam and appurtenances - joint	\$ 21,387,297
Dam and appurtenances - San Jacinto River Authority	3,298,709
Total Dam and Appurtenances	<u>24,686,006</u>
Buildings and Residences:	
Office building - joint	71,742
Warehouse building - joint	21,724
Residences - joint	60,477
Boat house - joint	21,646
Storage building - San Jacinto River Authority	23,404
Total Buildings and Residences	<u>198,993</u>
Equipment:	
Construction and maintenance equipment - joint	1,032,067
Streets and roads - joint	65,192
Transportation equipment - joint	377,325
Office furniture and fixtures - joint	51,189
Computer software - joint	797,421
Computer hardware - joint	121,569
Telephone system - joint	22,272
Miscellaneous equipment - joint	49,871
Construction and maintenance equipment - San Jacinto River Authority	7,371
Total Equipment	<u>2,524,277</u>
Land:	
Land easements and improvements - joint	7,574,579
Land acquisition and administration - joint	5,870,687
Ayer Island improvements - joint	49,508
Land easements - Newton Park	312,928
Land improvements - joint	131,800
Water supply well rehabilitation - joint	20,241
Lake Conroe land - site prep - SJRA	28,379
Land acquisition and administration - San Jacinto River Authority	580,032
Lake Conroe park land improvements - San Jacinto River Authority	388,833
Lake Conroe park roads improvements - San Jacinto River Authority	108,635
Total Land	<u>15,065,622</u>
Total Lake Conroe Dam, Reservoir and Related Equipment	42,474,898
Less City of Houston Contribution	<u>(26,902,395)</u>
San Jacinto River Authority's Interest in Lake Conroe Dam, Reservoir and Related Equipment	15,572,503
Less Accumulated Depreciation on San Jacinto River Authority's Interest in Assets	<u>(4,647,415)</u>
Net Interest in Lake Conroe Dam, Reservoir and Related Equipment	<u>\$ 10,925,088</u>

SAN JACINTO RIVER AUTHORITY

INSURANCE COVERAGES

August 31, 2023

<u>Types of Coverages</u>	<u>Amount of Coverage</u>	<u>Insurer</u>	<u>Coverage to</u>
Property Coverages			
Buildings	\$ 290,178,515	TWCA Risk Management Fund	7/1/2024
Contents	7,777,874	TWCA Risk Management Fund	7/1/2024
EDP Equipment	1,988,983	TWCA Risk Management Fund	7/1/2024
Equipment/Contractors Equip	2,805,140	TWCA Risk Management Fund	7/1/2024
Miscellaneous Property & Equipment	5,254,897	TWCA Risk Management Fund	7/1/2024
Rented Equipment	200,000	TWCA Risk Management Fund	7/1/2024
Boiler and Machinery	221,129,317	TWCA Risk Management Fund	7/1/2024
Total Property Coverages	<u>\$529,334,726</u>		
Automobile:			
Bodily injury and property damage	Combined limit \$1,000,000	TWCA Risk Management Fund	7/1/2024
Excess auto liability	\$9,000,000	TWCA Risk Management Fund	7/1/2024
Physical damage	Actual cash value	TWCA Risk Management Fund	7/1/2024
General Liability	\$1,000,000	TWCA Risk Management Fund	7/1/2024
	per occurrence		
Excess General Liability	\$9,000,000	TWCA Risk Management Fund	7/1/2024
Public Officials:			
Errors and omissions	\$1,000,000	TWCA Risk Management Fund	7/1/2024
Excess errors and omissions	\$9,000,000	TWCA Risk Management Fund	7/1/2024
GRP Review Committee	\$1,000,000	JI Special Risk Insurance Agency	6/3/2024
Workers' Compensation	Statutory	TWCA Risk Management Fund	7/1/2024

The Authority has reviewed the current limits for its Automobile, General Liability, and Errors and Omissions coverages and determined that the current limits are within the range recommended by the Authority's underwriter and the amounts typically carried by other river authorities and water districts.

SAN JACINTO RIVER AUTHORITY

PRINCIPAL OFFICIALS

August 31, 2023

Directors

Ronnie Anderson, President

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William "Wil" Faubel, Secretary
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Stephanie Johnson
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Ed Boulware, Vice-President

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STATISTICAL SECTION



This section of the San Jacinto River Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the Authority's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	88-91
These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.	
Revenue Capacity	92-94
These schedules contain information to help the reader assess the Authority's most significant local revenue source, the water and sewer service.	
Debt Capacity	95-97
These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.	
Demographic and Economic Information	98-101
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.	
Operating Information	102-105
These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.

SAN JACINTO RIVER AUTHORITY

NET POSITION BY COMPONENT

Last Ten Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Business-type activities				
Net Investment in capital assets	\$ 52,304,682	\$ 81,417,800	\$ 76,461,833	\$ 54,705,951
Restricted	59,550,621	52,279,716	54,932,005	56,121,250
Unrestricted	34,447,449	33,386,039	38,519,086	41,920,578
Total business-type activities net position	<u>\$ 146,302,752</u>	<u>\$ 167,083,555</u>	<u>\$ 169,912,924</u>	<u>\$ 152,747,779</u>

Notes: The Authority can be involved in governmental activities and business-type activities which would be reported separately in this schedule. The Authority does not currently have any governmental activities.

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 51,689,036	\$ 57,974,629	\$ 61,352,744	\$ 65,681,398	\$ 73,940,671	\$ 90,488,246
60,520,121	80,940,146	75,754,603	86,581,802	87,193,278	90,789,150
48,534,255	33,786,246	52,446,023	50,750,710	74,891,975	105,909,410
<u>\$ 160,743,412</u>	<u>\$ 172,701,021</u>	<u>\$ 189,553,370</u>	<u>\$ 203,013,910</u>	<u>\$ 236,025,924</u>	<u>\$ 287,186,806</u>

SAN JACINTO RIVER AUTHORITY

CHANGES IN NET POSITION

Last Ten Fiscal Years

	2014	2015	2016	2017
Operating Revenues:				
Business-type activities				
Water sales:				
Industrial	\$ 11,070,653	\$ 10,550,443	\$ 12,622,941	\$ 13,553,382
Irrigation	129,878	141,375	139,677	204,387
Water and sewer service fees	52,090,243	60,607,860	67,391,878	73,727,688
Permits, licenses, and fees	1,070,828	1,131,372	1,125,274	1,351,718
Contractual revenues		1,716,011	1,486,056	2,065,619
Capacity charges	5,188,612	5,022,163	3,834,462	3,856,538
Water planning study	492,810	759,984	359,554	112,377
Total business-type activities revenues	70,043,024	79,929,208	86,959,842	94,871,709
Total primary government revenues	\$ 70,043,024	\$ 79,929,208	\$ 86,959,842	\$ 94,871,709
Operating Expenses				
Business-type activities:				
Salaries and wages	\$ 8,872,719	\$ 10,720,810	\$ 11,724,348	\$ 12,182,806
Employee insurance and other payroll benefits	3,443,181	4,255,143	4,715,723	4,924,773
Outside services employed	4,943,193	3,759,083	5,042,298	6,283,542
Operating supplies and expenses	9,405,454	6,754,835	11,252,100	11,732,077
Rentals	118,467	69,320	85,327	75,774
Maintenance, repairs and parts	3,773,308	4,113,761	5,279,400	6,080,155
Water planning study expenses	520,071	802,042	17,877	1,943
General and administrative expenses				
Depreciation	7,783,943	8,753,185	23,527,194	24,446,476
Total business-type activities expenses	38,860,336	39,228,179	61,644,267	65,727,546
Total primary government expenses	\$ 38,860,336	\$ 39,228,179	\$ 61,644,267	\$ 65,727,546
Nonoperating (Expenses) Revenue				
Business-type activities				
Interest income	\$ 376,774	\$ 238,633	\$ 396,775	\$ 527,927
Gain (Loss) on disposal of capital assets	959,459	(33,748)	452,827	588,168
Oil and gas royalty income				
Other revenues	87,035	40,825	39,697	675,300
FEMA Grant				
Other expenses	(3,097,923)	(799,966)	(108,133)	
Amortization of bond premium or discounts	166,343	278,431	278,666	273,179
Interest expense on bonds	(25,688,916)	(25,183,782)	(24,954,257)	(25,644,260)
Total business-type activities	(27,197,228)	(25,459,607)	(23,894,425)	(23,579,686)
Total primary government	\$ (27,197,228)	\$ (25,459,607)	\$ (23,894,425)	\$ (23,579,686)
General Revenues and Other Change in Net Position				
Business-type activities:				
Capital Contributions/(Distributions)	\$ 1,390,869	\$ 4,030,000	\$ 1,408,219	\$ (21,992,683)
Total business-type activities	1,390,869	4,030,000	1,408,219	(21,992,683)
Total primary government	\$ 1,390,869	\$ 4,030,000	\$ 1,408,219	\$ (21,992,683)
Change in Net Position				
Business-type activities	5,376,329	19,271,422	2,829,369	(16,428,206)
Total primary government	\$ 5,376,329	\$ 19,271,422	\$ 2,829,369	\$ (16,428,206)

Notes: The Authority can be involved in governmental activities and business-type activities which would be reported separately in this schedule. The Authority does not currently have any governmental activities.

Fiscal Year						
2018	2019	2020	2021	2022	2023	
\$ 14,571,525	\$ 16,532,985	\$ 17,287,532	\$ 18,195,773	\$ 18,979,086	\$ 20,273,700	
120,487	118,548	110,041	123,746	120,141	128,683	
77,933,431	69,595,114	80,590,320	78,733,012	96,231,415	108,977,922	
1,334,353	1,424,817	1,293,958	1,450,549	1,418,004	1,412,211	
2,617,142	3,314,511	4,641,065	3,398,148	3,911,945	3,185,002	
3,846,463	9,646,449	3,918,310	3,293,800	3,300,650	4,310,609	
667,766	470,686	744,516	198,998	320,023	377,532	
101,091,167	101,103,110	108,585,742	105,394,026	124,281,264	138,665,659	
<u>\$ 101,091,167</u>	<u>\$ 101,103,110</u>	<u>\$ 108,585,742</u>	<u>\$ 105,394,026</u>	<u>\$ 124,281,264</u>	<u>\$ 138,665,659</u>	
\$ 12,255,875	\$ 12,511,453	\$ 12,666,436	\$ 13,157,947	\$ 13,418,772	\$ 15,083,717	
5,179,617	5,493,433	4,904,352	5,165,348	3,743,106	5,402,815	
6,367,524	8,366,993	10,905,653	7,120,511	8,440,887	9,169,685	
11,849,544	11,958,973	12,667,800	13,955,163	14,859,879	17,450,096	
80,229	67,175	68,850	70,452	84,370	152,015	
7,792,350	7,891,447	6,674,429	6,505,053	6,885,976	5,945,408	
1,479	1,732	1,965	1,446	6,847	1,536	
24,381,708	24,170,719	24,868,561	24,677,108	25,316,731	24,758,629	
67,908,326	70,461,925	72,758,046	70,653,028	72,756,568	77,963,901	
<u>\$ 67,908,326</u>	<u>\$ 70,461,925</u>	<u>\$ 72,758,046</u>	<u>\$ 70,653,028</u>	<u>\$ 72,756,568</u>	<u>\$ 77,963,901</u>	
\$ 1,408,665	\$ 1,856,573	\$ 2,353,932	\$ 86,504	\$ 80,292	\$ 7,108,331	
557,773	1,854,993	388,847	128,101	179,206	199,566	
574,180	861,342	2,296,497	1,623,571	2,658,030	2,974,663	
(4,015,162)						
314,621	281,686	461,056	458,854	625,190	643,714	
(25,517,682)	(25,087,078)	(24,754,703)	(23,754,415)	(22,853,363)	(22,089,427)	
(26,677,605)	(20,232,484)	(19,254,371)	(21,457,385)	(19,310,645)	(11,163,153)	
<u>\$ (26,677,605)</u>	<u>\$ (20,232,484)</u>	<u>\$ (19,254,371)</u>	<u>\$ (21,457,385)</u>	<u>\$ (19,310,645)</u>	<u>\$ (11,163,153)</u>	
\$ 1,490,397	\$ 1,548,908	\$ 279,024	\$ 176,927	\$ 652,646	\$ 1,622,277	
1,490,397	1,548,908	279,024	176,927	652,646	1,622,277	
<u>\$ 1,490,397</u>	<u>\$ 1,548,908</u>	<u>\$ 279,024</u>	<u>\$ 176,927</u>	<u>\$ 652,646</u>	<u>\$ 1,622,277</u>	
7,995,633	11,957,609	16,852,349	13,460,540	32,866,697	51,160,882	
<u>\$ 7,995,633</u>	<u>\$ 11,957,609</u>	<u>\$ 16,852,349</u>	<u>\$ 13,460,540</u>	<u>\$ 32,866,697</u>	<u>\$ 51,160,882</u>	

SAN JACINTO RIVER AUTHORITY

WOODLANDS DIVISION WATER AND SEWER SERVICE FEES BY SOURCE

Last Ten Fiscal Years

Fiscal Year	Water and Sewer Fees			Total Water Direct Rate	Total WasteWater Direct Rate (1)
	Water	Sewer	Total		
2014	\$ 9,566,723	\$ 11,235,673	\$ 20,802,396	\$ 1.74	\$ 3.64
2015	\$ 10,291,031	\$ 11,609,244	\$ 21,900,275	\$ 1.99	\$ 3.95
2016	\$ 10,863,349	\$ 12,105,737	\$ 22,969,086	\$ 2.03	\$ 4.15
2017	\$ 11,604,919	\$ 13,289,956	\$ 24,894,875	\$ 2.10	\$ 4.30
2018	\$ 11,279,001	\$ 13,286,432	\$ 24,565,433	\$ 2.10	\$ 4.30
2019	\$ 9,534,666	\$ 12,135,765	\$ 21,670,431	\$ 2.10	\$ 4.30
2020	\$ 10,894,954	\$ 13,117,346	\$ 24,012,300	\$ 2.19	\$ 4.49
2021	\$ 11,006,957	\$ 12,666,410	\$ 23,673,367	\$ 2.26	\$ 4.62
2022	\$ 13,338,892	\$ 13,943,119	\$ 27,282,011	\$ 2.37	\$ 4.85
2023	\$ 15,869,857	\$ 15,893,670	\$ 31,763,528	\$ 2.73	\$ 5.53

(1) Direct Rate based on per thousand gallons

SAN JACINTO RIVER AUTHORITY

PRINCIPAL WOODLANDS DIVISION WATER AND SEWER FEES PAYERS

August 31, 2023

<u>Customer</u>	<u>2023</u>			<u>2014</u>		
	<u>Revenue Base Attributable</u>	<u>Rank</u>	<u>% Base of The total Revenue Base</u>	<u>Revenue Base Attributable</u>	<u>Rank</u>	<u>% Base of The total Revenue Base</u>
MUD 6	\$ 2,824,633	8	6%	\$ 1,202,990	8	6%
MUD 7	\$ 3,517,295	6	7%	\$ 1,581,719	7	8%
MUD 36	\$ 1,868,506	9	4%	\$ 868,679	9	4%
MUD 39	\$ 1,703,705	10	3%	\$ 766,762	10	4%
MUD 1*	\$ 3,445,000	7	7%	\$ 1,625,219	6	8%
MUD 46	\$ 11,590,589	1	23%	\$ 4,709,101	1	23%
MUD 47	\$ 8,573,872	2	17%	\$ 3,695,524	2	18%
MUD 60	\$ 5,520,968	4	11%	\$ 2,333,610	4	11%
MUD 67	\$ 4,981,352	5	10%	\$ 1,650,522	5	8%
Metro MUD	\$ 5,886,630	3	12%	\$ 2,381,610	3	11%

Note: The requirement for statistical data is ten years.

*Previously reported as MUD 2 & MUD 40

SAN JACINTO RIVER AUTHORITY

LIST OF PRINCIPAL CUSTOMERS

August 31, 2023

Raw Water Enterprise

Chevron Phillips Chemical Company
Crosby Municipal Utility District
ECO Services Operations, LLC
Entergy
ExxonMobil
Harris County MUD No. 50
LCY Elastomers, LP
Montgomery County MUD 100
Newport MUD
SJRA - GRP Division

Woodlands Division

Municipal Utility District 1
Municipal Utility District 6
Municipal Utility District 7
Municipal Utility District 36
Municipal Utility District 39
Municipal Utility District 46
Municipal Utility District 47
Municipal Utility District 60
Municipal Utility District 67
Metro Municipal Utility District

Lake Conroe Division

ABN Alliance LLC
Bentwater Yacht & Country Club, Ltd.
GPW LLC Waterpoint Shopping Center
Lakeside Resort JV, LLC/Margarittaville
Pier 105 Marina, LLC

Seven Coves Association Inc
SHM Walden Marina
Stow-A-Way Marina
The Palms Marina On Lake Conroe
TopSide Marinas

Groundwater Reduction Plan Division

City of Conroe
City of Magnolia
Montgomery Co. MUD 119
Montgomery Co. MUD 99, MUD 115 & MUD 127
Montgomery Co. MUD No. 89 & MUD 88
MSEC Enterprises Montgomery Trace/Crown
Oaks/Highland Ranch/Lake Forest/Shoreline
New Caney MUD
Quadvest, LP Benders Landing
SJRA - Woodlands Division
Southern Mont. Co. Municipal Utility District

Note: The above customers represent SJRA's principal customers. Because of the long term of SJRA's contracts, the majority of these customers have been customers of SJRA for ten years or more.

SAN JACINTO RIVER AUTHORITY

RATIO OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Business-Type Activities

Fiscal Year	Water Revenue Bonds	Special Project Revenue Bond	Loans	Leases	Total Primary Government	Percentage of Revenue (1)	Percentage of Personal Income (2)	Debt per Population (2)
2014 (3)	\$ 45,060,000	\$ 589,770,000	\$ 3,148,703		\$ 637,978,703	1035.64%	N/A	N/A
2015 (4)	\$ 77,385,000	\$ 573,355,000	\$ 2,870,882		\$ 653,610,882	1061.02%	N/A	N/A
2016	\$ 75,285,000	\$ 559,405,000	\$ 2,597,001		\$ 637,287,001	732.85%	N/A	N/A
2017	\$ 72,708,771	\$ 547,509,584	\$ 2,310,895		\$ 622,529,250	652.09%	N/A	N/A
2018 (5)	\$ 68,865,000	\$ 571,525,000	\$ 2,010,855		\$ 642,400,855	677.13%	N/A	N/A
2019	\$ 65,500,000	\$ 555,565,875	\$ 1,697,860		\$ 622,763,735	613.52%	N/A	N/A
2020	\$ 59,635,000	\$ 537,470,000	\$ 1,371,156		\$ 598,476,156	551.16%	N/A	N/A
2021 (6)	\$ 56,235,000	\$ 518,910,000		\$ 209,940	\$ 575,354,940	486.05%	N/A	N/A
2022	\$ 47,505,000	\$ 500,360,000		\$ 174,716	\$ 548,039,716	394.98%	N/A	N/A
2023 (6)	\$ 44,065,000	\$ 481,230,000		\$ 219,426	\$ 525,514,426	338.16%	N/A	N/A

(1) Based on operating revenues.

(2) The Authority has no taxation authority, therefore relating the Authority's debt to personal income or population is not applicable. Further, certain of the Authority's customers are industrial or other non-municipal users such that relating the Authority's debt to personal income or population is not applicable.

(3) Increases are reflective of the Groundwater Reduction Plan bond issuances.

(4) Increases are reflective of the Highlands bond issuances.

(5) Increases are reflective of the Woodlands bond issuances.

(6) Increases are reflective of additional leases as disclosed in Note 5.

Note: Details regarding the Authority's outstanding debt can be found in the notes to the financial statements. The Authority's outstanding debt reported above are gross of any amortization or discounts. See Note 6 and 7

SAN JACINTO RIVER AUTHORITY

PLEDGE - REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	Water Revenue Bonds						Cover Ratio
	Revenue	Less Operating Expenses	Net Available for Debt Service	Debt Service			
				Principal	Interest		
All Divisions Except the GRP Division							
2014	\$ 10,928,913	\$ 4,135,993	\$ 6,792,920	\$ 1,800,000	\$ 1,711,799	1.93	
2015	\$ 12,456,148	\$ 4,208,932	\$ 8,247,216	\$ 2,035,000	\$ 1,677,115	2.22	
2016	\$ 15,253,673	\$ 5,122,763	\$ 10,130,910	\$ 2,100,000	\$ 2,796,584	2.07	
2017	\$ 16,679,811	\$ 4,600,229	\$ 12,079,582	\$ 3,160,000	\$ 2,757,433	2.04	
2018	\$ 17,198,144	\$ 5,025,528	\$ 12,172,616	\$ 3,260,000	\$ 2,625,692	2.07	
2019	\$ 18,882,546	\$ 5,960,724	\$ 12,921,822	\$ 3,365,000	\$ 2,567,879	2.18	
2020	\$ 19,843,757	\$ 5,362,557	\$ 14,481,200	\$ 3,470,000	\$ 1,955,500	2.67	
2021	\$ 20,585,108	\$ 5,230,541	\$ 15,354,567	\$ 3,400,000	\$ 2,266,921	2.71	
2022	\$ 21,236,192	\$ 4,796,688	\$ 16,439,504	\$ 3,305,000	* \$ 2,050,930	3.07	
2023	\$ 22,795,509	\$ 7,017,490	\$ 15,778,019	\$ 3,440,000	\$ 1,820,156	3.00	
GRP Division							
2014	\$	\$	\$	\$	\$		
2015	\$	\$	\$	\$	\$		
2016	\$	\$	\$	\$	\$		
2017	\$	\$	\$	\$	\$		
2018	\$	\$	\$	\$	\$		
2019	\$	\$	\$	\$	\$		
2020	\$	\$	\$	\$	\$		
2021	\$	\$	\$	\$	\$		
2022	\$	\$	\$	\$	\$		
2023	\$	\$	\$	\$	\$		

* Excludes early defeasement of the Highlands Division's Water Revenue Series 2013 Bonds

Special Project Revenue Bonds

Revenue	Less Operating Expenses	Net Available for Debt Service	Debt Service		Cover Ratio
			Principal	Interest	
\$ 5,188,612	\$ 6,550	\$ 5,182,062	\$ 2,935,000	\$ 2,433,327	0.97
\$ 5,022,163	\$ 13,450	\$ 5,008,713	\$ 3,525,000	\$ 1,450,666	1.01
\$ 3,834,462	\$ 3,750	\$ 3,830,712	\$ 3,245,000	\$ 725,139	0.96
\$ 3,856,538	\$ 7,776	\$ 3,848,762	\$ 2,095,000	\$ 1,628,000	1.03
\$ 3,846,463	\$ 2,250	\$ 3,844,213	\$ 2,270,000	\$ 1,517,719	1.01
\$ 37,992,337	\$ 31,903,081	\$ 6,089,256	\$ 2,335,000	\$ 1,933,731	1.43
\$ 42,277,226	\$ 33,887,393	\$ 8,389,833	\$ 4,770,719	\$ 1,835,368	1.27
\$ 40,978,859	\$ 32,133,419	\$ 8,845,440	\$ 4,130,000	\$ 1,756,675	1.50
\$ 47,637,356	\$ 37,140,091	\$ 10,497,265	\$ 3,675,000	\$ 1,679,506	1.96
\$ 54,702,886	\$ 38,818,253	\$ 15,884,633	\$ 3,755,000	\$ 1,592,454	2.97
\$ 31,293,612	\$ 7,041,051	\$ 24,252,561	\$ 7,820,000	\$ 21,350,629	0.83
\$ 38,529,534	\$ 7,122,884	\$ 31,406,650	\$ 12,890,000	\$ 21,341,076	0.92
\$ 45,655,158	\$ 15,577,960	\$ 30,077,198	\$ 13,010,000	\$ 21,316,968	0.88
\$ 50,469,701	\$ 19,627,649	\$ 30,842,052	\$ 13,025,000	\$ 21,337,138	0.90
\$ 55,177,487	\$ 17,690,439	\$ 37,487,048	\$ 13,315,000	\$ 20,914,988	1.10
\$ 49,628,068	\$ 17,049,953	\$ 32,578,115	\$ 13,650,000	\$ 20,713,575	0.95
\$ 58,796,228	\$ 18,732,651	\$ 40,063,577	\$ 14,020,000	\$ 20,340,104	1.17
\$ 56,809,491	\$ 19,297,001	\$ 37,512,490	\$ 14,430,000	\$ 19,930,199	1.09
\$ 69,877,975	\$ 18,232,325	\$ 51,645,650	\$ 14,875,000	\$ 19,482,237	1.50
\$ 77,904,783	\$ 22,157,958	\$ 55,746,825	\$ 15,375,000	\$ 18,983,208	1.62

SAN JACINTO RIVER AUTHORITY

AUTHORITY DEMOGRAPHICS

The SJRA's area comprises all of the territory within the watershed of the San Jacinto River and its tributaries, except the portion of the watershed that lies within the boundaries of Harris County. Such geographical areas consist of all of Montgomery County and parts of Waller, Grimes, Walker, San Jacinto, Liberty and Fort Bend Counties. The SJRA's service area includes all of six counties and part of four counties and more than 30 cities and communities. This geographic diversity in turn provides economic diversity with a combination of agriculture, oil and gas and industry.

The SJRA provides a variety of services to municipal utility districts, industries, and individuals within this service area. The array of services includes water sales and distribution, water treatment, wastewater treatment, laboratory analysis, and recreational opportunities. This diversity allows the local economy to be among the State's growth leaders, outpace the national economy, and create opportunities to foster employment for the population growth in each county. The graphs below and on the following page portray the population and economic base within SJRA's service area.

<u>County/City</u>	<u>Population</u>
Barrett	3,488
Baytown	84,449
Crosby	2,064
Grimes County	29,442
Highlands	7,359
Liberty County	101,992
Montgomery County	678,490
San Jacinto County	27,666
Walker County	78,870
Waller County	57,463

CensusReporter.org

The SJRA serves parts of Walker County, but for the demographic and statistical section above, reports as a whole county.

Educational Attainment

<u>County/City</u>	<u>High School</u>	<u>College</u>
Barrett	89%	14%
Baytown	77%	15%
Crosby	88%	16%
Grimes County	81%	19%
Highlands	83%	16%
Liberty County	79%	9%
Montgomery County	91%	40%
San Jacinto County	86%	16%
Walker County	87%	25%
Waller County	87%	25%

Source CensusReporter.org

The SJRA serves parts of Walker County, but for the demographic and statistical section above, reports as a whole county.

<u>County/City</u>	<u>Median Age</u>	<u>Largest Employers</u>
Barrett	34	Alight Solutions
Baytown	34	ChevronPhillips
Crosby	38	Conroe Independent School District
Grimes County	40	Entergy
Highlands	35	Houston Methodist The Woodlands Hospital
Liberty County	35	Lone Star College System - Montgomery
Montgomery County	37	Memorial Hermann The Woodlands Medical Center
San Jacinto County	45	St. Luke's The Woodlands Hospital
Walker County	36	Texas Children's
Waller County	29	Woodforest National Bank

Source CensusReporter.org; The Woodlands Area Economic Development Partnership

The SJRA serves parts of Walker County, but for the demographic and statistical section above, reports as a whole county.

<u>County/City</u>	<u>Median Household Income (\$)</u>
Barrett	66,883
Baytown	61,158
Crosby	38,750
Grimes County	63,484
Highlands	64,343
Liberty County	61,525
Montgomery County	94,972
San Jacinto County	54,839
Waller County	51,528
Walker County	71,643

CensusReporter.org

The SJRA serves parts of Walker County, but for the demographic and statistical section above, reports as a whole county.

<u>County/City</u>	<u>Unemployment Rate</u>
Barrett	4.7%
Baytown	10.0%
Crosby	4.7%
Grimes County	5.2%
Highlands	4.7%
Liberty County	6.7%
Montgomery County	4.1%
San Jacinto County	5.5%
Walker County	5.1%
Waller County	4.6%

Source Homefacts.com

The SJRA serves parts of Walker County, but for the demographic and statistical section above, reports as a whole county.

SAN JACINTO RIVER AUTHORITY

NUMBER OF EMPLOYEES BY DIVISION

Last Ten Fiscal Years

<u>Division</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Highlands	7	7	6	10	11
Lake Conroe	14	14	14	13	14
Woodlands	33	38	42	39	39
General & Administration	79	83	86	80	74
Groundwater Reduction Plan	12	23	29	27	29
Flood Management					
Total	145	165	177	169	167

Note: This table reports the number of filled, full-time employee positions based on the division in which they are employed. Table does not include budgeted, unfilled positions. Employees in the General & Administration Division provide centralized services to all five operating divisions, and their time and salary costs are allocated to each division based on time worked.

Note: The majority of the growth occurring during and after 2014 has been directly related to the implementation of a surface water program in response to regulations adopted by the Lone Star Groundwater Conservation District.

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
9	10	10	11	13
14	14	13	13	12
37	42	34	35	36
77	76	75	74	78
26	26	25	24	25
1	1	2	2	2
<hr/>				
164	169	159	159	166
<hr/> <hr/>				

SAN JACINTO RIVER AUTHORITY

OPERATING STATISTICS

Last Ten Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Raw Water Enterprise (Lake Conroe and Highlands Division)</u>					
Water Delivered (Thousand Gallons)	23,192,114	23,611,611	24,583,145	32,205,585	30,979,017
Water Rights (See detail below)	7	7	7	7	7

Woodlands Division

Water Average Pumpage (Thousand Gallons)	6,115,812	5,529,976	6,015,090	6,132,615	5,927,160
Wastewater Average Flow (Thousand Gallons per Day)	7,677	7,746	7,960	7,864	7,689
Water Permits	1	1	1	1	1
Wastewater Permits	3	3	3	3	3
Storm Water Permits	2	2	2	2	2

Water Rights Permitted at End of Year

<u>Source</u>	<u>Water Right Permit Number</u>	<u>Permitted Amount (afpy)</u>	<u>Date Granted</u>
Lake Conroe	COA 10-4963A	33,333	1987
Lake Houston and Highlands Reservoir	COA 10-4964	55,000	1987
Lake Houston - Effluent Woodlands WWTPs	Permit 5809A	14,944	2004
Lake Houston - Additional Storage	Permit 5807	14,100	2008
Lake Houston - Additional Run of River	Permit 5808	40,000	2009
Lake Houston - Effluent Conroe WWTPs	Permit 13183	11,200	2019
Trinity River - Devers	Permit 5271C	56,000	1995
Trinity River - CLCND	COA 08-4279A	30,000	2005

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
31,520,814	30,359,231	31,896,926	36,845,113	34,976,767
8	8	8	8	8
5,068,824	5,680,388	5,248,377	5,829,617	6,052,934
7,760	7,364	7,387	6,972	7,023
1	1	1	1	1
3	3	3	3	3
2	2	2	2	2

SAN JACINTO RIVER AUTHORITY

SCHEDULE OF CAPITAL ASSET ADDITIONS

Last Ten Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Raw Water Enterprise, Highlands, Flood Management and General & Administration				
Land	\$ 10,000	\$ 58,876	\$ 462,528	\$ 31,328
Water permits and rights				
Construction in progress	9,772,503	7,427,025	12,317,956	9,439,000
Furniture, fixtures and equipment	160,680	134,167	52,201	70,175
Leased Equipment				
Other machinery and equipment	361,139	70,271	178,617	11,732
Automobiles and trucks	100,878	65,171	86,271	66,379
Buildings	1,484,025	774	147,491	12,628
Water systems	2,802,551	8,574,076	1,378,675	19,779,516
Lake Conroe Division				
Land		2,596	1,833	2,541
Construction in progress	501,722	642,080	64,925	609,074
Furniture, fixtures and equipment	7,055	39,036	56,850	2,912
Other machinery and equipment	10,864	43,014		16,624
Automobiles and trucks	21,814	12,854	10,400	11,373
Buildings			87	
Dams and appurtenances		1,132,947		
Water systems				
Woodlands and Bear Branch Divisions				
Land		23,194		
Construction in progress	6,548,527	5,020,431	7,941,930	2,318,762
Furniture, fixtures and equipment	71,413	386,203	14,261	66,713
Leased Equipment				
Other machinery and equipment	372,450	49,496	337,314	46,714
Automobiles and trucks	46,058	7,410	129,939	57,982
Buildings	6,720			
Dams and appurtenances	256,356			
Water systems	3,783,083	3,296,024	1,758,450	3,297,838
Wastewater utility systems	3,020,956	1,801,043	1,660,236	7,610,604
Capital Improvement Plans				
Groundwater Reduction Plan Division				
Land		500,536		12,583,964
Construction in Progress	218,185,401	111,689,168	25,045,377	3,239,805
Furniture, fixtures and equipment	189,621	534,634	1,088,875	10,543
Other machinery and equipment			342,658	168,058
Automobiles and trucks		206,776	113,450	
Buildings		43,153	13,186,309	34,680
Water systems			417,692,912	1,023,991
Total Capital Asset Additions	<u>\$ 247,713,816</u>	<u>\$ 141,760,955</u>	<u>\$ 484,069,545</u>	<u>\$ 60,512,936</u>

2018	2019	2020	2021	2022	2023
\$ 3,811,415	\$ 1,206	\$ 172,742	\$ 1,255,966	\$ 25,176	\$
7,808,330	5,522,593	1,394,463	4,401,510	2,356,335	9,549,961
171,677	84,988	82,097	48,105	282,444	
			296,302		98,244
189,732	34,019	826,825	145,324	165,260	144,463
16,066	148,789	198,841	269,458	156,019	126,096
	5,696	592,304	263,355		
6,434,762	569,257	5,059,490	3,202,734		2,964,543
60,182	95,327	70,690	355,307	636,465	61,063
907	1,301	3,345	123,013		
76,639	3,905	6,150	2,237	10,397	20,994
9,172	16,096	13,502		13,229	
72,154				2,500	
489,081					674,583
		84,949	73,100	63,571	18,650
5,850,096	5,990,530	11,496,920	7,763,035	643,144	1,335,619
26,764	27,108	68,688	90,980	60,324	
			69,605		
53,589	91,656	1,450,429	261,906	42,351	299,536
73,207	97,004	92,707	220,203	19,185	111,228
		14,297		15,260	37,399
	674,106	709,306	3,095,645	52,828	55,193
146,497	35,966	13,447,243	10,672,870	2,327,385	148,915
586,852					
416,023	58,489	61,097		52,346	754,085
19,455	13,536	55,519	78,563	8,450	
107,072	86,105	7,102	42,497	27,782	100,137
25,808	43,363		70,165	57,557	46,907
1,870				14,447	
2,480,945	5,229	71,588		23,871	27,842
<u>\$ 28,928,295</u>	<u>\$ 13,606,269</u>	<u>\$ 35,980,294</u>	<u>\$ 32,801,880</u>	<u>\$ 7,056,326</u>	<u>\$ 16,575,459</u>