



# San Jacinto River Authority

## Board Communication

Item No.	Agenda Item	Date
6	Consider and act upon approval of Fiscal Year 2011 operating budgets	08/26/2010

### BACKGROUND INFORMATION

The Board is required to adopt a budget for all operating funds for fiscal year 2011, which begins on September 1, 2010. The preliminary budget proposed by staff was presented for review by the Board at the July 22, 2010 meeting. The final budgets are presented for approval.

### RECOMMENDED ACTION

Approve the Fiscal Year 2011 operating budgets.

*APPROVED  
8/26/10  
Board Meeting*

# **San Jacinto River Authority**



**Conroe, Texas**

## **PROPOSED GENERAL FUND OPERATING BUDGETS**

FISCAL YEAR ENDED AUGUST 31, 2011

**San Jacinto River Authority  
Proposed General Fund Operating Budgets  
Fiscal Year Ended August 31, 2011**

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**San Jacinto River Authority**  
**General Fund**  
**Highlights for Proposed Budget**  
**For the Fiscal Year Ending August 31, 2011**

The Texas Water Code Section 49.057 (b) requires the Board of Directors to adopt an annual budget. The proposed operating and capital improvement budgets for fiscal year 2011 (FY 2011) for the Groundwater Reduction Plan Division, Highlands Division, Lake Conroe Division, Bear Branch Reservoir System, Region H Water Planning Group, and the General and Administration Division are presented in this report. The Woodlands Division operating budget is provided as a separate report.

This report includes a high level summary of the proposed operating budgets. Many detailed division and department schedules, worksheets, notes and other documentation support the summary budget presented and are included as a component of the approved budgets by reference.

All the summary and detail schedules within this report are presented using the cash basis of accounting. The 'Budget Summary – Accrual Basis' schedule conforms to the required method of financial reporting under governmental accounting standards.

The FY 2011 budget for the San Jacinto River Authority represents various key challenges and changes to our historical methods of financial reporting as noted below.

**Groundwater Reduction Plan Division**

During FY 2010, the Board of Directors established the Groundwater Reduction Plan (GRP) Division as a separate operating division of the Authority. The GRP Division is now presented as a separate budget with dedicated sources of revenues from GRP pumpage fees and funding from TWDB WIF bond proceeds. The change will also require separate reporting of the GRP Division in our annual audited financial report.

The Lone Star Groundwater Conservation District (LSGCD) issued its DRP Phase IIB proposed rules on August 20, 2009. These rules will require large volume groundwater users in Montgomery County to reduce the amount of groundwater pumped by 30% by 2016. Since the SJRA holds permits issued by the LSGCD to pump groundwater from its wells in The Woodlands, the SJRA is moving forward with a program to reduce its groundwater usage and offer other permittees within the county the opportunity to join the SJRA's Groundwater Reduction Program.

GRP pumpage fee revenue of \$8,156,454 is based on 90% of the actual 2009 pumpage of the Woodlands Township and the City of Conroe plus obtaining GRP contracts with 60% of the other Montgomery County large volume groundwater users. A rate of \$0.50 per thousand gallons of groundwater pumped has been set in the initial rate order which is effective August 1, 2010.

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The SJRA has sold bonds totaling \$21,500,000 through the Water Infrastructure Fund (WIF) Deferred Loan administered by the Texas Water Development Board. The SJRA closed on the loan in late November 2009. The WIF loan is being used by the SJRA for planning and preliminary engineering associated with a program to introduce treated surface water to portions of Montgomery County. Planning and preliminary engineering activities in FY 2011 totaling \$14,784,000 will be paid with funds obtained from this loan. As in FY2010, there will not be any debt service payments required to the TWDB for WIF bonds in FY 2011. However some key expenses cannot be paid for with these funds.

WIF funds cannot be used to pay reservation fees. The SJRA entered into a long-term water supply contract with the City of Houston for the COH's 2/3 share of water in Lake Conroe. \$1,374,433 is budgeted for the reservation fee payable to the City of Houston for 2/3 of the water in Lake Conroe for FY 2011. In addition, the GRP Division will pay \$576,600 to the SJRA General Operating fund for a reservation fee for the remaining 1/3 of the water in Lake Conroe. The SJRA also purchased additional property for the proposed surface water treatment plant, and property associated with access to the proposed plant site. The \$1,138,325 cost associated with securing this property was paid with a \$1,200,000 bank loan.

**Water Sales Revenue**

Beginning in FY 2010, the revenue from the sale of the SJRA's raw water, and any expenses related to the maintenance and further development of the related water rights, are not reported by the Divisions in this FY 2011 budget. The water rights for the water that is sold are actually held by the San Jacinto River Authority and not by the individual divisions within the SJRA.

The rate for untreated surface water increased to \$90 per acre foot as of January 1, 2009. Subject to Board approval, the budget projects a 5% increase in the rate for untreated surface water to \$94.50 per acre foot effective January 1, 2011. The rate for Entergy would be increased to \$68.50 per acre foot based on the special conditions under which Entergy takes water for the Lewis Creek plant. Total budgeted water sales revenue is \$7,384,905.

**San Jacinto River Authority  
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For the Fiscal Year Ending August 31, 2011**

**Highlands Capital Improvements Plan**

The Highlands Division is in need of a productive and reliable raw water delivery system. This system is critical to the SJRA's industrial, municipal and agricultural customers in the Highlands. As noted in the Highlands Facility Assessment completed in January 2009, key facilities within the delivery system are beyond their service life and are in need of repair and/or replacement. Critical facility repairs were planned for implementation beginning in FY 2010. During FY 2010, the Board approved the issuance of \$25,380,000 in bonds to finance eligible projects of the Highlands Improvements program. This bond financing will allow all the existing Highlands reserve funds to remain fully funded.

\$5,308,000 of the bond proceeds will be used in FY 2011 to fund Highlands Improvements. Additional funds required for the repairs will be transferred from G&A revenue that is generated from water sales to customers in the Highlands.

**Lake Conroe Division**

Beginning in FY 2010, for management purposes, the Lake Conroe Division was separated into four cost centers – Operations and Maintenance, Onsite Sanitary Sewage Facilities (OSSF), Licensing, and Aquatic Plant Management. These separate cost centers were developed in an effort to monitor the expenses associated with each of these individual operations within the Lake Division along with any revenues that may be generated from users and/or recipients of services associated with these operations. It is anticipated that over time the data generated from these separate cost centers will assist the SJRA in verifying the appropriate fees that should be assessed to the users and/or recipients of services.

Based on an analysis of the amounts needed to effectively manage and cover the costs of each of the Lake Conroe licenses, fees and permits, staff proposed an increase to the Board during FY 2010. The rates for Lake Conroe licenses, fees and permits had not been increased for six years. The Board approved the proposed increases which will be phased in on renewals and effective for new licenses and permits beginning September 1, 2010.

**G&A Building**

As noted in the Campus Planning Study completed in January 2009, the SJRA is in need of office space for the current and future needs of its General and Administrative Division. Therefore a new G&A Building is currently under construction. Most of the cost of the building has been financed and therefore debt service and other Financing costs are included in the FY 2011 budget. It is also anticipated that occupancy of the new building will occur in the fall of 2010; however furniture and equipment for the new facility will be purchased at the end of FY 2010 and in early FY2011.

**San Jacinto River Authority**  
**General Fund**  
**Highlights for Proposed Budget**  
**For the Fiscal Year Ending August 31, 2011**

**Bear Branch**

Work associated with debris removal within the non-maintained floodway corridor and re-establishment of selected ditches that connect the end of The Woodlands Joint Powers Agency (JPA) storm water conveyance system to the main (pilot) channels of Bear, Alden and Panther Branches was delayed by the JPA until FY 2010 due to a shortage of funds. Participating MUDs contributed funds totaling \$460,618 during FY 2010 for the normal annual maintenance activities which will be carried over into FY 2011.

**Overall Budget**

The total operating revenue budget is \$20,009,247 which is an increase from the FY 2010 Budget of \$11,185,511. The new GRP pumpage fee adds \$8,156,454 to the revenue base. The budget assumes that the current rate of \$90 per acre foot for untreated surface water will increase to \$94.50 per acre foot effective January 1, 2011.

The proposed current operating expense budget is \$12,676,525 which is an increase from the FY 2010 Budget of \$7,483,298. Much of the increase in expenses is attributable to increased labor cost to add employees to support the GRP program. Under operating expenses, the payroll and employee benefits expense budget is \$4,894,673 which is a 62% increase from the FY 2010 budget of \$3,015,243. Salaries and wages were budgeted with a 2% allowance for promotions and market equalization but no other salary increase. A salary survey will be conducted during FY 2011 to provide a basis for market equalization adjustments. The budget for personnel proposes an increase of 14 positions. Staff continues to develop a long term strategic plan to improve the overall health of SJRA employees and limit health insurance costs to SJRA. The renewal from our current health insurance carrier quoted a small decrease in rates despite preliminary indications that a large increase would be proposed. Staff continues to look at other options to be considered in the strategic plan for future years including self insurance, Medical Savings Accounts, reducing benefits and/or partial contribution by employees for health insurance coverage.

The budget for Professional Fees is \$996,816 which is a 19% decrease from the \$1,231,833 in the FY 2010 budget. This category includes \$475,000 for legal services and \$318,575 for staffing services.

The proposed \$954,571 budget for Purchased and Contracted Services is a 17% increase from the \$813,576 from the FY 2010 budget. Most of the increase is due to the addition of \$90,000 for billing and reporting services to support the GRP program.

The Supplies, Materials, Insurance & Utilities budget totals \$3,590,157 and includes \$1,951,033 for reservation fees plus additional costs to maintain new office space. The FY 2011 budget is a 72% over the FY 2010 budget for this expense category. The

**San Jacinto River Authority  
General Fund  
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Maintenance, Repairs & Parts budget is \$705,399 which is a slight decrease from last year's budget.

Non-operating revenues total \$502,632 which decreased from FY 2010 mostly due to a reduction in Region H pass through grants. Other funds sources include \$14,784,000 from WIF bond proceeds, \$5,308,000 from the Highlands Improvement bonds, and \$2,229,613 to the General Operating Fund from the GRP Division. The non-operating expenses for debt service totals \$1,836,218.

**GRP Division**

**Funding Sources**

As mentioned previously, the pumpage fee revenue budget is \$8,156,454 and \$14,784,000 of the \$21,500,000 TWDB WIF bond proceeds will be disbursed. The WIF funds will be used for planning and preliminary engineering associated with the program.

**Operating Expenses**

The expense budget of \$4,794,050 includes \$1,951,033 for reservation fees and \$1,609,406 for salaries and employee benefits.

**Budgeted Net Cash Expenses exceed Revenues by \$3,413,034. The GRP Division repays from available cash \$2,229,613 of the balance due to the General Operating Fund for advances which began in FY 2007 and continued through FY 2010.**

**Highlands Division**

**Operating Expenses**

Budgeted operating expenses total \$2,750,016 not including capital improvement projects. Payroll and employee benefit expenses total \$979,896 and bond interest payments total \$978,264.

**Budgeted Net Cash Expenses total \$2,750,016.**

**San Jacinto River Authority  
General Fund  
Highlights for Proposed Budget  
For the Fiscal Year Ending August 31, 2011**

**Lake Conroe Division**

**Operating Revenues**

The total Lake Conroe revenue budget is \$3,363,866. The City of Houston's 2/3 share of the cost of operating and maintaining Lake Conroe is \$2,748,866. Licenses, permits and fees are increased as renewals become due effective September 1, 2010. Per the contract, The City will share in permits, licenses, fees and other non-water sales revenue budgeted at \$615,000.

**Operating Expenses**

The total operating expense budget for Lake Conroe is \$2,811,925 not including capital improvement projects. The payroll and employee benefit expense budget is \$1,215,265. The budget for purchased and contracted services is \$368,752 which includes \$210,000 for after hours patrolling. The budget for aquatic plant management will be \$135,716 which reflects a second consecutive year with a limited budget for this line item

**Budgeted Net Cash Revenues exceed Expenses by \$551,941**

**General & Administration Division**

**Administrative Expenses**

Budgeted G&A expenses total \$1,832,109 after allocations to operating divisions. This includes \$1,012,138 for payroll and employee benefits. This budget proposes the addition of x employees to fill various positions in IT, Technical Services, Purchasing, Accounting and the newly established SCADA department. The \$395,600 budgeted for Professional Fees includes \$280,000 for legal services and \$71,250 for staffing services. Supplies, materials, insurance and utilities expenses total \$813,841 and reflect budget increases necessary to maintain additional office space. Expenses allocated to operating divisions total \$1,585,812.

**Non-Operating Revenues & Expenses**

\$1,336,178 will be required to make bond debt service and G&A building loan payments. Interest revenue is budgeted as \$24,000 based on interest rates on investments averaging ¼ of 1% during the year.

**Bear Branch Reservoir System**

The operations and administrative expenses for Bear Branch are funded by participating Woodlands Municipal Utility Districts (MUD) based on the number of lots within each district to the total lots in the Woodlands for which storm water detention is provided by the Bear Branch system.

**San Jacinto River Authority  
General Fund  
Highlights for Proposed Budget  
For the Fiscal Year Ending August 31, 2011**

**Operating Revenues**

Based on the scope of services proposed by Bear Branch management for FY 2011 and the need to provide reserve funds per the contract, SJRA staff and the Woodlands JPA agreed that \$286,343 would be required from the participating Woodlands MUD's for program expenses in FY 2011. From the MUD contribution balances, a two month operating reserve of \$71,033 would be established.

**Operating Expenses**

Of the \$416,266 annual expense budget, \$269,850 is for maintenance, repairs & parts. The budget for mowing three times per year will be \$60,000.

**Budgeted Expenses exceed Revenues by \$220,673. The net expenses will be paid from FY 2010 surplus funds.**

**Region H Water Planning Group**

**Operating Revenues**

Operating Revenue from a TWDB Grant for a Region H specific study and interest revenue totals \$98,789.

**Operating Expenses**

Operating Expenses budgeted for engineering fees for a study 100% funded by TWDB grant funds and local contributions are \$98,789.

**Budgeted Revenues and Expenses will be funded by TWDB funds.**

**Capital Improvements**

The overall budget for capital improvements and capital purchases is \$27,005,250. Debt financing is the source for \$21,092,000 of the funding for the capital improvements.

**Groundwater Reduction Plan Division**

The \$15,434,000 budget for capital improvements includes funds for planning and preliminary engineering activities from WIF funds totaling \$14,784,000. Since our WIF program does not provide funding for all program cost, property acquisition totaling \$500,000 will come from GRP pumpage fees. Additional capital assets purchased with GRP Division fees total \$289,000.

**San Jacinto River Authority  
General Fund  
Highlights for Proposed Budget  
For the Fiscal Year Ending August 31, 2011**

**Highlands Division**

The total budget for capital improvements is \$7,323,000 with most of the total for engineering and construction of replacement siphons. Bond proceeds will provide \$5,308,000 of the funding for the FY 2011 capital improvements with the balance coming from the General Operating Fund.

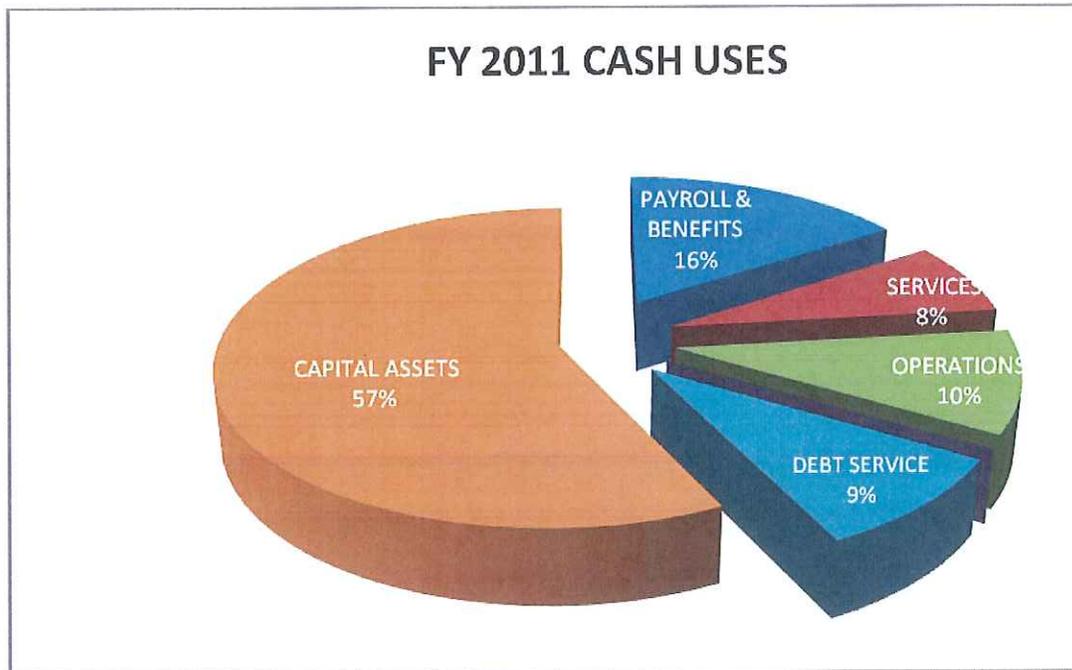
**Lake Conroe Division**

The total budget for capital improvements is \$1,681,000 with most of the total for dam rehabilitation. The City of Houston will provide funds for 2/3 of the capital improvements with the balance coming from the General Operating Fund.

**General & Administration Division**

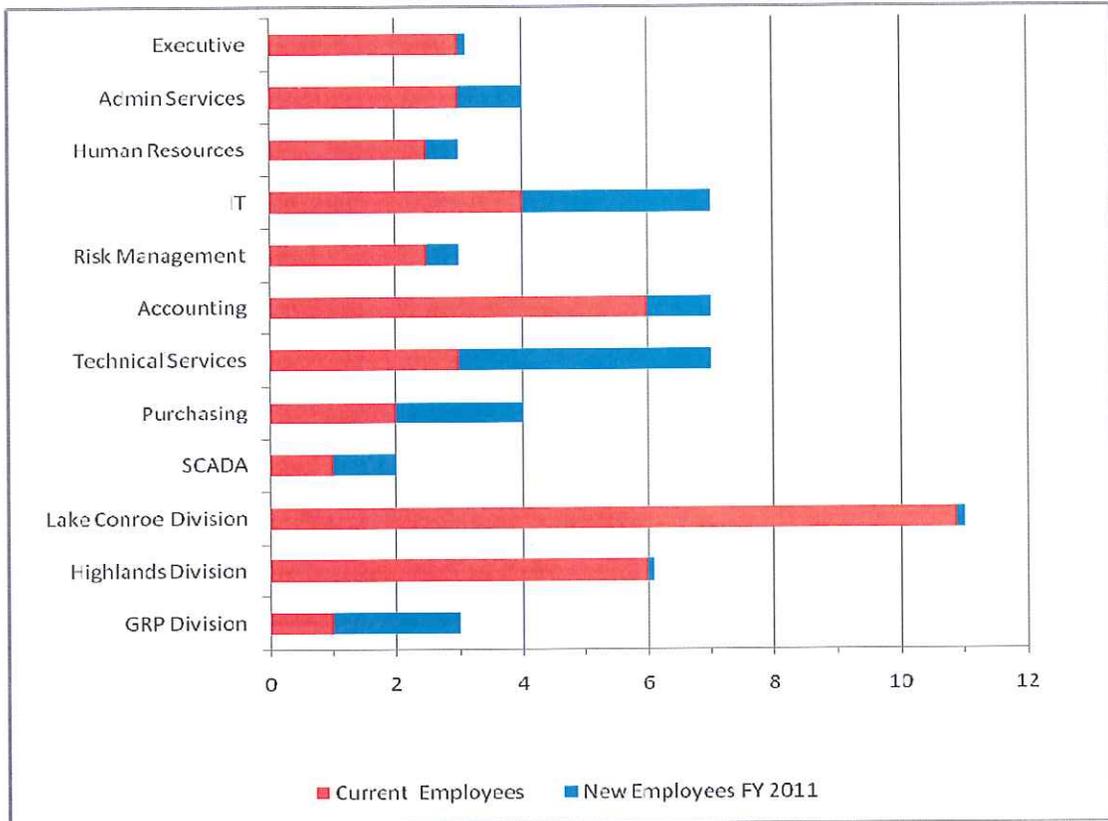
The capital budget of \$1,885,000 includes \$1,620,000 for construction, office furniture and equipment to complete the new G&A Building. The bank loan will provide \$1,000,000 to finance the construction of the new building with the balance coming from the General Operating Fund. In addition, \$160,000 is needed to replace computer servers and implement new software.

The following graph shows projected cash uses by percentage during FY 2011



**San Jacinto River Authority  
General Fund  
Highlights for Proposed Budget  
For the Fiscal Year Ending August 31, 2011**

**Projected Total Employees through FY 2011**



**San Jacinto River Authority  
SJRA Summary  
Proposed FY 2011 Budget**

	<u>General Operating Fund Total</u>	<u>GRP Division</u>	<u>Bear Branch</u>	<u>Region H</u>
<b>OPERATING REVENUES</b>				
Water sales				
Industrial	7,793,047			
Irrigation	119,280			
Permits, licenses & fees	565,000			
Aquatic plant management revenue	50,000			
SJRA reservation fees	576,600			
GRP pumping fees		8,156,454		
Cost sharing revenue	2,748,866			
Grant revenue				97,589
Interest on investments	24,000	24,000		1,200
Capital contributions			286,343	
Other revenues	69,500			
<b>TOTAL OPERATING REVENUES</b>	<b><u>11,946,293</u></b>	<b><u>8,180,454</u></b>	<b><u>286,343</u></b>	<b><u>98,789</u></b>
<b>OPERATING EXPENSES</b>				
Payroll & employee benefit expenses	3,207,299	1,609,406	77,969	
Professional fees	629,410	260,475	12,142	94,789
Purchased & contracted services	831,854	110,897	1,270	1,200
Supplies, materials & utilities	1,494,631	2,084,883	17,193	2,800
Maintenance repairs, parts & rentals	550,226	5,000	269,850	
General & administration	(1,216,540)	665,676	37,842	
<b>TOTAL OPERATING EXPENSES</b>	<b><u>5,496,879</u></b>	<b><u>4,736,337</u></b>	<b><u>416,266</u></b>	<b><u>98,789</u></b>
<b>INTEREST EXPENSE</b>	<b><u>1,897,171</u></b>	<b><u>31,083</u></b>		
<b>CAPITAL ASSETS</b>				
Capital improvements	10,279,000	15,434,000	90,750	
Other capital assets	1,062,500	139,000		
<b>TOTAL CAPITAL ASSETS</b>	<b><u>11,341,500</u></b>	<b><u>15,573,000</u></b>	<b><u>90,750</u></b>	
<b>TOTAL OTHER SOURCES</b>	<b><u>8,537,613</u></b>	<b><u>14,784,000</u></b>		
<b>TOTAL OTHER USES</b>	<b><u>426,271</u></b>	<b><u>2,624,034</u></b>		
<b>NET CASH BASIS SOURCES (USES)</b>	<b><u>\$ 1,322,085</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ ( 220,673 )</u></b>	<b><u>\$ -</u></b>

**San Jacinto River Authority  
General Operating Fund  
Proposed FY 2011 Budget**

	<b>General Operating Fund Total</b>	<b>Highlands Division</b>	<b>Lake Conroe Division</b>	<b>G&amp;A Division</b>
<b>OPERATING REVENUES</b>				
Water sales				
Industrial	7,793,047			7,793,047
Irrigation	119,280			119,280
Permits, licenses & fees	565,000		565,000	
Aquatic plant management revenue	50,000		50,000	
SJRA reservation fees	576,600			576,600
GRP pumping fees				
Cost sharing revenue	2,748,866		2,748,866	
Grant revenue				
Interest on investments	24,000			24,000
Capital contributions				
Other revenues	69,500			69,500
<b>TOTAL OPERATING REVENUES</b>	<b>11,946,293</b>		<b>3,363,866</b>	<b>8,582,427</b>
<b>OPERATING EXPENSES</b>				
Payroll & employee benefit expenses	3,207,299	979,896	1,215,265	1,012,138
Professional fees	629,410	60,845	172,965	395,600
Purchased & contracted services	831,854	254,156	367,052	210,645
Supplies, materials & utilities	1,494,631	373,490	301,350	819,791
Maintenance repairs, parts & rentals	550,226	94,365	386,021	69,840
General & administration	(1,216,540)		369,272	(1,585,812)
<b>TOTAL OPERATING EXPENSES</b>	<b>5,496,879</b>	<b>1,762,752</b>	<b>2,811,925</b>	<b>922,203</b>
<b>INTEREST EXPENSE</b>	<b>1,897,171</b>	<b>987,264</b>		<b>909,907</b>
<b>CAPITAL ASSETS</b>				
Capital improvements	10,279,000	7,323,000	1,681,000	1,275,000
Other capital assets	1,062,500	200,250	252,250	610,000
<b>TOTAL CAPITAL ASSETS</b>	<b>11,341,500</b>	<b>7,523,250</b>	<b>1,933,250</b>	<b>1,885,000</b>
<b>TOTAL OTHER SOURCES</b>	<b>8,537,613</b>	<b>5,308,000</b>		<b>3,229,613</b>
<b>TOTAL OTHER USES</b>	<b>426,271</b>			<b>426,271</b>
<b>NET CASH BASIS SOURCES (USES)</b>	<b>\$ 1,322,085</b>	<b>\$( 4,965,266 )</b>	<b>\$( 1,381,309 )</b>	<b>\$ 7,668,659</b>

**San Jacinto River Authority**  
**SJRA Combined Summary by Account**  
**Proposed FY 2011 Budget**  
**Cash Basis**

Description	FY 2009 Actual	Preliminary 7/31/10 Actual	FY 2010 Budget	FY 2011 Budget
<b>OPERATING REVENUES</b>				
General Industrial Water Revenue	6,973,456	6,813,187	6,813,447	7,068,000
General Industrial Water Revenue-Lake Customers	0	0	511,000	527,422
Water Sales-Municipal	214,244	281,818	299,919	197,625
Water Sales - Commercial	75,115	55,868	67,884	65,000
Lawn Irrigation Fees	22,560	50,102	10,176	10,000
Water Sales-Irrigation	35,731	12,010	31,665	44,280
Water Option Revenue	0	0	0	0
Permits, Licenses, & Fees - Residential	458,659	346,389	236,972	390,000
Permits, Licenses & Fees - Commercial	216,514	162,329	193,330	175,000
Marine Sanitation Inspections	420	2,970	750	0
Aquatic Plant Management Revenue	0	29,900	0	50,000
SJRA Reservation Fee	0	0	0	576,600
GRP Pumping Fees	0	0	0	8,156,454
Septic Tank Licenses	6,450	9,200	8,000	0
City of Houston Share of Lake Conroe Operations	1,001,658	890,056	2,115,887	2,748,866
Studies Revenue	28,500	10,000	0	0
<b>TOTAL OPERATING REVENUES</b>	<b>9,033,306</b>	<b>8,663,828</b>	<b>10,289,029</b>	<b>20,009,247</b>
<b>OTHER REVENUES</b>				
Interest Income	150,757	27,856	136,183	24,000
Interest Income- Region H - General Fund	1,764	333	2,389	1,200
Interest Income - TWDB Fund	322	18,216	0	24,000
Royalty Income - Oil & Gas	32,820	12,635	0	24,000
Land Use Agreements	0	0	0	0
Office Rental Revenue	2,000	1,500	0	45,500
FEMA Grant Revenue	1,241,845	0	0	0
Region H Grant Revenue	433,863	1,078,086	646,483	97,589
Other Grant Revenue	18,969	0	250,000	0
Capital Contributions	60,720	460,618	526,962	286,343
Proceeds From Sale Of Assets	34	139,383	0	0
Other Gains & Losses	52,059	0	0	0
<b>TOTAL OTHER REVENUES</b>	<b>1,995,153</b>	<b>1,738,627</b>	<b>1,562,017</b>	<b>502,632</b>
<b>OPERATING EXPENSES</b>				
<b>SALARIES &amp; WAGES</b>				
Salaries & Wages	534,253	1,077,386	1,018,816	1,811,240
Salary & Wage Allocation	787,286	894,494	985,067	1,595,295
Supervisors Salaries	138,403	0	0	0
Operation & Maintenance	186,053	0	0	0
Other Salaries	71,542	0	0	0
Compensated Absences	106,069	0	0	8,000
<b>TOTAL SALARIES &amp; WAGES</b>	<b>1,823,606</b>	<b>1,971,880</b>	<b>2,003,883</b>	<b>3,414,535</b>
<b>PROFESSIONAL FEES</b>				
Legal Fees	619,603	276,718	352,400	439,000
Disclosure Filing	514	0	52,000	2,000
Legal Fees-Enforcement	0	8,269	0	36,000
Auditing	11,553	14,381	19,300	54,500

**San Jacinto River Authority**  
**SJRA Combined Summary by Account**  
**Proposed FY 2011 Budget**  
**Cash Basis**

Description	FY 2009 Actual	Preliminary 7/31/10 Actual	FY 2010 Budget	FY 2011 Budget
Arbitrage Rebate Audit	0	0	3,450	5,000
Paying Agent Fees	1,322	1,520	0	5,400
Accounting Studies	0	15,000	20,000	20,000
Engineering	1,086,125	1,021,080	2,201,483	100,081
Engineering Studies	75,978	8,500	1,887,500	3,000
Professional Services/Engineering	0	39,262	71,500	8,310
Safety Inspections & Testing	0	3,504	4,200	4,950
Staffing Services	0	53,769	0	318,575
<b>TOTAL PROFESSIONAL FEES</b>	<b>1,795,095</b>	<b>1,442,003</b>	<b>4,611,833</b>	<b>996,816</b>
<b>PURCHASED &amp; CONTRACTED SERVICES</b>				
Waste Disposal Services	6,569	7,950	6,720	10,480
Paying Agent Fees	0	500	1,500	0
State Fees	1,480	2,648	2,600	2,800
Patrolling Services	226,112	192,321	263,000	276,150
Employee Testing-Dot & New	1,402	1,921	2,400	8,100
Recruiting Expenses	314	3,999	4,150	9,350
Janitorial Services	6,910	7,589	8,660	18,062
Stream Gauging & Water	58,006	62,543	68,400	60,220
Volumetric Survey	0	32,640	35,000	0
CWA Water Conveyance	89,816	73,311	126,000	132,300
Trucking	320	0	9,779	10,260
Water Quality Maintenance	16,786	7,597	45,000	49,256
Public Relations Expense	58,302	65,730	60,000	100,000
Water Conservation & Public Education	9,258	1,317	14,000	30,000
Website Hosting & Maintenance	4,755	1,906	2,500	18,600
Communication Services	0	102,342	0	0
GRP Fee Billing Services	0	0	0	75,000
Directors Fees & Expenses	16,729	18,590	24,000	24,000
Directors Meeting Expenses	5,025	4,955	5,544	5,100
Document Imaging	0	8,257	66,000	65,000
Directors Travel Expenses	1,837	2,288	4,000	3,600
Posting Notice Expense	385	559	1,200	4,200
Workers Compensation Insurance	53,767	50,462	60,623	52,093
Insurance Premiums	1,837	248	2,500	0
<b>TOTAL PURCHASED &amp; CONTRACTED SERVICES</b>	<b>559,609</b>	<b>649,672</b>	<b>813,576</b>	<b>954,571</b>
<b>SUPPLIES, MATERIALS &amp; UTILITIES</b>				
Office Supplies & Printing	24,588	20,900	34,000	67,908
Other Office Expense	25,445	32,571	14,350	32,708
Telephone	60	161	0	0
Travel	16,239	18,860	29,040	61,850
Automobile & Truck Expense	31,994	25,690	45,400	50,035
Office Supplies & Print	123	0	1,200	1,260
Miscellaneous	139	55	0	0
Postage	8,930	5,766	11,100	25,600
Property Insurance	10,836	11,699	12,825	16,030
Auto Insurance	21,555	22,325	24,600	29,037
Liability Insurance	22,529	26,156	31,960	37,632
Small Tools Purchases	2,516	942	7,100	3,500
Training-External	22,020	27,817	53,660	87,930
Training-Internal	1,482	2,735	7,360	22,320
Managers Expense	22,805	25,166	31,000	48,078

**San Jacinto River Authority**  
**SJRA Combined Summary by Account**  
**Proposed FY 2011 Budget**  
**Cash Basis**

Description	FY 2009 Actual	Preliminary 7/31/10 Actual	FY 2010 Budget	FY 2011 Budget
Employee Relations Expense	17,589	13,653	19,830	26,942
Fuel	70,386	62,173	70,650	137,080
Memberships & Professional Dues	15,028	15,500	22,180	28,640
Supplies	36,934	14,919	22,520	23,640
Signage	0	543	20,000	9,600
Janitorial Supplies	0	278	0	6,000
Copier,Scanner, Fax Expense	0	865	0	16,622
Utilities-Electric	43,580	31,416	78,860	123,750
Utilities-Natural Gas	1,120	2,261	1,250	14,800
Utilities-Water	311	285	300	315
Fuel & Lubricants	0	0	46,200	1,260
Chemicals	6,530	3,741	10,500	11,025
Laboratory Expenses	0	17	1,500	1,200
Pumping Costs-Direct	161,036	168,636	207,900	200,000
Pumping Costs-Indirect	16,127	12,029	24,000	24,000
Reservation Fees-City of Houston	0	1,281,126	1,000,000	1,374,433
Reservation Fees-SJRA	0	0	0	576,600
Bank Service Charges	1,920	494	0	0
Bank Account Analysis Fee	0	528	0	2,400
Miscellaneous	176	275	1,200	1,260
Safety Equipment & Mtgs	21,227	14,842	23,618	26,800
Health Program Expenses	772	1,863	8,350	9,200
Computer Hardware	34,305	39,401	49,800	140,000
Software & Support	41,077	40,798	70,325	174,500
Network Communications	11,406	19,183	26,250	35,400
Publications & Subscriptions	11,818	4,428	5,540	15,800
Local Telephone	16,965	15,737	21,080	24,500
Long Distance Telephone	5,187	7,927	5,860	19,300
Wireless Phones	35,714	37,883	39,300	65,200
Phone System-Install, Maint & Changes	955	4,510	2,800	8,000
Emergency Ops Communications	0	0	0	8,000
<b>TOTAL SUPPLIES, MATERIALS &amp; UTILITIES</b>	<b>761,423</b>	<b>2,016,154</b>	<b>2,083,408</b>	<b>3,590,157</b>
<b>RENTALS</b>				
Equipment Rentals	26,918	21,888	12,390	25,980
Office Rent	7,980	15,246	7,500	48,800
Office Equipment Rentals	0	0	3,780	28,200
Rent-U.S. Forest Lands-	16,697	15,305	18,000	16,697
<b>TOTAL RENTALS</b>	<b>51,594</b>	<b>52,440</b>	<b>41,670</b>	<b>119,677</b>
<b>MAINTENANCE, REPAIRS &amp; PARTS</b>				
Office Furniture & Equipment	550	816	6,000	10,000
Instrumentation	5,778	7,402	18,900	19,815
Office,Furniture,Fixtures	0	399	4,619	2,640
Office Furniture-New Offices	15,730	5,639	2,004	14,100
Mowing	35,150	0	150,000	60,000
Buildings & Grounds Maintenance	105,967	50,208	57,600	92,030
Security System Monitoring	850	833	1,760	1,560
Machinery,Tools,Implements	24,403	28,290	32,000	33,600
Boat Maintenance & Repairs	0	367	0	0
Bridges,Culverts & Siphons	0	0	0	0
Dam Maintenance & Repairs	30,912	50,011	59,200	63,660
Clearing	15,262	6,500	6,000	6,300

**San Jacinto River Authority**  
**SJRA Combined Summary by Account**  
**Proposed FY 2011 Budget**  
**Cash Basis**

Description	FY 2009 Actual	Preliminary 7/31/10 Actual	FY 2010 Budget	FY 2011 Budget
Aquatic Plant Management	94,675	17,503	140,000	151,466
Chemicals	0	214	0	10,000
Channel Desilting / Desnagging	49,528	(4,358)	145,000	150,000
Service Road-Crushed Limestone	17,871	3,646	36,000	36,546
Buildings & Grounds	1,356	0	0	0
Ayer Island Maint & Repair	0	0	15,750	15,756
Security Repairs	2,331	12,264	21,750	22,056
Pump Station Maintenance & Repairs	273	823	2,520	2,640
Pump Station Equipment	2,959	2,589	12,600	13,230
<b>TOTAL MAINTENANCE, REPAIRS &amp; PARTS</b>	<b>403,597</b>	<b>183,144</b>	<b>711,703</b>	<b>705,399</b>
<b>EMPLOYEE BENEFITS</b>				
Group Insurance	82,773	0	0	0
Group Insurance	232,313	410,227	474,885	678,730
Group Insurance - Retirees	42,205	42,533	53,054	55,848
Group Insurance - Retiree OPEB	167,121	0	0	0
Group Retirement Expense	220,526	248,938	280,985	461,301
Social Security Taxes	122,472	139,789	141,813	244,259
Tuition Reimbursement	0	0	0	40,000
<b>TOTAL EMPLOYEE BENEFITS</b>	<b>867,411</b>	<b>841,486</b>	<b>950,737</b>	<b>1,480,138</b>
<b>MAJOR REHABILITATION</b>				
Buildings & Grounds Maintenance	34,026	4,663	0	0
Engineering	196,057	550	5,000	0
Dam Maintenance & Repairs	1,170,399	0	135,000	0
<b>TOTAL MAJOR REHABILITATION</b>	<b>1,400,483</b>	<b>5,213</b>	<b>140,000</b>	<b>0</b>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>				
General & Administrative Expense Allocated	819,318	156,508	399,891	1,072,791
General & Administrative Expense Allocated to Lake Conroe	0	(554,405)	(1,303,403)	(369,272)
General & Administrative Expense Allocated to Bear Branch	0	0	0	(37,842)
General & Administrative Expense Allocated to Woodlands	0	0	0	(513,021)
General & Administrative Expense Allocated to GRP Division	0	0	0	(665,676)
<b>TOTAL GENERAL &amp; ADMINISTRATIVE EXPENSES</b>	<b>819,318</b>	<b>(397,897)</b>	<b>(903,512)</b>	<b>(513,021)</b>
<b>NON-OPERATING EXPENSES</b>				
Interest Expense-Series 2000 Bonds	826,099	729,532	795,620	0
Interest Expense-Series 2003 Bonds	165,120	144,477	157,560	149,774
Interest Expense-Series 2010 Bonds	0	0	0	987,264
Interest Expense-Loans	0	27,863	400,000	287,036
Interest Expense-Series 2010 Refunding Bonds	0	0	0	504,180
Amortization Expense-2000 Refunding	19,086	0	19,100	0
Amortization Expense - 2003 Water Refunding	8,078	7,405	8,100	8,076
Amortization Expense-2010 Refunding	0	0	0	22,800
Amortization	0	0	0	24,000
Amortization Expense - Series 2009 Bonds	(1,201,124)	0	0	26,630
Depreciation	486,311	455,631	472,205	587,700

**San Jacinto River Authority**  
**SJRA Combined Summary by Account**  
**Proposed FY 2011 Budget**  
Cash Basis

Description	FY 2009 Actual	Preliminary 7/31/10 Actual	FY 2010 Budget	FY 2011 Budget
	303,569	1,364,907	1,852,585	2,597,460
<b>TOTAL EXPENSES</b>	<b>8,785,704</b>	<b>8,129,003</b>	<b>12,305,883</b>	<b>13,345,731</b>
<b>NET REVENUES OVER EXPENSES</b>	<b>2,242,756</b>	<b>2,273,453</b>	<b>(454,837)</b>	<b>7,166,148</b>
<b>CAPITAL IMPROVEMENTS</b>				
Property Acquisition	0	1,216,148	15,000	500,000
Water System In Progress	831,028	2,242,368	3,205,000	14,784,000
Office Building in Progress	0	2,738,555	145,000	1,425,000
Building Improvements	0	0	20,000	150,000
Other Buildings	0	0	0	6,000
Dam Rehabilitation	17,675	0	755,000	1,690,750
Highlands Improvements	395,988	0	2,750,000	7,248,000
Maintenance Equipment	2,591	175,143	125,000	180,000
Transportation Equipment	35,845	42,503	60,000	176,000
Office Furniture	36,823	0	290,000	290,000
Software	40,457	8,351	169,000	174,500
Computer Equipment	23,598	4,164	125,500	256,000
Telephone System	0	0	56,000	60,000
Audio Visual Equipment	0	0	40,000	65,000
<b>TOTAL CAPITAL IMPROVEMENTS</b>	<b>1,384,005</b>	<b>6,427,232</b>	<b>7,755,500</b>	<b>27,005,250</b>
<b>OTHER USES</b>				
Bond Principal	775,000	815,000	815,000	195,000
Loan Principal	0	428,337	350,000	625,692
Payment from GRP Division to General Fund	0	0	0	2,229,613
<b>TOTAL OTHER USES</b>	<b>775,000</b>	<b>1,243,337</b>	<b>1,165,000</b>	<b>3,050,305</b>
<b>OTHER SOURCES</b>				
Bond Proceeds Used	0	1,903,461	3,215,000	20,092,000
Payment to General Fund from GRP Division	0	0	0	2,229,613
Loan Proceeds	0	1,200,000	0	1,000,000
<b>TOTAL OTHER SOURCES</b>	<b>0</b>	<b>3,103,461</b>	<b>3,215,000</b>	<b>23,321,613</b>
<b>NET CASH BASIS SOURCES (USES)</b>	<b>(603,899)</b>	<b>(1,830,620)</b>	<b>(5,660,932)</b>	<b>1,101,411</b>

**San Jacinto River Authority**  
**GRP Division by Account**  
**Proposed FY 2011 Budget**  
Cash Basis

Description	FY 2009 Actual	Preliminary 7/31/10 Actual	FY 2010 Budget	FY 2011 Budget
<b>OPERATING REVENUES</b>				
GRP Pumping Fees	0	0	0	8,156,454
Studies Revenue	28,500	10,000	0	0
<b>TOTAL OPERATING REVENUES</b>	<b>28,500</b>	<b>10,000</b>	<b>0</b>	<b>8,156,454</b>
<b>OTHER REVENUES</b>				
Interest Income	8,764	713	45	0
Interest Income - TWDB Fund	0	18,073	0	24,000
<b>TOTAL OTHER REVENUES</b>	<b>8,764</b>	<b>18,785</b>	<b>45</b>	<b>24,000</b>
<b>OPERATING EXPENSES</b>				
<b>SALARIES &amp; WAGES</b>				
Salaries & Wages	0	3,350	0	307,230
Salary & Wage Allocation	191,311	241,038	162,803	878,504
<b>TOTAL SALARIES &amp; WAGES</b>	<b>191,311</b>	<b>244,389</b>	<b>162,803</b>	<b>1,185,735</b>
<b>PROFESSIONAL FEES</b>				
Legal Fees	332,233	151,763	0	100,000
Auditing	0	0	0	30,000
Paying Agent Fees	0	0	0	1,800
Engineering	598,833	86,180	1,525,000	0
Engineering Studies	0	0	1,855,000	0
Staffing Services	0	2,746	0	128,675
<b>TOTAL PROFESSIONAL FEES</b>	<b>931,066</b>	<b>240,689</b>	<b>3,380,000</b>	<b>260,475</b>
<b>PURCHASED &amp; CONTRACTED SERVICES</b>				
Paying Agent Fees	0	500	0	0
Employee Testing-Dot & New	0	0	0	1,200
Recruiting Expenses	0	0	0	850
Janitorial Services	0	1,355	0	1,000
Water Quality Maintenance	0	1,030	0	0
Website Hosting & Maintenance	0	0	0	15,000
Communication Services	0	102,342	0	0
GRP Fee Billing Services	0	0	0	75,000
Directors Meeting Expenses	571	44	0	0
Document Imaging	0	1,032	10,000	10,000
Posting Notice Expense	0	0	0	3,600
Workers Compensation Insurance	2,448	1,493	2,826	5,097
<b>TOTAL PURCHASED &amp; CONTRACTED SERVICE</b>	<b>3,019</b>	<b>107,796</b>	<b>12,826</b>	<b>111,747</b>
<b>SUPPLIES, MATERIALS &amp; UTILITIES</b>				
Office Supplies & Printing	486	887	0	10,000
Other Office Expense	1,333	213	0	10,000

**San Jacinto River Authority**  
**GRP Division by Account**  
**Proposed FY 2011 Budget**  
**Cash Basis**

Description	FY 2009 Actual	Preliminary 7/31/10 Actual	FY 2010 Budget	FY 2011 Budget
Travel	0	691	0	10,000
Automobile & Truck Expense	0	109	0	2,000
Postage	480	146	0	10,000
Property Insurance	0	35	0	600
Liability Insurance	0	11	0	0
Managers Expense	155	3,393	0	8,000
Fuel	0	201	0	6,000
Memberships & Professional Dues	0	217	0	1,000
Copier,Scanner, Fax Expense	0	0	0	6,000
Utilities-Electric	0	1,476	0	12,000
Reservation Fees-City of Houston	0	1,281,126	1,000,000	1,374,433
Reservation Fees-SJRA	0	0	0	576,600
Bank Service Charges	0	15	0	0
Safety Equipment & Mtgs	0	44	0	0
Health Program Expenses	0	0	0	700
Computer Hardware	0	0	0	20,000
Software & Support	0	0	0	18,000
Network Communications	0	0	0	2,500
Local Telephone	0	0	0	1,500
Long Distance Telephone	0	0	0	10,000
Wireless Phones	0	0	0	3,200
Phone System-Install, Maint & Changes	0	1,246	0	1,500
<b>TOTAL SUPPLIES, MATERIALS &amp; UTILITIES</b>	<b>2,453</b>	<b>1,289,810</b>	<b>1,000,000</b>	<b>2,084,033</b>
<b>RENTALS</b>				
Office Rent	1,578	7,875	0	0
<b>TOTAL RENTALS</b>	<b>1,578</b>	<b>7,875</b>	<b>0</b>	<b>0</b>
<b>MAINTENANCE, REPAIRS &amp; PARTS</b>				
Buildings & Grounds Maintenance	0	6,624	0	5,000
Security Repairs	0	4,464	0	0
<b>TOTAL MAINTENANCE, REPAIRS &amp; PARTS</b>	<b>0</b>	<b>11,088</b>	<b>0</b>	<b>5,000</b>
<b>EMPLOYEE BENEFITS</b>				
Group Insurance	22,325	30,184	23,390	181,018
Group Retirement Expense	26,176	33,074	23,087	160,568
Social Security Taxes	12,316	16,153	9,957	82,085
<b>TOTAL EMPLOYEE BENEFITS</b>	<b>60,816</b>	<b>79,411</b>	<b>56,434</b>	<b>423,671</b>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>				
General & Administrative Expense Allocated	0	0	0	665,676
<b>TOTAL GENERAL &amp; ADMINISTRATIVE EXPENS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>665,676</b>
<b>NON-OPERATING EXPENSES</b>				

**San Jacinto River Authority**  
**GRP Division by Account**  
**Proposed FY 2011 Budget**  
**Cash Basis**

Description	FY 2009 Actual	Preliminary 7/31/10 Actual	FY 2010 Budget	FY 2011 Budget
Interest Expense-Loans	0	27,863	250,000	31,083
Amortization Expense - Series 2009 Bonds	0	0	0	28,630
	0	27,863	250,000	57,713
<b>TOTAL EXPENSES</b>	<b>1,190,242</b>	<b>2,008,921</b>	<b>4,862,063</b>	<b>4,794,050</b>
<b>NET REVENUES OVER EXPENSES</b>	<b>(1,152,979)</b>	<b>(1,980,136)</b>	<b>(4,862,018)</b>	<b>3,386,404</b>
<b>CAPITAL IMPROVEMENTS</b>				
Property Acquisition	0	1,138,325	0	500,000
Water System In Progress	0	1,444,939	0	14,784,000
Office Buildings	0	0	0	150,000
Transportation Equipment	0	0	0	35,000
Office Furniture	0	0	0	50,000
Software	0	7,500	0	14,000
Computer Equipment	0	0	0	40,000
<b>TOTAL CAPITAL IMPROVEMENTS</b>	<b>0</b>	<b>2,590,764</b>	<b>0</b>	<b>15,573,000</b>
<b>OTHER USES</b>				
Loan Principal	0	428,337	0	394,421
Payment from GRP Division to General Fund	0	0	0	2,229,613
<b>TOTAL OTHER USES</b>	<b>0</b>	<b>428,337</b>	<b>0</b>	<b>2,624,034</b>
<b>OTHER SOURCES</b>				
Bond Proceeds Used	0	0	3,215,000	14,784,000
Payment from General Fund to GRP Division	255,745	1,747,524	1,389,450	0
Property Loan Proceeds	0	1,200,000	0	0
<b>TOTAL OTHER SOURCES</b>	<b>255,745</b>	<b>2,947,524</b>	<b>4,604,450</b>	<b>14,784,000</b>
<b>NET CASH BASIS SOURCES (USES)</b>	<b>(897,234)</b>	<b>(2,051,713)</b>	<b>(257,568)</b>	<b>0</b>

**San Jacinto River Authority**  
**General Operating Fund Summary by Account**  
**Proposed FY 2011 Budget**  
**Cash Basis**

Description	FY 2009 Actual	Preliminary 7/31/10 Actual	FY 2010 Budget	FY 2011 Budget
<b>OPERATING REVENUES</b>				
General Industrial Water Revenue	6,973,456	6,813,187	6,813,447	7,068,000
General Industrial Water Revenue-Lake Customers	0	0	511,000	527,422
Water Sales-Municipal	214,244	281,818	299,919	197,625
Water Sales - Commercial	75,115	55,868	67,884	65,000
Lawn Irrigation Fees	22,560	50,102	10,176	10,000
Water Sales-Irrigation	35,731	12,010	31,665	44,280
Water Option Revenue	0	0	0	0
Permits, Licenses, & Fees - Residential	458,659	346,389	236,972	390,000
Permits, Licenses & Fees - Commercial	216,514	162,329	193,330	175,000
Marine Sanitation Inspections	420	2,970	750	0
Aquatic Plant Management Revenue	0	29,900	0	50,000
SJRA Reservation Fee	0	0	0	576,600
Septic Tank Licenses	6,450	9,200	8,000	0
City of Houston Share of Lake Conroe Operations	1,001,658	890,056	2,115,887	2,748,866
<b>TOTAL OPERATING REVENUES</b>	<b>9,004,806</b>	<b>8,653,828</b>	<b>10,289,029</b>	<b>11,852,793</b>
<b>OTHER REVENUES</b>				
Interest Income	139,750	26,505	136,138	24,000
Royalty Income - Oil & Gas	32,820	12,635	0	24,000
Land Use Agreements	0	0	0	0
Office Rental Revenue	2,000	1,500	0	45,500
FEMA Grant Revenue	1,241,845	0	0	0
Region H Grant Revenue	80,000	24,000	0	0
Other Grant Revenue	18,969	0	250,000	0
Proceeds From Sale Of Assets	34	139,383	0	0
Other Gains & Losses	52,059	0	0	0
<b>TOTAL OTHER REVENUES</b>	<b>1,567,477</b>	<b>204,023</b>	<b>386,138</b>	<b>93,500</b>
<b>OPERATING EXPENSES</b>				
<b>SALARIES &amp; WAGES</b>				
Salaries & Wages	526,294	1,071,542	993,813	1,473,040
Salary & Wage Allocation	595,975	650,081	822,264	692,548
Supervisors Salaries	138,403	0	0	0
Operation & Maintenance	186,053	0	0	0
Other Salaries	71,542	0	0	0
Compensated Absences	106,069	0	0	8,000
<b>TOTAL SALARIES &amp; WAGES</b>	<b>1,624,336</b>	<b>1,721,623</b>	<b>1,816,077</b>	<b>2,173,588</b>
<b>PROFESSIONAL FEES</b>				
Legal Fees	281,043	124,955	350,000	333,000
Disclosure Filing	514	0	52,000	2,000
Legal Fees-Enforcement	0	8,269	0	36,000
Auditing	11,553	14,381	19,300	24,500
Arbitrage Rebate Audit	0	0	3,450	5,000
Paying Agent Fees	1,322	1,520	0	3,600
Accounting Studies	0	15,000	20,000	20,000
Engineering	108,863	12,682	25,000	0
Engineering Studies	75,978	8,500	32,500	3,000

**San Jacinto River Authority**  
**General Operating Fund Summary by Account**  
**Proposed FY 2011 Budget**  
Cash Basis

Description	FY 2009 Actual	Preliminary 7/31/10 Actual	FY 2010 Budget	FY 2011 Budget
Professional Services/Engineering	0	39,262	71,500	8,310
Safety Inspections & Testing	0	3,504	4,200	4,950
Staffing Services	0	51,023	0	189,050
<b>TOTAL PROFESSIONAL FEES</b>	<b>479,272</b>	<b>279,096</b>	<b>577,950</b>	<b>629,410</b>
<b>PURCHASED &amp; CONTRACTED SERVICES</b>				
Waste Disposal Services	6,569	7,950	6,720	10,480
Paying Agent Fees	0	0	1,500	0
State Fees	1,480	2,648	2,600	2,800
Patrolling Services	226,112	192,321	263,000	276,150
Employee Testing-Dot & New	1,402	1,921	2,400	6,900
Recruiting Expenses	314	3,999	4,150	8,500
Janitorial Services	6,910	6,234	8,660	17,062
Stream Gauging & Water	58,006	62,543	68,400	60,220
Volumetric Survey	0	32,640	35,000	0
CWA Water Conveyance	89,816	73,311	126,000	132,300
Trucking	320	0	9,779	10,260
Water Quality Maintenance	16,786	6,567	45,000	49,256
Public Relations Expense	58,302	65,730	60,000	100,000
Water Conservation & Public Education	9,258	1,317	14,000	30,000
Website Hosting & Maintenance	4,755	1,906	2,500	3,600
Directors Fees & Expenses	16,729	18,590	24,000	24,000
Directors Meeting Expenses	4,310	4,175	4,344	4,500
Document Imaging	0	7,225	56,000	55,000
Directors Travel Expenses	1,837	2,288	4,000	3,600
Workers Compensation Insurance	49,673	48,830	57,257	45,726
Insurance Premiums	458	248	0	0
<b>TOTAL PURCHASED &amp; CONTRACTED SERVICES</b>	<b>553,036</b>	<b>540,443</b>	<b>795,310</b>	<b>840,354</b>
<b>SUPPLIES, MATERIALS &amp; UTILITIES</b>				
Office Supplies & Printing	23,326	20,013	33,000	56,850
Other Office Expense	23,762	32,358	13,350	21,650
Telephone	60	161	0	0
Travel	16,239	18,169	29,040	51,850
Automobile & Truck Expense	31,643	25,168	44,900	45,335
Miscellaneous	139	55	0	0
Postage	8,450	5,410	11,100	15,600
Property Insurance	10,836	11,664	12,825	15,430
Auto Insurance	21,555	22,325	24,600	29,037
Liability Insurance	20,068	22,530	28,900	32,094
Small Tools Purchases	2,516	942	7,100	3,500
Training-External	22,020	27,817	53,660	87,930
Training-Internal	1,482	2,735	7,360	22,320
Managers Expense	22,570	21,706	30,000	39,020
Employee Relations Expense	17,589	13,653	19,830	26,942
Fuel	70,386	61,972	70,650	131,080
Memberships & Professional Dues	15,028	15,283	22,180	27,640
Supplies	36,934	14,919	22,520	23,640
Signage	0	543	20,000	4,800
Janitorial Supplies	0	278	0	6,000
Copier, Scanner, Fax Expense	0	865	0	10,622
Utilities-Electric	43,580	29,941	78,860	111,750
Utilities-Natural Gas	1,120	2,261	1,250	14,800

**San Jacinto River Authority**  
**General Operating Fund Summary by Account**  
**Proposed FY 2011 Budget**  
**Cash Basis**

Description	FY 2009 Actual	Preliminary 7/31/10 Actual	FY 2010 Budget	FY 2011 Budget
Utilities-Water	311	285	300	315
Fuel & Lubricants	0	0	45,000	0
Chemicals	6,530	3,741	10,500	11,025
Laboratory Expenses	0	17	1,500	1,200
Pumping Costs-Direct	161,036	168,636	207,900	200,000
Pumping Costs-Indirect	16,127	12,029	24,000	24,000
Bank Service Charges	1,920	479	0	0
Bank Account Analysis Fee	0	528	0	2,400
Miscellaneous	70	50	0	0
Safety Equipment & Mtgs	21,227	14,798	23,618	26,800
Health Program Expenses	772	1,863	8,350	8,500
Computer Hardware	34,305	39,401	49,800	120,000
Software & Support	41,077	40,798	70,325	156,500
Network Communications	11,406	19,183	26,250	32,900
Publications & Subscriptions	11,161	4,090	5,540	15,800
Local Telephone	16,965	15,737	21,080	23,000
Long Distance Telephone	5,187	7,927	5,860	9,300
Wireless Phones	35,714	37,883	39,300	62,000
Phone System-Install, Maint & Changes	955	3,264	2,800	6,500
Emergency Ops Communications	0	0	0	8,000
<b>TOTAL SUPPLIES, MATERIALS &amp; UTILITIES</b>	<b>754,067</b>	<b>721,476</b>	<b>1,073,248</b>	<b>1,486,131</b>
<b>RENTALS</b>				
Equipment Rentals	26,918	21,888	12,390	25,980
Office Rent	6,402	5,384	7,500	48,800
Office Equipment Rentals	0	0	3,780	28,200
Rent-U.S. Forest Lands-	16,697	15,305	18,000	16,697
<b>TOTAL RENTALS</b>	<b>50,017</b>	<b>42,577</b>	<b>41,670</b>	<b>119,677</b>
<b>MAINTENANCE, REPAIRS &amp; PARTS</b>				
Office Furniture & Equipment	550	816	6,000	10,000
Instrumentation	5,778	7,402	18,900	19,815
Office, Furniture, Fixtures	0	399	4,619	2,640
Office Furniture-New Offices	15,730	5,639	2,004	14,100
Buildings & Grounds Maintenance	105,967	43,583	57,600	87,030
Security System Monitoring	850	833	1,760	1,560
Machinery, Tools, Implements	24,403	28,290	32,000	33,600
Boat Maintenance & Repairs	0	367	0	0
Bridges, Culverts & Siphons	0	0	0	0
Dam Maintenance & Repairs	30,912	50,011	35,200	38,460
Clearing	2,650	0	0	0
Aquatic Plant Management	94,675	17,503	125,000	135,716
Chemicals	0	214	0	10,000
Service Road-Crushed Limestone	17,871	3,646	30,000	30,246
Buildings & Grounds	1,356	0	0	0
Ayer Island Maint & Repair	0	0	15,750	15,756
Security Repairs	2,331	7,800	15,750	15,756
Pump Station Maintenance & Repairs	273	823	2,520	2,640
Pump Station Equipment	2,959	2,589	12,600	13,230
<b>TOTAL MAINTENANCE, REPAIRS &amp; PARTS</b>	<b>306,307</b>	<b>169,913</b>	<b>359,703</b>	<b>430,549</b>
<b>EMPLOYEE BENEFITS</b>				

**San Jacinto River Authority**  
**General Operating Fund Summary by Account**  
**Proposed FY 2011 Budget**  
**Cash Basis**

Description	FY 2009 Actual	Preliminary 7/31/10 Actual	FY 2010 Budget	FY 2011 Budget
Group Insurance	82,773	0	0	0
Group Insurance	207,671	379,214	446,995	486,479
Group Insurance - Retirees	42,205	42,533	53,054	55,848
Group Insurance - Retiree OPEB	167,121	0	0	0
Group Retirement Expense	192,684	215,112	257,598	293,256
Social Security Taxes	109,727	123,192	130,236	158,127
Tuition Reimbursement	0	0	0	40,000
<b>TOTAL EMPLOYEE BENEFITS</b>	<b>802,180</b>	<b>760,050</b>	<b>887,883</b>	<b>1,033,710</b>
<b>MAJOR REHABILITATION</b>				
Buildings & Grounds Maintenance	34,026	4,663	0	0
Engineering	196,057	550	5,000	0
Dam Maintenance & Repairs	1,170,399	0	135,000	0
<b>TOTAL MAJOR REHABILITATION</b>	<b>1,400,483</b>	<b>5,213</b>	<b>140,000</b>	<b>0</b>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>				
General & Administrative Expense Allocated	809,471	156,508	358,289	369,272
General & Administrative Expense Allocated to Lake Conroe	0	(554,405)	(1,303,403)	(369,272)
General & Administrative Expense Allocated to Bear Branch	0	0	0	(37,842)
General & Administrative Expense Allocated to Woodlands	0	0	0	(513,021)
General & Administrative Expense Allocated to GRP Divisio	0	0	0	(665,676)
<b>TOTAL GENERAL &amp; ADMINISTRATIVE EXPENSES</b>	<b>809,471</b>	<b>(397,897)</b>	<b>(945,114)</b>	<b>(1,216,540)</b>
<b>NON-OPERATING EXPENSES</b>				
Interest Expense-Series 2000 Bonds	826,099	729,532	795,620	0
Interest Expense-Series 2003 Bonds	165,120	144,477	157,560	149,774
Interest Expense-Series 2010 Bonds	0	0	0	987,264
Interest Expense-Loans	0	0	150,000	255,953
Interest Expense-Series 2010 Refunding Bonds	0	0	0	504,180
Amortization Expense-2000 Refunding	19,086	0	19,100	0
Amortization Expense - 2003 Water Refunding	8,078	7,405	8,100	8,076
Amortization Expense-2010 Refunding	0	0	0	22,800
Amortization	0	0	0	24,000
Amortization Expense - Series 2009 Bonds	(1,201,124)	0	0	0
Depreciation	467,169	438,085	451,605	568,500
	284,427	1,319,498	1,581,985	2,520,547
<b>TOTAL EXPENSES</b>	<b>7,063,596</b>	<b>5,161,992</b>	<b>6,328,712</b>	<b>8,017,426</b>
<b>NET REVENUES OVER EXPENSES</b>	<b>3,508,687</b>	<b>3,695,859</b>	<b>4,346,454</b>	<b>3,928,867</b>
<b>CAPITAL IMPROVEMENTS</b>				
Water System In Progress	831,028	797,428	0	0
Office Buildings in Progress	0	2,738,555	145,000	1,275,000
Building Improvements	0	0	20,000	150,000
Other Buildings	0	0	0	6,000

**San Jacinto River Authority**  
**General Operating Fund Summary by Account**  
**Proposed FY 2011 Budget**  
**Cash Basis**

Description	FY 2009 Actual	Preliminary 7/31/10 Actual	FY 2010 Budget	FY 2011 Budget
Dam Rehabilitation	17,675	0	755,000	1,600,000
Highlands Improvements	395,988	0	2,750,000	7,248,000
Maintenance Equipment	2,591	175,143	125,000	180,000
Transportation Equipment	35,845	42,503	60,000	141,000
Office Furniture	36,823	0	290,000	240,000
Software	40,457	851	169,000	160,500
Computer Equipment	23,598	4,164	125,500	216,000
Telephone System	0	0	56,000	60,000
Audio Visual Equipment	0	0	40,000	65,000
<b>TOTAL CAPITAL IMPROVEMENTS</b>	<b>1,384,005</b>	<b>3,836,468</b>	<b>4,535,500</b>	<b>11,341,500</b>
<b>OTHER USES</b>				
Bond Principal	775,000	815,000	815,000	195,000
Loan Principal	0	428,337	350,000	231,271
Payment from General Fund to GRP Division			1,389,450	
<b>TOTAL OTHER USES</b>	<b>775,000</b>	<b>1,243,337</b>	<b>2,554,450</b>	<b>426,271</b>
<b>OTHER SOURCES</b>				
Bond Proceeds Used	0	0	0	5,308,000
Payment to General Fund from GRP Division	0	0	0	2,229,613
G&A Building Loan Proceeds	0	0	0	1,000,000
<b>TOTAL OTHER SOURCES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,537,613</b>
<b>NET CASH BASIS SOURCES (USES)</b>	<b>642,891</b>	<b>(938,457)</b>	<b>(2,264,691)</b>	<b>1,322,085</b>

**San Jacinto River Authority  
Highlands Division by Account  
Proposed FY 2011 Budget  
Cash Basis**

Description	FY 2009 Actual	Preliminary 7/31/10 Actual	FY 2010 Budget	FY 2011 Budget
<b>OPERATING REVENUES</b>				
General Industrial Water Revenue	6,665,176	0	0	0
Water Sales-Municipal	214,244	0	0	0
Water Sales-Irrigation	35,731	0	0	0
Water Option Revenue	0	0	0	0
<b>TOTAL OPERATING REVENUES</b>	<b>6,915,150</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>OTHER REVENUES</b>				
Interest Income	139,750	0	0	0
Royalty Income - Oil & Gas	32,820	0	0	0
Land Use Agreements	0	0	0	0
Proceeds From Sale Of Assets	0	4,381	0	0
Other Gains & Losses	8,335	0	0	0
<b>TOTAL OTHER REVENUES</b>	<b>180,905</b>	<b>4,381</b>	<b>0</b>	<b>0</b>
<b>OPERATING EXPENSES</b>				
<b>SALARIES &amp; WAGES</b>				
Salaries & Wages	322,909	302,249	329,010	338,446
Salary & Wage Allocation	167,095	124,703	205,867	324,639
Compensated Absences	11,421	0	0	0
<b>TOTAL SALARIES &amp; WAGES</b>	<b>501,426</b>	<b>426,952</b>	<b>534,877</b>	<b>663,084</b>
<b>PROFESSIONAL FEES</b>				
Legal Fees	0	0	50,000	20,000
Paying Agent Fees	822	0	0	1,800
Engineering	(51,915)	2,034	0	0
Professional Services/Engineering	0	17,811	31,800	410
Safety Inspections & Testing	0	607	1,000	1,850
Staffing Services	0	5,616	0	36,785
<b>TOTAL PROFESSIONAL FEES</b>	<b>(51,093)</b>	<b>26,067</b>	<b>82,800</b>	<b>60,845</b>
<b>PURCHASED &amp; CONTRACTED SERVICES</b>				
Waste Disposal Services	485	483	2,520	480
Paying Agent Fees	0	0	0	0
Patrolling Services	56,866	55,008	63,000	66,150
Employee Testing-Dot & New	195	243	1,300	600
Recruiting Expenses	0	0	1,050	850
CWA Water Conveyance	89,816	73,311	126,000	132,300
Trucking	320	0	9,779	10,260
Water Quality Maintenance	0	0	24,000	25,200
Document Imaging	0	1,032	10,000	0
Workers Compensation Insurance	15,760	15,493	22,522	19,166
Insurance Premiums	0	0	0	0
<b>TOTAL PURCHASED &amp; CONTRACTED SERVICE</b>	<b>163,441</b>	<b>145,570</b>	<b>260,171</b>	<b>255,006</b>

**San Jacinto River Authority  
Highlands Division by Account  
Proposed FY 2011 Budget  
Cash Basis**

Description	FY 2009 Actual	Preliminary 7/31/10 Actual	FY 2010 Budget	FY 2011 Budget
<b>SUPPLIES, MATERIALS &amp; UTILITIES</b>				
Office Supplies & Printing	347	304	1,000	1,050
Other Office Expense	823	457	1,000	1,050
Travel	0	0	1,000	1,050
Automobile & Truck Expense	2,522	2,558	6,300	3,615
Property Insurance	7,089	7,645	8,400	9,941
Auto Insurance	7,823	7,596	9,100	8,252
Liability Insurance	9,214	10,048	12,900	14,027
Small Tools Purchases	518	626	5,000	1,000
Training-External	0	1,294	1,260	3,320
Training-Internal	0	143	1,460	1,320
Managers Expense	325	257	0	1,320
Fuel	26,288	19,284	1,260	45,280
Memberships & Professional Dues	35	235	630	660
Supplies	2,305	2,887	2,520	2,640
Utilities-Electric	4,186	2,028	13,860	14,550
Utilities-Water	311	285	300	315
Fuel & Lubricants	0	0	45,000	0
Chemicals	6,530	3,741	10,500	11,025
Pumping Costs-Direct	161,036	13,056	0	200,000
Pumping Costs-Indirect	16,127	0	0	0
Bank Service Charges	611	0	0	0
Miscellaneous	70	50	0	0
Safety Equipment & Mtgs	3,491	3,913	6,178	5,000
Health Program Expenses	52	139	1,300	1,300
Computer Hardware	821	2,762	8,500	10,000
Software & Support	1,084	2,060	2,625	18,000
Network Communications	2,428	5,898	5,250	5,500
Publications & Subscriptions	2,377	165	150	225
Local Telephone	4,400	4,149	6,000	6,000
Long Distance Telephone	4	0	1,260	1,200
Wireless Phones	4,764	2,975	7,200	5,000
<b>TOTAL SUPPLIES, MATERIALS &amp; UTILITIES</b>	<b>265,580</b>	<b>94,558</b>	<b>159,953</b>	<b>372,640</b>
<b>RENTALS</b>				
Equipment Rentals	571	990	1,890	1,980
<b>TOTAL RENTALS</b>	<b>571</b>	<b>990</b>	<b>1,890</b>	<b>1,980</b>
<b>MAINTENANCE, REPAIRS &amp; PARTS</b>				
Instrumentation	0	0	6,300	6,615
Office, Furniture, Fixtures	0	199	2,520	2,640
Buildings & Grounds Maintenance	3,482	3,399	12,600	13,230
Security System Monitoring	546	0	1,260	1,320
Machinery, Tools, Implements	12,693	11,542	20,000	21,000
Bridges, Culverts & Siphons	0	0	0	0
Dam Maintenance & Repairs	14,393	1,645	25,200	26,460
Service Road-Crushed Limestone	3,386	0	5,000	5,250
Pump Station Maintenance & Repairs	273	823	2,520	2,640
Pump Station Equipment	2,959	2,589	12,600	13,230

**San Jacinto River Authority  
Highlands Division by Account  
Proposed FY 2011 Budget  
Cash Basis**

Description	FY 2009 Actual	Preliminary 7/31/10 Actual	FY 2010 Budget	FY 2011 Budget
<b>TOTAL MAINTENANCE, REPAIRS &amp; PARTS</b>	<b>37,731</b>	<b>20,197</b>	<b>88,000</b>	<b>92,385</b>
<b>EMPLOYEE BENEFITS</b>				
Group Insurance	102,374	103,832	132,920	155,573
Group Insurance - Retirees	10,322	11,448	14,076	16,754
Group Insurance - Retiree OPEB	51,967	0	0	0
Group Retirement Expense	65,437	53,728	75,885	89,793
Social Security Taxes	36,075	31,181	38,852	49,692
Tuition Reimbursement	0	0	0	5,000
<b>TOTAL EMPLOYEE BENEFITS</b>	<b>266,176</b>	<b>200,189</b>	<b>261,733</b>	<b>316,811</b>
<b>MAJOR REHABILITATION</b>				
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>				
General & Administrative Expense Allocated	590,248	(179)	0	0
<b>TOTAL GENERAL &amp; ADMINISTRATIVE EXPENSES</b>	<b>590,248</b>	<b>(179)</b>	<b>0</b>	<b>0</b>
<b>NON-OPERATING EXPENSES</b>				
Interest Expense-Series 2000 Bonds	826,099	0	0	0
Interest Expense-Series 2003 Bonds	165,120	0	0	0
Interest Expense-Series 2010 Bonds	0	0	0	987,264
Amortization Expense-2000 Refunding	19,086	0	0	0
Amortization Expense - 2003 Water Refunding	8,078	0	0	0
Amortization Expense-2010 Refunding	0	0	0	22,800
Depreciation	250,647	244,427	252,000	264,000
G&A Depreciation Allocated To Highlands	85,515	0	0	0
	1,354,544	244,427	252,000	1,274,064
<b>TOTAL EXPENSES</b>	<b>3,128,624</b>	<b>1,158,772</b>	<b>1,641,424</b>	<b>3,036,816</b>
<b>NET REVENUES OVER EXPENSES</b>	<b>3,967,431</b>	<b>(1,154,391)</b>	<b>(1,641,424)</b>	<b>(3,036,816)</b>
<b>CAPITAL IMPROVEMENTS</b>				
Water System In Progress	684,434	709,806	0	0
Building Improvements	0	0	20,000	75,000
Highlands Improvements	395,988	0	2,750,000	7,248,000
Maintenance Equipment	0	128,081	125,000	150,000
Transportation Equipment	0	0	0	0
Office Furniture	1,192	0	0	0
Software	2,482	638	17,000	15,250
Computer Equipment	7,879	3,123	60,000	35,000

**San Jacinto River Authority  
Highlands Division by Account  
Proposed FY 2011 Budget  
Cash Basis**

Description	FY 2009 Actual	Preliminary 7/31/10 Actual	FY 2010 Budget	FY 2011 Budget
<b>TOTAL CAPITAL IMPROVEMENTS</b>	1,091,974	841,649	2,972,000	7,523,250
<b>OTHER SOURCES</b>				
Bond Proceeds Used	0	0	0	5,308,000
<b>TOTAL OTHER SOURCES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,308,000</b>
<b>NET CASH BASIS SOURCES (USES)</b>	<b>3,238,783</b>	<b>(1,751,613)</b>	<b>(4,361,424)</b>	<b>(4,965,266)</b>

**San Jacinto River Authority**  
**G&A Division by Account**  
**Proposed FY 2011 Budget**  
Cash Basis

Description	FY 2009 Actual	Preliminary 7/31/10 Actual	FY 2010 Budget	FY 2011 Budget
<b>OPERATING REVENUES</b>				
General Industrial Water Revenue	0	6,813,187	6,813,447	7,068,000
General Industrial Water Revenue-Lake Customers	0	0	511,000	527,422
Water Sales-Municipal	0	281,818	299,919	197,625
Water Sales - Commercial	0	55,868	67,884	65,000
Lawn Irrigation Fees	0	50,342	10,176	10,000
Water Sales-Irrigation	0	12,010	31,665	44,280
SJRA Reservation Fee	0	0	0	576,600
<b>TOTAL OPERATING REVENUES</b>	<b>0</b>	<b>7,213,224</b>	<b>7,734,090</b>	<b>8,488,927</b>
<b>OTHER REVENUES</b>				
Interest Income	0	26,505	136,138	24,000
Royalty Income - Oil & Gas	0	12,635	0	24,000
Office Rental Revenue	0	0	0	45,500
Region H Grant Revenue	80,000	24,000	0	0
Other Gains & Losses	8,820	0	0	0
<b>TOTAL OTHER REVENUES</b>	<b>88,820</b>	<b>63,140</b>	<b>136,138</b>	<b>93,500</b>
<b>OPERATING EXPENSES</b>				
<b>SALARIES &amp; WAGES</b>				
Salaries & Wages	176,924	434,151	289,782	678,888
Salary & Wage Allocation	109,000	188,513	128,818	0
Compensated Absences	80,739	0	0	8,000
<b>TOTAL SALARIES &amp; WAGES</b>	<b>366,663</b>	<b>622,664</b>	<b>418,600</b>	<b>686,888</b>
<b>PROFESSIONAL FEES</b>				
Legal Fees	263,860	111,594	270,000	280,000
Disclosure Filing	514	0	2,000	2,000
Auditing	8,753	11,009	11,500	15,000
Arbitrage Rebate Audit	0	0	3,450	5,000
Paying Agent Fees	500	1,520	0	1,800
Accounting Studies	0	15,000	20,000	20,000
Engineering	109,135	3,365	25,000	0
Engineering Studies	75,978	8,500	25,000	0
Professional Services/Engineering	0	2,715	900	450
Safety Inspections & Testing	0	748	100	100
Staffing Services	0	34,712	0	71,250
<b>TOTAL PROFESSIONAL FEES</b>	<b>458,739</b>	<b>189,162</b>	<b>357,950</b>	<b>395,600</b>
<b>PURCHASED &amp; CONTRACTED SERVICES</b>				
Paying Agent Fees	0	0	1,500	0
Employee Testing-Dot & New	403	1,358	500	5,100
Recruiting Expenses	314	3,999	2,000	5,950
Janitorial Services	3,964	4,276	5,060	13,302
Public Relations Expense	58,302	65,690	60,000	100,000
Water Conservation & Public Education	9,258	1,317	14,000	30,000
Website Hosting & Maintenance	4,755	1,906	2,500	3,600
Directors Fees & Expenses	16,729	18,590	24,000	24,000

**San Jacinto River Authority**  
**G&A Division by Account**  
**Proposed FY 2011 Budget**  
**Cash Basis**

Description	FY 2009 Actual	Preliminary 7/31/10 Actual	FY 2010 Budget	FY 2011 Budget
Directors Meeting Expenses	4,310	4,175	4,344	4,500
Document Imaging	0	5,067	20,000	20,000
Directors Travel Expenses	1,837	2,288	4,000	3,600
Workers Compensation Insurance	3,744	10,448	4,911	6,543
Insurance Premiums	458	248	0	0
<b>TOTAL PURCHASED &amp; CONTRACTED SERVICES</b>	<b>104,072</b>	<b>119,362</b>	<b>142,815</b>	<b>216,595</b>
<b>SUPPLIES, MATERIALS &amp; UTILITIES</b>				
Office Supplies & Printing	18,227	15,079	24,000	47,400
Other Office Expense	17,203	27,643	10,150	17,000
Telephone	60	161	0	0
Travel	12,578	15,003	23,440	46,000
Automobile & Truck Expense	13,862	13,253	23,600	26,120
Postage	4,246	2,540	6,900	4,800
Property Insurance	1,173	1,212	1,325	2,111
Auto Insurance	6,861	7,337	7,700	13,051
Liability Insurance	582	2,868	3,600	4,755
Training-External	17,760	22,230	45,400	77,410
Training-Internal	1,482	2,592	4,700	21,000
Managers Expense	16,505	16,342	28,000	36,500
Employee Relations Expense	17,589	13,580	19,830	26,442
Fuel	12,741	23,559	26,390	40,800
Memberships & Professional Dues	13,756	14,060	19,150	24,580
Janitorial Supplies	0	278	0	6,000
Copier,Scanner, Fax Expense	0	865	0	10,622
Utilities-Electric	12,232	8,620	15,000	48,000
Utilities-Natural Gas	0	0	0	10,000
Pumping Costs-Direct	0	155,579	207,900	0
Pumping Costs-Indirect	0	12,029	24,000	24,000
Bank Service Charges	1,308	479	0	0
Bank Account Analysis Fee	0	528	0	2,400
Safety Equipment & Mtgs	4,547	3,296	5,297	11,800
Health Program Expenses	629	1,454	4,600	4,700
Computer Hardware	22,789	35,276	30,400	100,000
Software & Support	24,863	29,456	54,450	103,000
Network Communications	6,388	8,681	12,000	15,000
Publications & Subscriptions	2,145	3,155	5,200	15,350
Local Telephone	7,963	7,336	10,080	10,000
Long Distance Telephone	4,419	6,491	3,600	7,000
Wireless Phones	20,342	24,809	23,100	45,000
Phone System-Install, Maint & Changes	955	3,151	2,800	5,000
Emergency Ops Communications	0	0	0	8,000
<b>TOTAL SUPPLIES, MATERIALS &amp; UTILITIES</b>	<b>263,207</b>	<b>478,942</b>	<b>642,612</b>	<b>813,841</b>
<b>RENTALS</b>				
Office Rent	115	107	0	300
Office Equipment Rentals	0	0	3,780	28,200
<b>TOTAL RENTALS</b>	<b>115</b>	<b>107</b>	<b>3,780</b>	<b>28,500</b>
<b>MAINTENANCE, REPAIRS &amp; PARTS</b>				
Office,Furniture,Fixtures	0	0	1,200	0
Office Furniture-New Offices	15,730	5,639	2,004	14,100

**San Jacinto River Authority**  
**G&A Division by Account**  
**Proposed FY 2011 Budget**  
Cash Basis

Description	FY 2009 Actual	Preliminary 7/31/10 Actual	FY 2010 Budget	FY 2011 Budget
Buildings & Grounds Maintenance	20,414	4,642	15,000	27,000
Security System Monitoring	304	833	500	240
Machinery, Tools, Implements	980	0	0	0
<b>TOTAL MAINTENANCE, REPAIRS &amp; PARTS</b>	<b>37,429</b>	<b>11,114</b>	<b>18,704</b>	<b>41,340</b>
<b>EMPLOYEE BENEFITS</b>				
Group Insurance	54,837	118,524	87,382	138,940
Group Insurance - Retirees	12,178	11,598	14,076	16,754
Group Insurance - Retiree OPEB	19,820	0	0	0
Group Retirement Expense	33,381	78,568	59,338	91,933
Social Security Taxes	20,244	43,957	28,567	47,623
Tuition Reimbursement	0	0	0	30,000
<b>TOTAL EMPLOYEE BENEFITS</b>	<b>140,460</b>	<b>252,647</b>	<b>189,363</b>	<b>325,250</b>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>				
General & Administrative Expense Allocated	0	(87,529)	0	0
General & Administrative Expense Allocated to Lake Conroe	0	(554,405)	(1,303,403)	(369,272)
General & Administrative Expense Allocated to Bear Branch	0	0	0	(37,842)
General & Administrative Expense Allocated to Woodlands	0	0	0	(513,021)
General & Administrative Expense Allocated to GRP Division	0	0	0	(665,676)
<b>TOTAL GENERAL &amp; ADMINISTRATIVE EXPENSES</b>	<b>0</b>	<b>(641,934)</b>	<b>(1,303,403)</b>	<b>(1,585,812)</b>
<b>NON-OPERATING EXPENSES</b>				
Interest Expense-Series 2000 Bonds	0	729,532	795,620	0
Interest Expense-Series 2003 Bonds	0	144,477	157,560	149,774
Interest Expense-Loans	0	0	150,000	255,953
Interest Expense-Series 2010 Refunding Bonds	0	0	0	504,180
Amortization Expense-2000 Refunding	0	0	19,100	0
Amortization Expense - 2003 Water Refunding	0	7,405	8,100	8,076
Amortization	0	0	0	24,000
Amortization Expense - Series 2009 Bonds	(1,201,124)	0	0	0
Depreciation	85,515	80,784	73,080	172,500
G&A Depreciation Allocated To Highlands	(85,515)	0	0	0
	(1,201,124)	962,197	1,203,460	1,114,483
<b>TOTAL EXPENSES</b>	<b>169,559</b>	<b>1,994,260</b>	<b>1,673,881</b>	<b>2,036,685</b>
<b>NET REVENUES OVER EXPENSES</b>	<b>(80,739)</b>	<b>5,282,104</b>	<b>6,196,347</b>	<b>6,545,742</b>
<b>CAPITAL IMPROVEMENTS</b>				
Office Building In Progress	128,620	2,738,555	145,000	1,275,000
Transportation Equipment	35,845	34,044	30,000	105,000
Office Furniture	35,234	0	250,000	240,000
Software	37,147	0	35,000	50,000
Computer Equipment	13,093	0	50,500	110,000
Telephone System	0	0	37,000	40,000
Audio Visual Equipment	0	0	40,000	65,000

**San Jacinto River Authority  
G&A Division by Account  
Proposed FY 2011 Budget  
Cash Basis**

Description	FY 2009 Actual	Preliminary 7/31/10 Actual	FY 2010 Budget	FY 2011 Budget
<b>TOTAL CAPITAL IMPROVEMENTS</b>	<b>249,940</b>	<b>2,772,600</b>	<b>587,500</b>	<b>1,885,000</b>
<b>OTHER USES</b>				
Bond Principal	775,000	815,000	815,000	195,000
Loan Principal	0	428,337	350,000	231,271
Payment from General Fund to GRP Division	255,745	1,747,524	1,389,450	
<b>TOTAL OTHER USES</b>	<b>1,030,745</b>	<b>2,990,861</b>	<b>2,554,450</b>	<b>426,271</b>
<b>OTHER SOURCES</b>				
Payment to General Fund from GRP Division	0	0	0	2,229,613
G&A Building Loan Proceeds	0	0	0	1,000,000
<b>TOTAL OTHER SOURCES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,229,613</b>
<b>NET CASH BASIS SOURCES (USES)</b>	<b>(1,361,424)</b>	<b>(481,357)</b>	<b>3,054,397</b>	<b>7,668,659</b>

**San Jacinto River Authority**  
**Lake Conroe Division by Account**  
**Proposed FY 2011 Budget**  
**Cash Basis**

Description	FY 2009 Actual	Preliminary 7/31/10 Actual	FY 2010 Budget	FY 2011 Budget
<b>OPERATING REVENUES</b>				
General Industrial Water Revenue	308,280	0	0	0
Water Sales - Commercial	75,115	0	0	0
Lawn Irrigation Fees	22,560	(240)	0	0
Permits, Licenses, & Fees - Residential	458,659	346,389	236,972	390,000
Permits, Licenses & Fees - Commercial	216,514	162,329	193,330	175,000
Marine Sanitation Inspections	420	2,970	750	0
Aquatic Plant Management Revenue	0	29,900	0	50,000
Septic Tank Licenses	6,450	9,200	8,000	0
City of Houston Share of Lake Conroe Operations	1,001,658	890,056	2,115,887	2,748,866
<b>TOTAL OPERATING REVENUES</b>	<b>2,089,656</b>	<b>1,440,604</b>	<b>2,554,939</b>	<b>3,363,866</b>
<b>OTHER REVENUES</b>				
Office Rental Revenue	2,000	1,500	0	0
FEMA Grant Revenue	1,241,845	0	0	0
Other Grant Revenue	18,969	0	250,000	0
Proceeds From Sale Of Assets	34	135,002	0	0
Other Gains & Losses	34,904	0	0	0
<b>TOTAL OTHER REVENUES</b>	<b>1,297,752</b>	<b>136,502</b>	<b>250,000</b>	<b>0</b>
<b>OPERATING EXPENSES</b>				
<b>SALARIES &amp; WAGES</b>				
Salaries & Wages	26,461	335,142	375,021	455,706
Salary & Wage Allocation	319,880	336,865	487,579	367,909
Supervisors Salaries	138,403	0	0	0
Operation & Maintenance	186,053	0	0	0
Other Salaries	71,542	0	0	0
Compensated Absences	13,909	0	0	0
<b>TOTAL SALARIES &amp; WAGES</b>	<b>756,248</b>	<b>672,006</b>	<b>862,600</b>	<b>823,616</b>
<b>PROFESSIONAL FEES</b>				
Legal Fees	17,183	13,362	30,000	33,000
Disclosure Filing	0	0	50,000	0
Legal Fees-Enforcement	0	8,269	0	36,000
Auditing	2,801	3,372	7,800	9,500
Engineering	51,642	7,283	0	0
Engineering Studies	0	0	7,500	3,000
Professional Services/Engineering	0	18,737	38,800	7,450
Safety Inspections & Testing	0	2,149	3,100	3,000
Staffing Services	0	10,695	0	81,015
<b>TOTAL PROFESSIONAL FEES</b>	<b>71,626</b>	<b>63,867</b>	<b>137,200</b>	<b>172,965</b>
<b>PURCHASED &amp; CONTRACTED SERVICES</b>				
Waste Disposal Services	6,084	7,467	4,200	10,000
State Fees	1,480	2,648	2,600	2,800
Patrolling Services	169,246	137,313	200,000	210,000
Employee Testing-Dot & New	805	321	600	1,200

**San Jacinto River Authority**  
**Lake Conroe Division by Account**  
**Proposed FY 2011 Budget**  
**Cash Basis**

Description	FY 2009 Actual	Preliminary 7/31/10 Actual	FY 2010 Budget	FY 2011 Budget
Recruiting Expenses	0	0	1,100	1,700
Janitorial Services	2,947	1,958	3,600	3,760
Stream Gauging & Water	58,006	62,543	68,400	60,220
Volumetric Survey	0	32,640	35,000	0
Water Quality Maintenance	16,786	6,567	21,000	24,056
Public Relations Expense	0	39	0	0
Document Imaging	0	1,126	26,000	35,000
Workers Compensation Insurance	30,170	22,889	29,824	20,017
Insurance Premiums	0	0	0	0
<b>TOTAL PURCHASED &amp; CONTRACTED SERVICE</b>	<b>285,522</b>	<b>275,511</b>	<b>392,324</b>	<b>368,752</b>
<b>SUPPLIES, MATERIALS &amp; UTILITIES</b>				
Office Supplies & Printing	4,752	4,630	8,000	8,400
Other Office Expense	5,736	4,258	2,200	3,600
Telephone	0	0	0	0
Travel	3,661	3,166	4,600	4,800
Automobile & Truck Expense	15,258	9,357	15,000	15,600
Miscellaneous	139	55	0	0
Postage	4,204	2,870	4,200	10,800
Property Insurance	2,573	2,807	3,100	3,378
Auto Insurance	6,871	7,392	7,800	7,734
Liability Insurance	10,272	9,614	12,400	13,312
Small Tools Purchases	1,999	316	2,100	2,500
Training-External	4,260	4,293	7,000	7,200
Training-Internal	0	0	1,200	0
Managers Expense	5,741	5,107	2,000	1,200
Employee Relations Expense	0	72	0	500
Fuel	31,357	19,128	43,000	45,000
Memberships & Professional Dues	1,237	988	2,400	2,400
Supplies	34,629	12,032	20,000	21,000
Signage	0	543	20,000	4,800
Utilities-Electric	27,162	19,293	50,000	49,200
Utilities-Natural Gas	1,120	2,261	1,250	4,800
Laboratory Expenses	0	17	1,500	1,200
Safety Equipment & Mtgs	13,189	7,589	12,143	10,000
Health Program Expenses	91	270	2,450	2,500
Computer Hardware	10,696	1,363	10,900	10,000
Software & Support	15,130	9,283	13,250	35,500
Network Communications	2,590	4,603	9,000	12,400
Publications & Subscriptions	6,639	770	190	225
Local Telephone	4,601	4,253	5,000	7,000
Long Distance Telephone	765	1,436	1,000	1,100
Wireless Phones	10,608	10,099	9,000	12,000
Phone System-Install, Maint & Changes	0	113	0	1,500
<b>TOTAL SUPPLIES, MATERIALS &amp; UTILITIES</b>	<b>225,280</b>	<b>147,976</b>	<b>270,683</b>	<b>299,650</b>
<b>RENTALS</b>				
Equipment Rentals	26,347	20,897	10,500	24,000
Office Rent	6,288	5,277	7,500	48,500
Rent-U.S. Forest Lands-	16,697	15,305	18,000	16,697

**San Jacinto River Authority**  
**Lake Conroe Division by Account**  
**Proposed FY 2011 Budget**  
**Cash Basis**

Description	FY 2009 Actual	Preliminary 7/31/10 Actual	FY 2010 Budget	FY 2011 Budget
<b>TOTAL RENTALS</b>	<b>49,331</b>	<b>41,479</b>	<b>36,000</b>	<b>89,197</b>
<b>MAINTENANCE, REPAIRS &amp; PARTS</b>				
Office Furniture & Equipment	550	816	6,000	10,000
Instrumentation	5,778	7,402	12,600	13,200
Office, Furniture, Fixtures	0	200	899	0
Buildings & Grounds Maintenance	82,071	35,542	30,000	46,800
Machinery, Tools, Implements	10,730	16,748	12,000	12,600
Boat Maintenance & Repairs	0	367	0	0
Dam Maintenance & Repairs	16,520	48,365	10,000	12,000
Clearing	2,650	0	0	0
Aquatic Plant Management	94,675	17,503	125,000	135,716
Chemicals	0	214	0	10,000
Service Road-Crushed Limestone	14,485	3,646	25,000	24,996
Buildings & Grounds	1,356	0	0	0
Ayer Island Maint & Repair	0	0	15,750	15,756
Security Repairs	2,331	7,800	15,750	15,756
<b>TOTAL MAINTENANCE, REPAIRS &amp; PARTS</b>	<b>231,147</b>	<b>138,602</b>	<b>252,999</b>	<b>296,824</b>
<b>EMPLOYEE BENEFITS</b>				
Group Insurance	82,773	0	0	0
Group Insurance	50,460	156,857	226,693	191,966
Group Insurance - Retirees	19,705	19,487	24,902	22,339
Group Insurance - Retiree OPEB	95,333	0	0	0
Group Retirement Expense	93,865	82,817	122,375	111,531
Social Security Taxes	53,408	48,054	62,817	60,813
Tuition Reimbursement	0	0	0	5,000
<b>TOTAL EMPLOYEE BENEFITS</b>	<b>395,545</b>	<b>307,214</b>	<b>436,787</b>	<b>391,649</b>
<b>MAJOR REHABILITATION</b>				
Buildings & Grounds Maintenance	34,026	4,663	0	0
Engineering	196,057	550	5,000	0
Dam Maintenance & Repairs	1,170,399	0	135,000	0
<b>TOTAL MAJOR REHABILITATION</b>	<b>1,400,483</b>	<b>5,213</b>	<b>140,000</b>	<b>0</b>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>				
General & Administrative Expense Allocated	219,223	244,216	358,289	369,272
<b>TOTAL GENERAL &amp; ADMINISTRATIVE EXPENSES</b>	<b>219,223</b>	<b>244,216</b>	<b>358,289</b>	<b>369,272</b>
<b>NON-OPERATING EXPENSES</b>				
Depreciation	131,007	112,874	126,525	132,000
	131,007	112,874	126,525	132,000

**San Jacinto River Authority  
Lake Conroe Division by Account  
Proposed FY 2011 Budget  
Cash Basis**

Description	FY 2009 Actual	Preliminary 7/31/10 Actual	FY 2010 Budget	FY 2011 Budget
<b>TOTAL EXPENSES</b>	<b>3,765,412</b>	<b>2,008,960</b>	<b>3,013,408</b>	<b>2,943,925</b>
<b>NET REVENUES OVER EXPENSES</b>	<b>(378,004)</b>	<b>(431,854)</b>	<b>(208,469)</b>	<b>419,941</b>
<b>CAPITAL IMPROVEMENTS</b>				
Property Acquisition	0	77,823	0	0
Water System In Progress	17,973	87,621	0	0
Building Improvements	0	0	0	75,000
Other Buildings	0	0	0	6,000
Dam Rehabilitation	17,675	0	755,000	1,600,000
Maintenance Equipment	2,591	47,062	0	30,000
Transportation Equipment	0	8,459	30,000	36,000
Office Furniture	397	0	40,000	0
Software	827	213	117,000	95,250
Computer Equipment	2,626	1,041	15,000	71,000
Telephone System	0	0	19,000	20,000
<b>TOTAL CAPITAL IMPROVEMENTS</b>	<b>42,090</b>	<b>222,220</b>	<b>976,000</b>	<b>1,933,250</b>
<b>NET CASH BASIS SOURCES (USES)</b>	<b>(289,087)</b>	<b>(541,199)</b>	<b>(1,057,943)</b>	<b>(1,381,309)</b>

**San Jacinto River Authority**  
**Bear Branch Reservoir System by Account**  
**Proposed FY 2011 Budget**  
Cash Basis

Description	FY 2009 Actual	Preliminary 7/31/10 Actual	FY 2010 Budget	FY 2011 Budget
<b>OTHER REVENUES</b>				
Interest Income	2,243	639	0	0
Capital Contributions	60,720	460,618	526,962	286,343
<b>TOTAL OTHER REVENUES</b>	<b>62,963</b>	<b>461,257</b>	<b>526,962</b>	<b>286,343</b>
<b>OPERATING EXPENSES</b>				
<b>SALARIES &amp; WAGES</b>				
Salaries & Wages	7,958	2,493	25,003	30,969
Salary & Wage Allocation	0	3,375	0	24,243
<b>TOTAL SALARIES &amp; WAGES</b>	<b>7,958</b>	<b>5,869</b>	<b>25,003</b>	<b>55,212</b>
<b>PROFESSIONAL FEES</b>				
Legal Fees	6,328	0	2,400	6,000
Engineering	24,566	2,503	5,000	5,292
Staffing Services	0	0	0	850
<b>TOTAL PROFESSIONAL FEES</b>	<b>30,894</b>	<b>2,503</b>	<b>7,400</b>	<b>12,142</b>
<b>PURCHASED &amp; CONTRACTED SERVICES</b>				
Workers Compensation Insurance	1,646	139	540	1,270
Insurance Premiums	0	0	0	0
<b>TOTAL PURCHASED &amp; CONTRACTED SERVICE!</b>	<b>1,646</b>	<b>139</b>	<b>540</b>	<b>1,270</b>
<b>SUPPLIES, MATERIALS &amp; UTILITIES</b>				
Office Supplies & Printing	776	0	1,000	1,058
Other Office Expense	350	0	1,000	1,058
Automobile & Truck Expense	0	0	0	2,400
Office Supplies & Print	123	0	1,200	1,260
Liability Insurance	2,460	2,265	3,060	3,038
Managers Expense	80	67	1,000	1,058
Signage	0	0	0	4,800
Fuel & Lubricants	0	0	1,200	1,260
Miscellaneous	106	225	1,200	1,260
Publications & Subscriptions	657	338	0	0
<b>TOTAL SUPPLIES, MATERIALS &amp; UTILITIES</b>	<b>4,553</b>	<b>2,895</b>	<b>9,660</b>	<b>17,193</b>
<b>MAINTENANCE, REPAIRS &amp; PARTS</b>				
Mowing	35,150	0	150,000	60,000
Dam Maintenance & Repairs	0	0	24,000	25,200
Clearing	12,612	6,500	6,000	6,300
Aquatic Plant Management	0	0	15,000	15,750
Channel Desilting / Desnagging	49,528	(4,358)	145,000	150,000
Service Road-Crushed Limestone	0	0	6,000	6,300

**San Jacinto River Authority**  
**Bear Branch Reservoir System by Account**  
**Proposed FY 2011 Budget**  
**Cash Basis**

Description	FY 2009 Actual	Preliminary 7/31/10 Actual	FY 2010 Budget	FY 2011 Budget
Security Repairs	0	0	6,000	6,300
<b>TOTAL MAINTENANCE, REPAIRS &amp; PARTS</b>	<b>97,290</b>	<b>2,143</b>	<b>352,000</b>	<b>269,850</b>
<b>EMPLOYEE BENEFITS</b>				
Group Insurance	2,318	829	4,500	11,234
Group Retirement Expense	1,667	752	300	7,477
Social Security Taxes	429	444	1,620	4,047
<b>TOTAL EMPLOYEE BENEFITS</b>	<b>4,414</b>	<b>2,025</b>	<b>6,420</b>	<b>22,757</b>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>				
General & Administrative Expense Allocated	9,846	0	41,602	37,842
<b>TOTAL GENERAL &amp; ADMINISTRATIVE EXPENSES</b>	<b>9,846</b>	<b>0</b>	<b>41,602</b>	<b>37,842</b>
<b>NON-OPERATING EXPENSES</b>				
Depreciation	19,141	17,546	20,600	19,200
	19,141	17,546	20,600	19,200
<b>TOTAL EXPENSES</b>	<b>175,743</b>	<b>33,120</b>	<b>463,225</b>	<b>435,466</b>
<b>NET REVENUES OVER EXPENSES</b>	<b>(112,780)</b>	<b>428,137</b>	<b>63,737</b>	<b>(149,123)</b>
<b>CAPITAL IMPROVEMENTS</b>				
Property Improvements	0	0	15,000	0
Dam Rehabilitation	0	0	0	90,750
<b>TOTAL CAPITAL IMPROVEMENTS</b>	<b>0</b>	<b>0</b>	<b>15,000</b>	<b>90,750</b>
<b>NET CASH BASIS SOURCES (USES)</b>	<b>(93,638)</b>	<b>445,684</b>	<b>69,337</b>	<b>(220,673)</b>

**San Jacinto River Authority  
Region H by Account  
Proposed FY 2011 Budget  
Cash Basis**

Description	FY 2009 Actual	Preliminary 7/31/10 Actual	FY 2010 Budget	FY 2011 Budget
<b>OTHER REVENUES</b>				
Interest Income- Region H - General Fund	1,764	333	2,389	1,200
Interest Income - TWDB Fund	322	143	0	0
Region H Grant Revenue	353,863	1,054,086	646,483	97,589
<b>TOTAL OTHER REVENUES</b>	<b>355,949</b>	<b>1,054,562</b>	<b>648,872</b>	<b>98,789</b>
<b>OPERATING EXPENSES</b>				
<b>PROFESSIONAL FEES</b>				
Engineering	353,863	919,715	646,483	94,789
<b>TOTAL PROFESSIONAL FEES</b>	<b>353,863</b>	<b>919,715</b>	<b>646,483</b>	<b>94,789</b>
<b>PURCHASED &amp; CONTRACTED SERVICES</b>				
Directors Meeting Expenses	145	735	1,200	600
Posting Notice Expense	385	559	1,200	600
Insurance Premiums	1,379	0	2,500	0
<b>TOTAL PURCHASED &amp; CONTRACTED SERVICES</b>	<b>1,908</b>	<b>1,294</b>	<b>4,900</b>	<b>1,200</b>
<b>SUPPLIES, MATERIALS &amp; UTILITIES</b>				
Automobile & Truck Expense	351	413	500	300
Postage	0	211	0	0
Liability Insurance	0	1,350	0	2,500
<b>TOTAL SUPPLIES, MATERIALS &amp; UTILITIES</b>	<b>351</b>	<b>1,973</b>	<b>500</b>	<b>2,800</b>
<b>RENTALS</b>				
Office Rent	0	1,988	0	0
<b>TOTAL RENTALS</b>	<b>0</b>	<b>1,988</b>	<b>0</b>	<b>0</b>
<b>TOTAL EXPENSES</b>	<b>356,123</b>	<b>924,970</b>	<b>651,883</b>	<b>98,789</b>
<b>NET CASH BASIS SOURCES (USES)</b>	<b>(174)</b>	<b>129,592</b>	<b>(3,011)</b>	<b>0</b>

# SJRA FY 2011 Budget Risk Management

## General Fund - Highlands, Lake Conroe and G & A Division

July 22, 2010

Risk	Probability	Management Method
<b>Revenue</b>		
Revenue from raw water sales less than projected	Low	<ul style="list-style-type: none"> <li>Long term raw water supply contracts for industrial users are "take or pay". Raw water supply contracts for irrigators are on annual basis, however contracted water amounts are very small.</li> </ul>
Revenue from dock, marina, OSSF, etc. permitting/licensing less than projected	Low	<ul style="list-style-type: none"> <li>Improved billing collection process</li> <li>Collection rate in budget assumed only 85% while current rate is near 94%</li> </ul>
Delayed payments from large raw water customers	Low	<ul style="list-style-type: none"> <li>Billing collection process in place to identify late payments and work with customers to obtain payments</li> <li>Working Capital Reserve Funds available</li> </ul>
Delayed payments from City of Houston	High	<ul style="list-style-type: none"> <li>Delayed revenue from COH incorporated in budget</li> <li>Labor dedicated to working with COH to obtain timely payments</li> <li>Working Capital Reserve Funds available</li> </ul>
<b>Labor (Staffing)</b>		
Inadequate qualified, motivated G & A staff to support the operating divisions and satisfactorily implement strategic plan	Medium	<ul style="list-style-type: none"> <li>Expediting construction of G &amp; A Building to provide space for needed G &amp; A staff</li> <li>Extensive effort to identify and recruit highly qualified, motivated and accountable staff in compliance with the staffing plan</li> </ul>
Inability to provide a competitive compensation package for qualified, motivated staff at a reasonable cost in a changing and volatile environment	Medium	<ul style="list-style-type: none"> <li>Conducting research regarding competitive compensation and benefits including health benefits</li> <li>Researching possible alternative plan designs for both retirement and health benefit programs</li> <li>Seeking competitive bids on health coverage, including quotes for self-insurance</li> </ul>
<b>Professional, Construction and Miscellaneous Services</b>		
Inadequate and/or poorly performing providers of professional, construction and/or miscellaneous services	Low	<ul style="list-style-type: none"> <li>SJRA staff in key management positions to oversee/drive progress</li> <li>Project management procedures implemented for effective project delivery including control of scope, fee, schedule and risk</li> <li>All contracts contain termination clauses.</li> <li>All professional services contracts are work order based which only authorize work one phase at a time allowing opportunity to adjust services provided</li> </ul>
<b>Operations and Maintenance Costs</b>		
Operations costs greater than budgeted	Low	<ul style="list-style-type: none"> <li>Operations costs based on historic expenditures with contingency</li> <li>Extreme events, such as a hurricane landing in the area, are included in contingency plans</li> <li>Emergency Reserve Funds available</li> </ul>

<b>Risk</b>	<b>Probability</b>	<b>Management Method</b>
<p>Failure of a key system component requiring immediate repair in and/or maintenance costs greater than budgeted for Highlands</p>	<p>Low</p>	<ul style="list-style-type: none"> <li>• Most facilities in Highlands have been in service 60 or more years. An assessment of the Highlands system identified system components in need of repair/rehabilitation. Those needs have been prioritized and placed in a phased capital improvement program (CIP). Most critical needs are currently being addressed. Highlands Private Activity Bond Program will address remaining critical needs over next three years. System components are reviewed daily to assure continued system wide functionality and reliability. If a failure of a key component occurs, staff will identify the severity of the failure, methods to address the failure, appropriate repair method and requiring timing for the repair. If time is available, the CIP could be adjusted (reprioritized) to incorporate the additional repair/rehabilitation method.</li> <li>• Emergency Reserve Funds available for critical and immediate repair of failed system components</li> </ul>
<p>Failure of a key system component requiring immediate repair and/or maintenance costs greater than budgeted for Lake Division</p>	<p>Medium</p>	<ul style="list-style-type: none"> <li>• Lake Conroe dam has been in service for over 40 years. A dam safety inspection was recently completed and found the dam to be generally in good condition. Some specific needs/issues were identified and prioritized. Most needs are being addressed in a phased approach in a five year CIP. If a failure of a key system component occurs, staff will identify the severity of the failure, methods to address the failure, appropriate repair method and required timing for the repair. If time is available, the CIP could be adjusted (reprioritized) to incorporate the additional repair/rehabilitation method. Currently sand accumulation near Outlet Pond presents greatest risk for additional expenditures.</li> <li>• Emergency Reserve Funds available for critical and immediate repair of failed system components</li> </ul>
<p><b>Capital Outlay</b></p>		
<p>Capital improvement program (CIP) project costs greater than budgeted</p>	<p>Low</p>	<ul style="list-style-type: none"> <li>• SJRA staff in key management positions to oversee/drive progress</li> <li>• Project management procedures implemented for effective project delivery including control of scope, fee, schedule and risk</li> <li>• Phased execution of construction projects allows a modification to CIP plan prior to commitment of funds</li> <li>• Projected economic conditions for FY2011 support suppressed construction costs</li> <li>• Capital Improvements Reserve Funds available for unanticipated CIP needs</li> </ul>

# SJRA FY 2011 Budget Risk Management

## GRP Division

July 22, 2010

Risk	Probability	Management Method
<b>Revenue</b>		
Revenue from GRP Fee less than projected	Low	<ul style="list-style-type: none"> <li>Projected GRP Fee is based on 90% of 2009 groundwater pumpage for Conroe and Woodlands and only 60% of 2009 groundwater pumpage of all remaining LGVUs.</li> </ul>
Delayed payments from GRP participants	Medium	<ul style="list-style-type: none"> <li>Outside bookkeeping firm (with GRP collections experience) hired to oversee timely collection.</li> <li>Online billing reporting and collection process in place to identify late payments and work with customers to obtain payments</li> <li>Receipt of initial payments from GRP participants in October 2010 may require cash transfer from G &amp; A for September and October, however repayment of that cash transfer will be made by GRP in FY 2011.</li> </ul>
<b>Labor (Staffing)</b>		
Inadequate qualified, motivated staff to drive the GRP Program	Medium	<ul style="list-style-type: none"> <li>Purchase and installation of GRP Division Modular Building to provide space for GRP Division staff and GRP Program support staff</li> <li>Extensive effort to identify and recruit highly qualified, motivated and accountable GRP Administrator</li> <li>GRP Administrative Assistant added to staff</li> </ul>
Inadequate qualified, motivated G & A staff to support the GRP Program	Medium	<ul style="list-style-type: none"> <li>Expediting construction of G &amp; A Building to provide space for needed G &amp; A staff</li> <li>Extensive effort to identify and recruit highly qualified, motivated and accountable staff in compliance with the staffing plan</li> </ul>
Inability to provide a competitive compensation package for qualified, motivated staff at a reasonable cost in a changing and volatile environment	Medium	<ul style="list-style-type: none"> <li>Conducting research regarding competitive compensation and benefits including health benefits</li> <li>Researching possible alternative plan designs for both retirement and health benefit programs</li> <li>Seeking competitive bids on health coverage, including quotes for self-insurance</li> </ul>
Review Committee places great demands on GRP Program staff	Medium	<ul style="list-style-type: none"> <li>Budget includes a GRP Administrator dedicated to addressing the Review Committee and an administrative assistant to provide support to GRP Administrator and GRP staff</li> </ul>
<b>Professional and Miscellaneous Services</b>		
Inadequate and/or poorly performing providers of professional, construction and/or miscellaneous services	Low	<ul style="list-style-type: none"> <li>SJRA staff in key management positions to oversee/drive progress</li> <li>Project management procedures implemented for effective project delivery including control of scope, fee, schedule and risk</li> <li>All contracts contain termination clauses</li> <li>All professional services contracts are work order based which only authorize work one phase at a time allowing opportunity to adjust services provided</li> </ul>





# San Jacinto River Authority

The Woodlands Division

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## ***PROPOSED OPERATING FUND BUDGET FOR FISCAL YEAR 2011***

*August 18, 2010*

## FISCAL 2011 OPERATING FUND BUDGET SUMMARY

### General

To Woodlands Joint Powers Agency Trustees and MUD Directors:

The following pages summarize the proposed FY 2011 SJRA Woodlands Division Operating Budget for your consideration.

In August 2009, upon approval of the current FY 2010 water rate of \$1.26 per 1,000 gallons and the current wastewater rate of \$1.63 per 1,000 gallons, SJRA projected the need to further increase rates in FY 2011 to \$1.39/1,000 gallons for water and \$1.70/1,000 gallons for wastewater. Due to the need to maintain a 2-month minimum operating reserve and due to anticipated reductions in water use and increased labor, power, and operation and maintenance costs. Although the MUDs approved the FY 2010 rates, there was expressed concern by some about whether or not these rates would be sufficient to support operation and maintenance associated with the aging infrastructure. Since August 2009, the need for properly funded operating reserves, increased major maintenance requirements, increased manpower requirements, and a reduction in per capita water use have confirmed the need to further increase water and wastewater rates in FY 2011.

The FY 2011 Budget proposes to increase the water rate by \$0.14/1,000 gallons (from \$1.26 to \$1.40/1,000 gallons; an 11.1% increase) and the wastewater rate by \$0.36/1,000 gallons (from \$1.63 to \$1.99/1,000 gallons; a 22.1% increase). Increased rates in FY 2011 are primarily attributable to the need to increase cash reserves, a forecasted reduction in revenues, an increase in major maintenance associated with the aging water and wastewater systems, and an increase in manpower required to manage the aging water and wastewater systems. These rates do not incorporate GRP Fees, which SJRA will bill at a rate of \$0.50 per 1,000 gallons of groundwater pumped.

The proposed rates for FY 2011 and projected rates through FY 2015 include a 10% adjustment to projected revenues during summer months (June, July, and August) and a 5% adjustment in other months in anticipation of increased water conservation. However, the true effects of water conservation have not been determined. A reduction in water use during the first half of FY 2010 is believed to be attributable to sprinklers not being reset after mandatory restrictions were enforced in July 2009 and lower ambient temperatures during winter months. Reduced water use during June 2010 and July 2010 was the result of wet weather conditions.

Since the July meeting, water use projections in the proposed FY 2011 Budget were significantly reduced for June 2010 and July 2010, and the projection for August 2010 was revised to be more conservative. These changes were necessitated by significant decreases in the volume of water pumped in June 2010 and July 2010. The volume of water pumped during June and July 2010, in comparison to June and July 2009, was 31% and 37% less, respectively. Overall, forecasted volumes for June and July result in approximately \$800,000 less in projected revenues at the end of FY 2010, when compared to projected revenues reported in the draft budget dated July 21, 2010.

Major maintenance items in the FY 2011 Budget only represent a portion of the items that were identified. Several major maintenance items (totaling \$1,170,500 for the water system and \$2,171,900 for the wastewater system) were deferred to FY 2012 in order to limit FY 2011 rate increases.

Historically (prior to FY 2008), SJRA generally budgeted to perform one major water well rehabilitation during a fiscal year. However, four major water well rehabilitations were budgeted in FY 2010; and an additional well failed, resulting in a total of five major water wells being rehabilitated in FY 2010. Also, historically (prior to FY 2009), SJRA budgeted approximately \$500,000 per fiscal year to rehabilitate gravity sanitary sewers. The required expense for rehabilitation of gravity sanitary sewers and force mains has increased significantly since that time. The FY 2010 Budget included approximately \$1.3M for gravity sanitary sewer and force main rehabilitation, and the proposed FY 2011 Budget includes approximately \$1.7M for gravity sanitary sewer and force main rehabilitation. As SJRA continues to implement its program to evaluate the water supply, wastewater treatment plants, and wastewater conveyance system, it anticipates an increase in major maintenance requirements in future years.

The FY 2011 Budget reflects an increase in operating reserves to an amount that approaches the contractually agreed upon two-month minimum. Fully funding operating reserves to this minimum level is necessary because reduced revenues are forecasted in any of the following circumstances as a result of reduced water use per capita: successful efforts by The Woodlands JPA and MUDs to promote water conservation; frequent or sustained wet weather conditions; or an impact on water conservation as a result of the Groundwater Reduction Plan (GRP) Fee. While a decrease in water used per capita will result in a decrease in some operational expenses in FY 2011, such as power and some chemical costs; conversely, additional manpower is necessary for evaluating, operating, maintaining, and rehabilitating the aging infrastructure.

## FISCAL 2011 OPERATING FUND BUDGET SUMMARY

As of July 31, 2010, the Contingency Fund balance was \$1,240,426. Contingency reserves serve as a buffer to cover unbudgeted expenses for ordinary and extraordinary repairs and replacements. Historically, the practice followed by SJRA and approved by its customer MUDs was to maintain a balance in the Contingency Fund that would cover the cost of a replacement water well. The average cost to replace a well can vary based on economic conditions, ranging from less than \$1M to \$1.7M. With aging water and wastewater systems, the likelihood of catastrophic failure in both systems increases.

It is imperative that SJRA increase the Contingency Fund balance from \$1,240,426 to approximately \$2,000,000 in the near future to provide adequate contingency reserves for both water and wastewater systems. No changes are recommended to the Contingency Fund balance during FY 2011; however, the proposed budget includes provisions for SJRA to make annual contributions to the Contingency Fund from operating reserves beginning in FY 2012 and ending in FY 2015. SJRA would contribute \$100,000 to the fund in FY 2012 and increase its contribution by \$100,000 annually through FY 2015. The Contingency Fund would reach a balance of approximately \$2.2M in FY 2015, assuming there are no Contingency Fund expenses during the interim.

A detailed analysis of projected cash flow has been completed. This proposed budget utilizes preliminary financial statements through July 31, 2010, estimates expenses through August 31, 2010, and estimates summer revenues.

### **Budget Highlights**

The attached chart provides a breakdown, by percentage, of major budget categories. The following sections and attached Budget Summary table provide added detail.

#### **1. Labor**

- Unlike in previous years, the proposed budget does not include an allowance for overall merit increases. An allowance of 1.88% of budgeted salaries and wages is included for market adjustment and promotions associated with specific positions. Total labor costs in FY 2011 are 9.76% greater than in FY 2010 due to an increase in staff that is required to evaluate, operate, maintain, and rehabilitate the aging infrastructure. The July 21, 2010 Draft Budget projected an increase in the cost for health benefits. However, during July meetings SJRA reported that its insurance carrier recently indicated the cost of health benefits could be flat or a slight decrease. Current information from the insurance carrier indicates a decrease in the cost of health benefits per employee. The amount budgeted for health insurance in FY 2011 is 6.11% greater than the amount budgeted in FY 2010 due to an increase in the total number of employees.
- The budget includes a full-time staff level of 59.85 people. This total includes 50 full time positions in The Woodlands Division and 9.85 equivalent people in the SJRA General and Administrative (G&A) Division. The budget includes four unfilled positions in The Woodlands. One of the 4 positions is a former vacancy that was redefined, and the remaining three positions are new (1 water operator, 1 wastewater operator, and 1 engineer). The 9.85 equivalent people from the G&A Division provide services related to information technology, accounting, administrative, purchasing, human resources, risk management, technical services and management support to the Woodlands Division. The total number of persons chargeable to The Woodlands Division is a net increase of 7.64 persons from last year's budget of 52.21 people (46 in The Woodlands and 6.21 in G&A).
- We have found that effort to address the aging infrastructure is increasingly greater than previously anticipated and reflected by previous budgets. During FY 2010 SJRA developed and began implementing a strategic plan to better utilize available personnel resources throughout the organization, as well as to acquire additional personnel to support the aging infrastructure in The Woodlands Division. Implementation of the plan in FY 2010 resulted in one eliminated position (office manager), a reassigned position - to the GRP Division (former division manager), and four new positions (1 operations manager, 1 administrative assistant, and 2 engineers). The FY 2011 Budget projects additional increases in manpower from FY 2012 through FY 2015, resulting in five additional employees.

## FISCAL 2011 OPERATING FUND BUDGET SUMMARY

### 2. Power

- Electrical costs associated with pumping water are expected to decrease relative to water conservation and volume supplied and distributed. No increase in power rates for water supply and wastewater treatment is expected until June 2011, when Entergy Gulf States anticipates a 9% rate increase.

### 3. Maintenance

- The maintenance portion of the budget includes the following major water system expenditures:
  - Water Plant (WP) No. 2 - Replace Control Building roof - \$25,000
  - Major rehabilitation of three water wells (Water Wells No. 9, 12, and 16) - \$900,000
  - Lower two water wells (unspecified) and two minor well rehabilitations (Water Wells No. 11 & 24) - \$80,000
  - Elevated Storage Tank (EST) No. 5 - interior piping work - \$43,000
  - Water Well No. 17 auxiliary engine (carried-over from FY 2010 due to long delivery) - \$130,347
  - Booster Pump No. 1 at WP No. 2 - Replace pump/motor skid - \$45,000
  - WPs No. 1, 2, & 3; and ESTs No. 3, 5, and 7 - Replace chlorination equipment - \$40,000
  - Water Wells No. 6, 14, & 17 - Insertion flow meters - \$26,000
- The maintenance portion of the budget includes the following major wastewater system expenditures:
  - Wastewater Treatment Plant (WWTP) No. 1 Clarifier downward opening gates (carried-over from FY 2010 due to several required revisions to submittals) - \$52,930
  - WWTP No. 1 - Rehabilitate Trunk Sewer & Construct Bypass Piping at the Manual Bar Screen Structure (\$417,000 carried-over from FY 2010 due to increased engineering scope) - \$815,700
  - LS No. 12 - Electrical Rehabilitation - \$300,000
  - WWTP No. 2 - Replace Vaughan Recirculation Chopper Scum Pump at Gravity Thickener - \$17,500
  - WWTP No. 1 - Replace Lift Pumps No. 1 & 2 - \$55,000
  - WWTP No. 1 - Replace grit pump 1 - \$14,000
  - WWTP No. 2 - Rehabilitate Process Water Chlorination System (carried-over \$40,000 from FY 2010; design delayed due to evaluation of various additional alternatives during the Preliminary Engineering Phase) - \$100,000
  - Rehabilitate approx. 3800 Ft. of 24" and 21" gravity sewer to LS No. 12 - \$475,000
  - Rehabilitate approx. 350 LF of 18" gravity sewer to LS No. 4 - \$49,000
  - Replace approx. 2200 Ft. of 6-inch force main to LS No. 17 - \$150,165
  - Construction costs for LS No. 4 Force Main Replacement (2200 Ft. 16-inch) - \$184,770
- Since the July meeting, additional major maintenance has been deferred to FY 2012 in order to compensate for forecasted reductions in revenue for June, July, and August 2010, and due to increased construction costs realized after receiving bids to rehabilitate the trunk sewer to WWTP No. 1 and install bypass piping at the manual bar screen structure. Additional major maintenance projects that were deferred are as follows: the construction phase of Electrical Rehabilitation of Lift Station No. 5 (\$1,255,400) and the construction phase of WWTP No. 1 Rehabilitate and Coat Walls of Mechanical and Manual Bar Screen Structures (\$314,100). In order to ensure the reliability of Lift Station No. 5 during the interim and reduce operating expenses, a generator (a \$65,000 capital expense) will be purchased for temporary installation in lieu of the rental unit that is currently at the site. After Lift Station No. 5 is rehabilitated, the temporary generator will be utilized throughout the wastewater system for auxiliary power, as required. If temporary repairs are required to the manual bar screen structure during the interim, bypass piping that will be installed as part of the WWTP No. 1 Trunk Sewer Rehabilitation project will allow the structure to be bypassed.
- The lack of personnel to manage projects during the first half of FY 2010 contributed to several of the above items being carried-over into FY 2011. Expenses for major maintenance that was budgeted in FY 2010 for the water system, but will carry-over into FY 2011, represent 10% of the total \$1,289,347 budgeted in FY 2011 for major maintenance. Expenses for major maintenance that was budgeted in FY 2010 for the wastewater system, but will carry-over into FY 2011,

## FISCAL 2011 OPERATING FUND BUDGET SUMMARY

represents 22% of the total \$2,354,065 budgeted in FY 2011 for major maintenance. These costs and percentages are not inclusive of related engineering fees.

- As we continue to investigate the integrity of our aging water supply, wastewater treatment plants, and wastewater conveyance system, we discover additional maintenance that needs to be performed. Last year, our consultants completed a detailed analysis of our groundwater supply wells and provided an extended outlook for major rehabilitation and upgrade of the wells as groundwater levels continue to decline. The FY 2011 Budget includes three major water well rehabilitations. Two of the wells planned for rehabilitation were identified as a result of that study. The third well recently failed and is scheduled to be rehabilitated in early FY 2011. Additionally, the FY 2011 budget includes two well lowerings and some minor well rehabilitation work, based on historical maintenance requirements. The magnitude of major maintenance associated with the wastewater system is also increasing. Within the past year we have begun to see an increase in corroded force mains and a need to rehabilitate more electrical panels at wastewater facilities. Also, several concrete structures within the wastewater treatment plants are beginning to deteriorate, thus requiring major maintenance. The FY 2011 Budget projects that major maintenance requirements in FY 2012 through FY 2015 will be similar to those in the FY 2011.

### **4. Chemicals**

- Chemical use consists primarily of chlorine for disinfection of effluent and the water supply, sodium hypochlorite for water supply disinfection at Elevated Storage Tank No. 5, calcium hypochlorite for cleaning and super-chlorinating at wastewater treatment plants, sulfur dioxide for effluent dechlorination, hydrogen peroxide for temporary odor control within the wastewater collection system, and polymer for sludge conditioning. Wastewater Treatment Plant No. 2 utilizes ultraviolet light for disinfection and does not require chlorine or sulfur dioxide for this process.
- A decrease in disinfection chemicals for the water system is anticipated due to reduced pumpage associated with conservation efforts. However, a slight increase in polymer, sodium hypochlorite, and calcium hypochlorite for the wastewater system is anticipated. An increase in these chemicals is necessary to optimize process control and reduce odor at WWTP No. 2, to disinfect process water at WWTP No. 2, and to clean structures at all wastewater treatment plants, respectively.

### **5. Commercial Laboratories**

- Commercial laboratories are used for permit reporting requirements, bacteriological monitoring of the water supply, sludge quality analyses for bio-solids management (landfill and land application), biomonitoring and toxicity investigations related to the wastewater system, wastewater analyses, and monitoring local streams that receive treated wastewater effluent.
- Commercial laboratory fees associated with the water system are expected to increase significantly this fiscal year due to chemical analyses required by the State in FY 2011.
- An overall decrease in fees associated with the wastewater system is expected for various reasons. WWTP No. 1, Outfall 002, no longer requires biomonitoring because biomonitoring test results for Outfall 001 are acceptable for Outfall 002. Additionally, SJRA recently received a draft permit for WWTP No. 2 that eliminates the requirement to measure Total Dissolved Solids in the receiving stream, and will eliminate the requirement to measure chlorophyll-a in Lake Woodlands upon submittal of recent data. However, the draft permit incorporates a new requirement for SJRA to conduct a sublethal TRE (Toxicity Reduction Evaluation) if persistent sublethal toxicity is observed. This requirement could significantly impact commercial laboratory fees in the event of persistent sublethal toxicity. However, sublethal toxicity has not been detected at WWTP No. 2 since 2006; therefore, the budget for commercial laboratory fees was not increased above what is typically included for toxicity tests.

## FISCAL 2011 OPERATING FUND BUDGET SUMMARY

### 6. Professional Fees

- Professional fees include costs for engineering, legal, accounting, and auditing services. Historically, engineering services have been proportional to construction repair costs, with additions for special consulting services. However, the current trend in engineering costs is becoming less proportionate to construction repair costs in a given fiscal year because engineering and construction are sometimes planned in different fiscal years due to limited resources. For example, \$85,000 is budgeted for engineering associated with major electrical rehabilitation of Water Wells No. 17 & 18 and 7 & 8, and for new motor control centers at Water Wells No. 19 & 20, but construction (estimated at \$750,000) will be deferred to FY 2012.
- In an effort to increase the number of projects SJRA can effectively manage and to decrease consulting engineering fees associated with small engineering projects (which have disproportionate overhead costs for consulting engineering when compared to larger projects), SJRA recently reorganized within The Woodlands Division and developed a Technical Services Group. Currently, the primary objective of the Technical Services Group is to effectively manage engineering and construction associated with rehabilitation projects and improvements. A future goal (beyond FY 2011) of Technical Services is to perform in-house engineering on some smaller projects, thereby reducing overhead costs.

Significant engineering fees in the FY 2011 Budget associated with the water system are as follows:

- Engineering for Major Electrical Rehabilitation of Water Wells No. 17&18 and 7&8, and Engineering for new MCC at Water Wells No. 19&20 (carried-over \$65,000 for Water Wells No. 17&18; design engineering delayed due to contract negotiations and additional demands on SJRA staff as a result of unanticipated emergency projects; construction planned in FY 2012) - \$85,000
- Electrical Rehabilitation of Water Wells No. 11 & 12 (Construction planned in FY 2012) - \$40,000
- Engineering associated with major rehabilitation of three water wells - \$47,000
- General engineering services associated with water well evaluations - \$20,000

Significant engineering fees in the FY 2011 Budget associated with the wastewater system are as follows:

- Engineering for Odor Control at LS No. 12 (carried-over from FY 2010 due to delays in fence and property acquisition negotiations) - \$25,000
- Engineering for Construction Phase of Major Electrical Rehabilitation at LS No. 5 - (carried-over from FY 2010 due to additional time required to design electronic controls and instrumentation) - \$15,000
- Engineering for Major Electrical Rehabilitation at LS No. 12 - Construction Phase (Carried-over from FY 2010 due to delays in fence and land acquisition negotiations, and change in engineering staff) - \$15,000
- Engineering associated with Trunk Sewer Rehabilitation and Coating Walls at Mechanical and Manual Bar Screen Structures at WWTP No. 1 (carried-over \$16,000 due to increased engineering scope) - \$16,000
- Engineering associated with Rehabilitation of Process Water System at WWTP No. 2 (carried-over \$15,000 from FY 2010 due to delays associated with revisions to Preliminary Engineering Report) - \$42,000
- Engineering for LS No. 17 Force Main Replacement - \$16,685
- Engineering for LS No. 4 Force Main Replacement - \$20,530
- Additionally, a total of \$105,000 is budgeted for engineering support services related to EPA's action to federalize the permit for WWTP No. 1, pending issues related to WWTP No. 2 permit renewal, and pending issues related to TCEQ's review and approval of SJRA's proposed Industrial Pretreatment Program. Remaining engineering fees are for water plant and water well projects, lift station rehabilitation projects, wastewater treatment plant projects, and fees for miscellaneous and smaller-scoped projects.
- Legal fees this year include a \$150,000 allowance for EPA and TCEQ permitting issues and miscellaneous services.

## FISCAL 2011 OPERATING FUND BUDGET SUMMARY

### 7. Analysis of "Other O & M Expense"

- No significant increase is anticipated in wastewater treatment plant discharge permit fees. The Lone Star Groundwater District fee for calendar year 2011 will remain \$0.06/1,000 gallons pumped. The expected fee is \$379,996 for FY 2011.
- Most categories are self-explanatory. "Miscellaneous services" include meter calibrations, pest control, security, gas utilities, and janitorial services. "Communications" includes telephone costs for business phones and lines to remote facility locations, internet charges, and cell phone charges. "Other operating expenses" include document management services, employee recruiting and testing, staffing services, newspaper advertisements, and USGS monitoring services. "Miscellaneous expenses" include office supplies, travel expenses, operator training, uniforms, lab supplies and chemicals, Earth Day promotions, equipment rentals, computers, and work supplies.
- The FY 2011 Budget indicates significant increases in "Other Operating Expenses" and "Misc. Expenses". The increase in "Other Operating Expenses" is primarily due to costs associated with developing an electronic document management system and costs related to staffing fees and services for new and temporary employees. The increase in "Misc. Expenses" is primarily due to costs associated with computer hardware and software.

### 8. Revenues and Rates

- Projected revenues in FY 2011 are based on a water rate of \$1.40 per 1,000 gallons and a wastewater rate of \$1.99 per 1,000 gallons. The attached Budget Summary Comparison table presents the differences between rates in the proposed budget and the previous four budgets. The proposed FY 2011 rate increase is \$0.14/1,000 gallons for water (from \$1.26 to \$1.40/1,000 gallons; an 11.1% increase) and \$0.36/1,000 gallons for wastewater (from \$1.63 to \$1.99/1,000 gallons; a 22.1% increase). These rates do not incorporate GRP Fees.
- These proposed rates are an additional \$0.01 per 1,000 gallons (0.7% increase) over the FY 2010 water rate projection for FY 2011 and an additional \$0.29 per 1,000 gallons (a 17% increase) over the FY 2010 wastewater rate projection for FY 2011. The increase is primarily to cover increased manpower requirements and major maintenance associated with aging water and wastewater systems; reduced revenues as a result of anticipated per capita water use reductions (5% in September 2010 through May 2011 and 10% June, July, and August 2011); and an increase in operating reserves. Fully funding operating reserves is necessary because reduced revenues could be realized in any of the following circumstances: successful efforts by The Woodlands JPA and MUDs to promote water conservation; frequent or sustained wet weather conditions; or an impact on water conservation as a result of the Groundwater Reduction Plan (GRP) Fee. The FY 2011 Budget proposes fully funding operating reserves to a two-month minimum, as contractually agreed to between SJRA and its customer districts.
- A reduction in average annual per capita billed water is anticipated in FY 2011. The projected rate is 60,693 gal./capita/year. The FY 2010 Budget included a rate of 63,402 gal./capita/year; however, the current projection for FY 2010, based on billing data, is 57,596 gal./capita/year (a 5,806 gal./capita/year reduction; 9%).
- Consistent with previous discussion in The Woodlands MUDs meetings, the FY 2011 Budget implements the GRP Program that will provide all Montgomery County Large Volume Groundwater Users (LVGUs) who have contracted with SJRA compliance with the Lone Star Groundwater Conservation District (LSGCD) Phase IIB rules. The GRP Program became effective July 1, 2010. As required by the LSGCD, the SJRA GRP Division submitted a Declaration of Intent (DOI) by August 2, 2010 which identified the LVGUs who have contracted with SJRA to be a part of the SJRA GRP Program. Assessment of the GRP Fees to cover the costs of the SJRA GRP Program began on August 1, 2010, as SJRA Woodlands Division read the meters on its groundwater wells on that date. SJRA will read the meters again on the first day of September 2010 and self-report the total groundwater pumped during the month of August 2010. A rate of \$0.50 per 1,000 gallons of water pumped will be applied for that month and the resulting GRP Fee will be due from SJRA Woodlands Division to the GRP Division on October 14, 2010. This process will be repeated monthly, with fees consistently due to SJRA GRP Division within 45 days of the final reporting day of each month. SJRA will invoice its customer districts monthly for the GRP Fee. Payment from each MUD to SJRA is due within 15 days of billing. The estimated GRP Fee for FY 2011 is \$3,239,091.

## FISCAL 2011 OPERATING FUND BUDGET SUMMARY

- SJRA provides service to its customer districts through a looped water system; therefore, it is impractical to measure the volume of water that is pumped to each district. In an effort to make an equitable assessment of the approximate amount of water that is pumped to each district, SJRA calculated each MUD's ratio of monthly billed water volume to total billed volume. The calculation was based on data for calendar year 2009, which is the most recent reporting period for LSGCD. The calculated ratios were applied to the total pumped volumes and multiplied by the GRP fee of \$0.5 per 1,000 gallons to calculate an estimated monthly fee for each district. The GRP Fee specified in the FY 2011 Budget is the sum of the calculated monthly fees. This method of calculating monthly GRP Fees will recur at the end of each fiscal year for budgeting purposes. Any differences in each MUDs' ratio of monthly billed volume to total billed volume will be adjusted in the budgeted GRP Fee calculation for the upcoming fiscal year. At the end of each fiscal year, any significant difference between the total budgeted fee for that fiscal year and the projected year end total fee (based on current billing data) will be incorporated into the budgeted GRP Fee calculation for the upcoming fiscal year.

### 9. Capital Outlay

- Capital Outlay items consist of the following:
  - WWTP No. 1 - Floating Surface Aerators to replace two failed Mechanical Mixers, plus one spare - \$75,000
  - WWTP No. 2 - Monitor and four cameras to monitor critical processes - \$20,000
  - Lift Station No. 5 Generator - \$65,000
  - WP No. 1 – 20" isolation valve - \$7,000
  - Man lift & trailer (for performing work on elevated equipment) - \$52,000
  - Portable diesel pump (4") and appurtenances - \$25,000
  - Laser Alignment tool for Rotating Equipment - \$12,500
  - Computer Software - \$31,000
  - SAN (Storage Area Network) for Added Disk Space & Disaster Recovery - \$50,000
  - Furniture for Administration and Operations Office Buildings - \$15,000
  - UHF Radio Equipment - \$20,000

### 10. Investment of Woodlands Division Funds

- SJRA invests funds in Texpool and TexStar. All funds are earning the same interest as the Districts' investments.

### 11. Management of the Contingency Fund

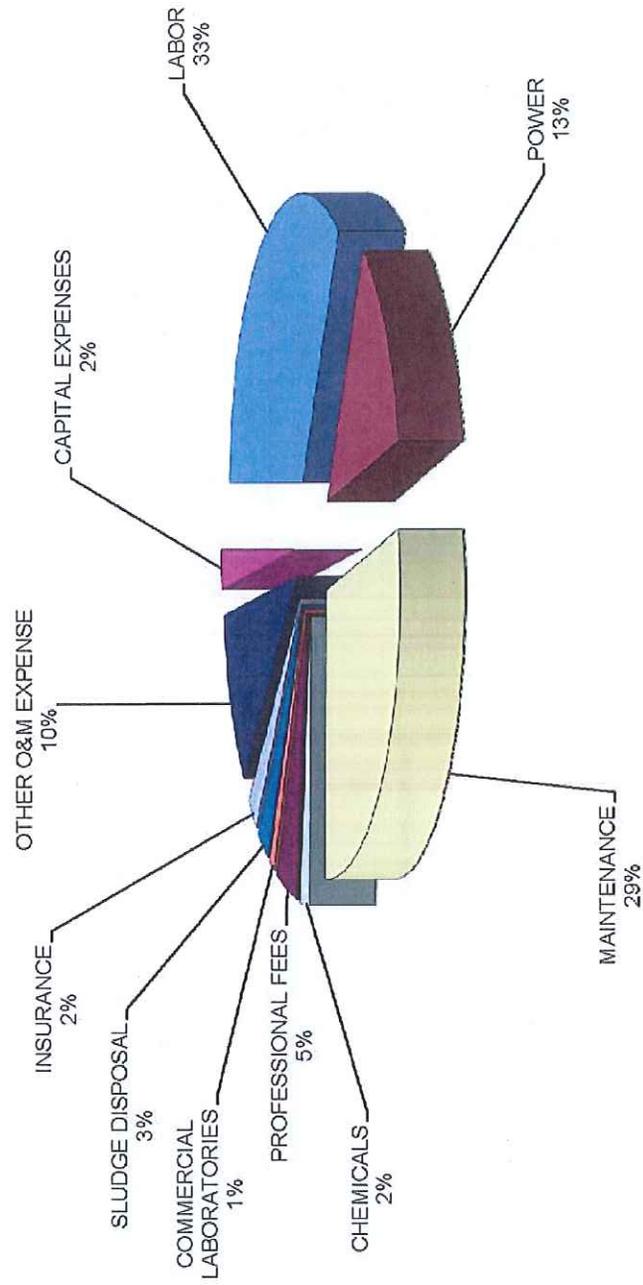
- Contractual agreements between SJRA and its customer districts provide for SJRA to maintain a reasonable contingency reserve for ordinary and extraordinary repairs and replacements. Historically, the practice followed by SJRA and approved by its customer MUDS was to maintain a balance in the Contingency Fund that would cover the cost of a replacement water well. With aging water and wastewater systems, the likelihood of unbudgeted expenses increases. Therefore, it is imperative that SJRA increase the Contingency Fund balance from \$1.2M to approximately \$2M in future years to provide adequate contingency reserves.
- The Contingency Fund, with accumulated interest, was \$1,240,426 at the end of July 2010. This amount is less than the current average cost to replace a well (\$1,700,000), and it does not allow for significant emergency repairs to wastewater system infrastructure. No changes are recommended to the Contingency Fund balance during FY 2011; however SJRA recommends gradually increasing contingency reserves to \$2M over the next five years. Beginning FY 2012, SJRA would contribute \$100,000 to the Contingency Fund from operating reserves. Annual contributions would continue through FY 2015, with each contribution increasing by \$100,000. The Contingency Fund would reach a balance of approximately \$2.2M in FY 2015, assuming there are no Contingency Fund expenses during the interim.

## FISCAL 2011 OPERATING FUND BUDGET SUMMARY

### **12. 5-Year Cash Flow Analysis**

- The proposed rates for FY 2011 and projected rates through FY 2015 include a 10% adjustment to projected revenues during summer months (June, July, and August) and a 5% adjustment in other months in anticipation of increased water conservation. However, the true effects of water conservation have not been determined. A reduction in water use during the first half of FY 2010 is believed to be attributable to sprinklers not being reset after mandatory restrictions were enforced in July 2009 and lower ambient temperatures during winter months. Reduced water use during June 2010 and July 2010 was the result of wet weather conditions.
- A 5-year cash flow analysis with 10% reduction in summer revenues and 5% in other months is summarized on the attached chart. The chart assumes rates increasing in FY 2011, and again in FY 2012, and then remaining stable in FY 2013 through FY 2015. No increase is anticipated in Lone Star Groundwater District fees.
- The analysis is based on a growth rate of 1200 equivalent connections in FY 2011 and a similar number of equivalent connections in subsequent years. With existing development near 49,000 equivalent single-family connections and ultimate development through 2015 currently planned for approximately 54,000 equivalent single-family connections, growth in the Woodlands does not play as significant a role in budget forecasts as in previous years. Projections of single family dwelling unit equivalent increases include the Montgomery County section of Montgomery/Harris County MUD 386. The analysis shows that proposed rates will support additional operation and maintenance expenses, while maintaining reserves close to a two-month minimum in FY 2011. This projected pattern shows an increase in reserves, above the two-month minimum during the majority of FY 2012. In FY 2013 through FY 2015 reserves are projected to remain above the two-month minimum.

**SJRA Woodlands Division  
FY 2011 Annual Operating Budget**

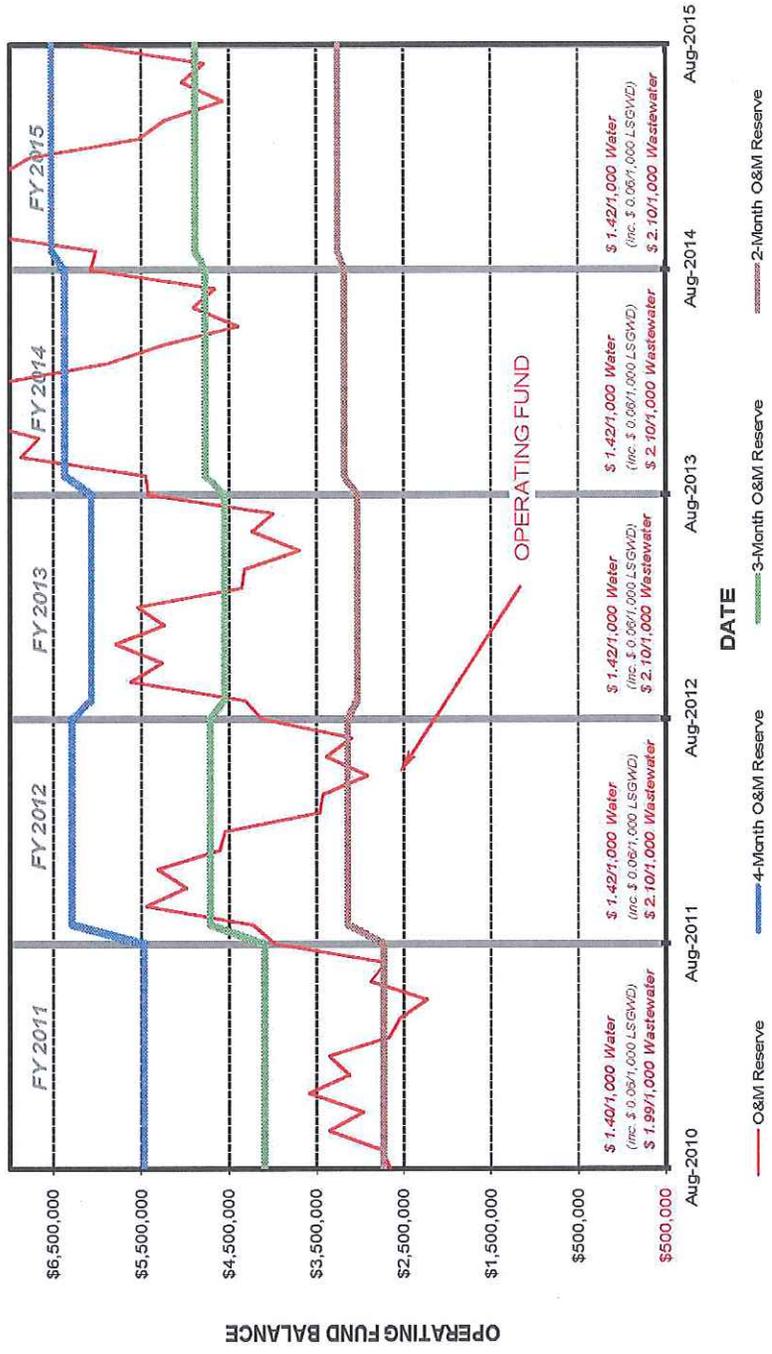


**SAN JACINTO RIVER AUTHORITY**  
**PROPOSED WOODLANDS DIVISION BUDGET - FY 2011**  
**AND HISTORICAL SUMMARY**

	FY 2007		FY 2008		FY 2009		FY 2010		ESTIMATED		FY 2011	
	END BAL	END BAL	END BAL	END BAL	END BAL	BAL ENDING	31-Jul-10	FY 2010	END BAL	BUDGET	BUDGET	BUDGET
<b>NO. OF EMPLOYEES: Woodlands + General &amp; Administrative</b>								46 + 6.21				50 + 9.86
<b>LABOR</b>												
Health Insurance (medical, life, disability)	682,850	652,744	533,592	630,618	689,148	689,148	689,148	813,235	813,235	813,235	862,916	862,916
Retirement	260,357	276,021	347,173	339,834	371,375	371,375	371,375	435,680	435,680	435,680	465,714	465,714
Worker's Comp Insurance	83,373	74,063	76,858	81,676	89,257	89,257	89,257	90,581	90,581	90,581	87,039	87,039
Soc Sec Tax	161,194	183,307	198,605	200,401	219,001	219,001	219,001	230,020	230,020	230,020	260,360	260,360
Adm & Gen Exp Allocation	340,869	363,740	381,898	397,897	434,827	434,827	434,827	468,616	468,616	468,616	513,090	513,090
	\$ 3,680,474	\$ 4,021,485	\$ 4,192,106	\$ 4,365,231	\$ 4,770,387	\$ 4,770,387	\$ 4,770,387	\$ 5,127,778	\$ 5,127,778	\$ 5,127,778	\$ 5,628,241	\$ 5,628,241
<b>POWER</b>	2,442,221	3,129,430	2,785,390	2,022,222	2,209,913	2,209,913	2,209,913	3,052,994	3,052,994	3,052,994	2,256,913	2,256,913
<b>MAINTENANCE</b>	1,282,102	2,748,998	2,368,624	1,880,736	4,106,161	4,106,161	4,106,161	6,234,976	6,234,976	6,234,976	4,857,407	4,857,407
<b>CHEMICALS</b>	205,416	249,142	303,354	297,926	325,577	325,577	325,577	335,818	335,818	335,818	337,234	337,234
<b>PROFESSIONAL FEES</b>	398,483	391,855	388,538	345,089	467,315	467,315	467,315	854,755	854,755	854,755	776,155	776,155
<b>COMMERCIAL LABORATORIES</b>	130,184	199,081	132,812	128,709	140,655	140,655	140,655	194,389	194,389	194,389	185,438	185,438
<b>SLUDGE DISPOSAL</b>	338,466	337,915	341,796	323,785	353,837	353,837	353,837	397,531	397,531	397,531	403,868	403,868
<b>INSURANCE</b>	186,152	201,507	230,514	248,693	271,775	271,775	271,775	269,164	269,164	269,164	372,658	372,658
<b>OTHER O&amp;M EXPENSE</b>												
State Fees (including Lonestar GW Fee)	367,664	394,833	561,078	515,528	515,528	515,528	515,528	571,018	571,018	571,018	450,734	450,734
Misc. Services (Security, janitorial, uniforms, pest control, meter calibrations, etc.)	42,515	44,755	64,404	48,990	55,237	55,237	55,237	75,300	75,300	75,300	84,810	84,810
Communications	72,931	75,355	93,820	95,569	104,439	104,439	104,439	91,630	91,630	91,630	114,760	114,760
Vehicle maintenance	50,041	50,212	43,547	46,356	50,659	50,659	50,659	68,500	68,500	68,500	70,000	70,000
Fuel and Lubricants	86,188	126,797	92,761	103,481	116,586	116,586	116,586	116,000	116,000	116,000	111,350	111,350
Other Oper. Expenses (Doc. Mgmt., Staffing Serv. & Testing, Newspaper Ads, USGS etc.)	96,924	126,900	123,988	116,701	132,533	132,533	132,533	219,094	219,094	219,094	349,343	349,343
Misc. Expenses (computers, training, uniforms, telephone, supplies, equip. rentals, etc.)	182,332	278,835	308,279	364,180	428,549	428,549	428,549	415,244	415,244	415,244	540,051	540,051
<b>GRP FEE EXPENSES</b>												
TOTAL O&M EXPENSE	\$ 9,562,074	\$ 12,377,100	\$ 12,031,021	\$ 10,903,196	\$ 14,049,152	\$ 14,049,152	\$ 14,049,152	\$ 18,014,191	\$ 18,014,191	\$ 18,014,191	\$ 16,538,963	\$ 16,538,963
TOTAL CAPITAL OUTLAY	78,787	44,572	1,409,133	464,332	547,389	547,389	547,389	616,500	616,500	616,500	372,500	372,500
CONTINGENCY FUND CONTRIBUTION	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL O&amp;M EXPENSE &amp; OUTLAY</b>	\$ 9,640,861	\$ 12,421,672	\$ 13,440,154	\$ 11,367,528	\$ 14,596,541	\$ 14,596,541	\$ 14,596,541	\$ 18,630,691	\$ 18,630,691	\$ 18,630,691	\$ 16,911,463	\$ 16,911,463
<b>GRP FEE REVENUES</b>												
TOTAL O&M REVENUE	\$ 9,859,588	\$ 12,850,409	\$ 15,777,221	\$ 13,284,398	\$ 14,583,077	\$ 14,583,077	\$ 14,583,077	\$ 15,712,125	\$ 15,712,125	\$ 15,712,125	\$ 18,167,621	\$ 18,167,621
LESS REFUND	-	-	-	-	-	-	-	-	-	-	-	-
<b>LESS O&amp;M EXPENSE &amp; OUTLAY</b>	(9,640,861)	(12,421,672)	(13,440,154)	(11,367,528)	(14,596,541)	(14,596,541)	(14,596,541)	(18,630,691)	(18,630,691)	(18,630,691)	(16,911,463)	(16,911,463)
<b>BUDGET DEFICIT SUPPLIED FROM OPERATING RESERVES</b>								\$ (2,918,566)	\$ (2,918,566)	\$ (2,918,566)		
<b>NET O&amp;M REVENUE IN FISCAL YEAR</b>	\$ 218,707	\$ 428,737	\$ 2,337,066	\$ 1,916,869	\$ (13,464)	\$ (13,464)	\$ (13,464)	\$ -	\$ -	\$ -	\$ 1,256,158	\$ 1,256,158
<b>POPULATION (8/31)</b>	83,208	87,149	88,996	91,172	91,172	91,172	91,172	91,458	91,458	91,458	94,174	94,174
METERED WATER USE x 1000 g	4,536,111	5,853,556	6,278,718	5,251,205	5,251,205	5,251,205	5,251,205	5,798,597	5,798,597	5,798,597	5,715,760	5,715,760
PER CAPITA WATER USE, gallyear	54,515	67,167	70,550	57,596	57,596	57,596	57,596	63,402	63,402	63,402	60,693	60,693
WATER RATE, \$ per 1000 gal	0.85	1.01	1.21	1.26	1.26	1.26	1.26	1.26	1.26	1.26	1.40	1.40
SEWER RATE, \$ per 1000 gal	1.32	1.50	1.57	1.63	1.63	1.63	1.63	1.63	1.63	1.63	1.99	1.99
<b>AVG. PER CAPITA EXPENSE &amp; OUTLAY</b>	\$ 115.86	\$ 142.63	\$ 151.02	\$ 160.10	\$ 160.10	\$ 160.10	\$ 160.10	\$ 203.71	\$ 203.71	\$ 203.71	\$ 179.58	\$ 179.58

FISCAL 2011 OPERATING FUND BUDGET SUMMARY

SJRA WOODLANDS DIVISION  
 FY 2011 - FY 2015 CASH FLOW ANALYSIS  
 with Rate Adjustment for 10% Reduction in Summer Use and 5% in Other Months



**San Jacinto River Authority**  
**Budget Summary - Accrual Basis**  
**For the Fiscal Year Ending August 31, 2011**

	<u>Total</u>	<u>General Operating Fund</u>	<u>Groundwater Reduction Plan Division</u>	<u>Woodlands Operating Division</u>
<b>OPERATING REVENUES</b>				
Water sales				
Industrial	\$ 7,823,047	\$ 7,793,047	\$ -	\$ 30,000
Irrigation	119,280	119,280	0	0
Permits, licenses & fees	565,000	565,000	0	0
SJRA reservation fees	576,600	576,600	0	0
GRP pumping fees	11,395,545	0	8,156,454	3,239,091
Aquatic plant management revenue	50,000	50,000	0	0
Water & wastewater services	18,134,461	0	0	18,134,461
Cost sharing revenue	2,748,866	2,748,866	0	0
Grant revenue	97,589	97,589	0	0
<b>TOTAL OPERATING REVENUES</b>	<b>41,510,387</b>	<b>11,950,382</b>	<b>8,156,454</b>	<b>21,403,552</b>
<b>OPERATING EXPENSES</b>				
Payroll & employee benefit expenses	9,969,824	3,245,267	1,609,406	5,115,151
Professional fees	1,903,171	736,341	260,475	906,355
Purchased & contracted services	5,407,825	834,324	110,897	4,462,604
Supplies, materials & utilities	7,460,557	1,514,624	2,084,883	3,861,050
Maintenance repairs, parts & rentals	5,744,879	820,076	5,000	4,919,803
General & administration	69	(1,178,698)	665,676	513,090
<b>TOTAL OPERATING EXPENSES</b>	<b>30,486,325</b>	<b>5,971,934</b>	<b>4,736,337</b>	<b>19,778,054</b>
<b>NON-OPERATING REVENUES &amp; EXPENSES</b>				
Interest on investments	52,360	25,200	24,000	3,160
Other revenues	69,500	69,500	0	0
Depreciation	(2,196,684)	(587,700)	0	(1,608,984)
Interest expense	(1,424,074)	(1,392,991)	(31,083)	0
Amortized debt issuance expense	(54,876)	(54,876)	0	0
Capital contributions	286,343	286,343	0	0
<b>TOTAL NON-OPERATING</b>	<b>(3,267,431)</b>	<b>(1,654,524)</b>	<b>(7,083)</b>	<b>(1,605,824)</b>
<b>NET INCOME (LOSS)</b>	<b>\$ 7,756,631</b>	<b>\$ 4,323,923</b>	<b>\$ 3,413,034</b>	<b>\$ 19,674</b>
<b>CAPITAL ASSETS</b>				
Capital improvements	25,970,750	10,369,750	15,434,000	167,000
Other capital assets	1,407,000	1,062,500	139,000	205,500
<b>TOTAL CAPITAL ASSETS</b>	<b>\$ 27,377,750</b>	<b>\$ 11,432,250</b>	<b>\$ 15,573,000</b>	<b>\$ 372,500</b>