

SAN JACINTO RIVER AUTHORITY PROPOSED ANNUAL BUDGET



FISCAL YEAR 2018

San Jacinto River Authority
Proposed Operating Budgets
For Fiscal Year September 1, 2017 to August 31, 2018

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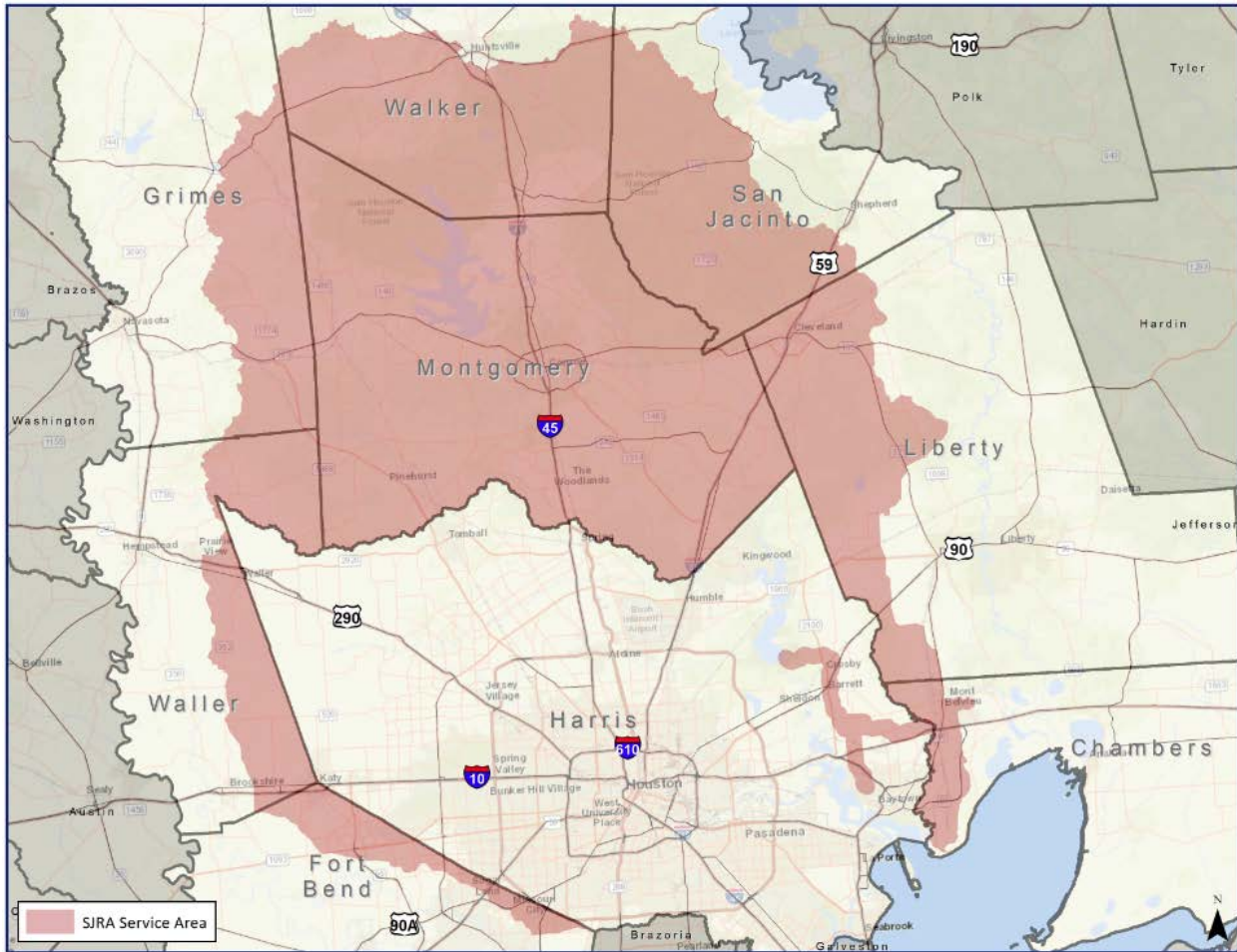
INTRODUCTION



INTRODUCTION TO SJRA

The 45th Texas Legislature created the San Jacinto Conservation and Reclamation District in 1937 (citation – May 12, 1937, 45th Leg., R.S., ch. 426). The 52nd Texas Legislature later changed its name to the San Jacinto River Authority (“Authority”) in 1951 (citation – May 14, 1951, 52nd Leg., R.S., Ch 366). The Authority was created to develop, conserve, and protect the waters of the river basin and its tributaries, including all of Montgomery County and parts of six other counties, excluding Harris County. The Authority is one of ten major river authorities in the State of Texas, and like the other river authorities, its primary purpose is to implement long-term, regional projects related to water supply and wastewater treatment. The Authority also operates in eastern Harris County by agreement with the City of Houston to supply raw water for municipal, industrial, and irrigation needs.

MAP OF SJRA SERVICE AREA



VISION, MISSION, AND PRINCIPLES

The Authority's Vision is to provide reliable, cost effective, and sustainable water resource management that supports economic and industrial growth in the region and earns the trust and confidence of Authority customers. The Authority's Mission is to:

- plan for and develop adequate and reliable long-term water supplies,
- treat and distribute safe drinking water,
- provide regional wastewater treatment services,
- deliver raw water for municipal, industrial, and agricultural use,
- monitor and protect source water quality,
- ensure safe, dependable reservoir operations, and
- educate the public about water conservation and water resources.

The Authority believes in the following principles as the foundation for performing its mission and pursuing its vision:

- focus on our customers and stakeholders,
- treat each customer, employee, and vendor with dignity and respect,
- value each employee, their work, and their commitment,
- be truthful, trustworthy, and transparent,
- be knowledgeable and diligent in the performance of our duties,
- use financial resources efficiently and responsibly,
- be accountable for our performance,
- continuously improve our performance,
- ensure that our systems and strategies remain viable for future generations,
- be prepared for and respond effectively in emergencies,
- support responsible water resource development, and
- support water conservation and environmental stewardship.

ORGANIZATIONAL STRUCTURE

SJRA Board of Directors



Lloyd B. Tisdale
President



Fred Koetting
Vice-President



Gary Renola
Secretary



Ronnie Anderson
Treasurer



Jim Alexander
Asst. Secretary

Vacant
Position

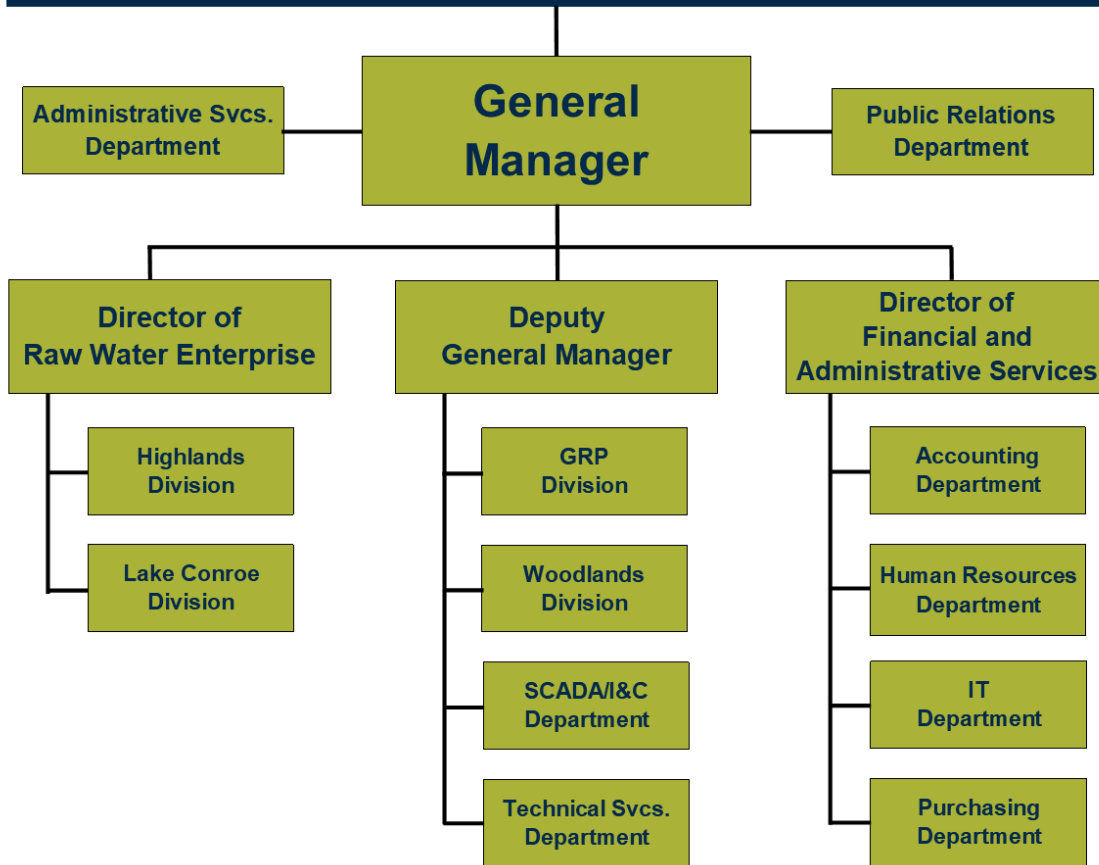
Vacant
Position

The Authority is governed by a seven-member Board of Directors, appointed by the Governor of Texas to six-year staggered terms. Section 49.057 (b), of the Texas Water Code requires the Board of Directors of the Authority to adopt an annual operating budget.

The Authority operates on a fiscal year that begins September 1st of each calendar year and ends August 31st of the next year. The Authority utilizes eight distinct enterprises to report on and budget for the same functions as business type activities. The Authority's major enterprise funds are as follows:

- Raw Water Supply (part of overall Raw Water Enterprise)
- Highlands Division (part of overall Raw Water Enterprise)
- Lake Conroe Division (part of overall Raw Water Enterprise)
- Woodlands Division
- Groundwater Reduction Plan (GRP) Division
- General and Administration Division
- Bear Branch
- Region H

SJRA Board of Directors



The Highlands and Lake Conroe Divisions are cost centers, and combine with the Raw Water Supply as a revenue center, to create the overall Raw Water Enterprise. The Authority has two distinct utility divisions in the Woodlands and GRP Divisions. In addition to the Authority's four operating divisions, SJRA also maintains the Bear Branch Reservoir (Bear Branch) for five Woodlands area Municipal Utility Districts (MUDs) and serves as the designated administrative agent for the Region H Water Planning Group H (Region H). The Bear Branch and Region H budgets are developed separate from normal business operations.

BUDGET PROCESS AND SCHEDULE

Each year in and around November, the Authority’s management team begins the budgeting process for the next fiscal year. The process begins with updates to divisional ten-year project plans, five-year business plans, and five-year staffing plans, adding in-depth service demand forecasting, and line item by line item evaluation, forecasting, and justification of expenditures. The following is a summarized general timeline of the Authority’s budget process.

FISCAL YEAR 2018 SCHEDULE	
November/December	<ul style="list-style-type: none"> • Updates to five-year business plans
November/February	<ul style="list-style-type: none"> • Updates to ten-year project plans
January	<ul style="list-style-type: none"> • Coordination with Board of Directors and customers regarding water and wastewater demand forecasting and general budgetary assumptions
February	<ul style="list-style-type: none"> • G&A Department budget development
February – March	<ul style="list-style-type: none"> • Operating Division budget development
April – June	<ul style="list-style-type: none"> • Ten-year project plans for each Division presented to customers and Board of Directors • Senior Management review and compilation of overall budgets • Draft Division budget presentations to customers, participants, and the City of Houston • Proposed Division rate presentations to customers • Draft GRP budget and proposed GRP rates presentation to Finance Committee and Board of Directors • GRP draft budget and proposed divisional rates presentation to Board of Directors for approval • Draft divisional/departmental budgets presentation to Finance Committee
July	<ul style="list-style-type: none"> • Presentation of proposed overall and division budgets, and the proposed Raw Water Rate Order to Board of Directors
August	<ul style="list-style-type: none"> • Board of Directors budget approval and Raw Water Rate Order Approval

CAPITAL IMPROVEMENTS AND OTHER PROJECT PLAN DEVELOPMENT

As part of the Authority's planning and budget process and schedule as mentioned above, Capital Improvement and Other Project Plans are developed for each Division for a ten-year period. The projects listed in these Plans may be funded from the annual O&M budgets, bonds, grants, and/or from capacity contributions from customers. Projects anticipated to be funded from divisional O&M budgets are subject to available funds and may be delayed if adequate funds are not available. Projects anticipated to be funded by bonds are not a direct part of the O&M budgets, with the exception of any debt service requirements and are only included in project listings within this document to give a complete picture of planned project activity during FY2018.



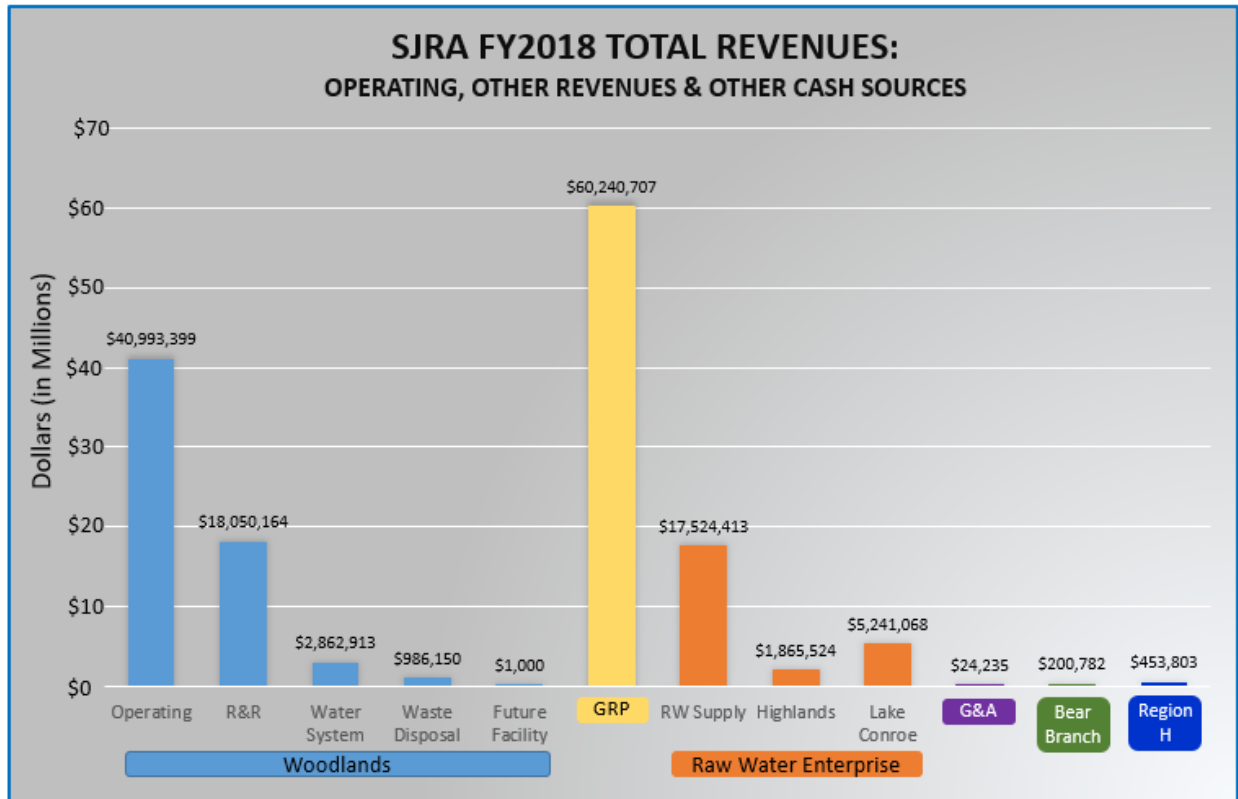
GENERAL BUDGETARY ASSUMPTIONS

Key assumptions affecting all SJRA divisions and departments for FY2018 are as follows:

- Staffing of all 179 Full Time Equivalent (FTE) positions assumes full employment for the entire FY2018
- No part-time, temporary, or intern positions are budgeted
- Salaries and wages increases are budgeted at a combined average of 4%: an average of 3% for performance-based merit increases and 1% for promotions, market adjustments, and equalizations
- Salaries and wages include an estimate of 10.5% of overtime for non-exempt (hourly) employees that have historically demonstrated a likelihood of overtime utilization
- Current types of benefits provided and offered to employees will continue
- Healthcare benefit costs (medical only) are budgeted for a 30% increase for FY2018, with significant changes to the insurance plan offered
 - Increase in-network individual deductible to \$6,000; and \$12,000 for spouse, dependent, and family coverage
 - Increase out-of-network individual deductible to \$18,000; and \$36,000 for spouse, dependent, and family coverage
 - Continue healthcare deductible reimbursement account, with employee contribution increase from \$1,000 to \$1,500; \$2,000 to \$3,000 for spouse, dependent, and family coverage; with continued funding of “self-insurance” style Authority matching portion of deductibles
 - Increase various service related and prescription co-pays
 - Increase employee premium match for spouse, dependent, and family coverage from 17% to 19%
 - Continue Authority health and wellness program, including participation incentives
- Retirement benefits for FY2018 are budgeted at 13.79% of salaries for employees hired prior to August 1, 2016 under the defined benefit plan and 12% of salaries for employees hired on or after August 1, 2016, based on the Authority’s new defined contribution retirement plan
- Workers Compensation benefits are budgeted for a 5% increase for FY2018 based on a running three-year historical experience modifier
- Normal weather and operating conditions are forecast for FY2018, unless otherwise highlighted within division details
- Fuel prices per gallon for gasoline and diesel are forecasted to increase for FY2018 to \$2.50 and \$2.75, respectively
- Utility usage, electric, and natural gas prices are forecasted to remain stable for FY2018
- Specific division rates for FY2018
 - Raw Water = \$0.41 per 1,000 gallons through December 31, 2017, increasing to \$0.43 beginning January 1, 2018
 - Woodlands Wholesale Water = \$2.10 per 1,000 gallons
 - Woodlands Wholesale Wastewater = \$4.30 per 1,000 gallons
 - GRP Groundwater Pumpage = \$2.64 per 1,000 gallons
 - GRP Surface-water = \$2.83 per 1,000 gallons

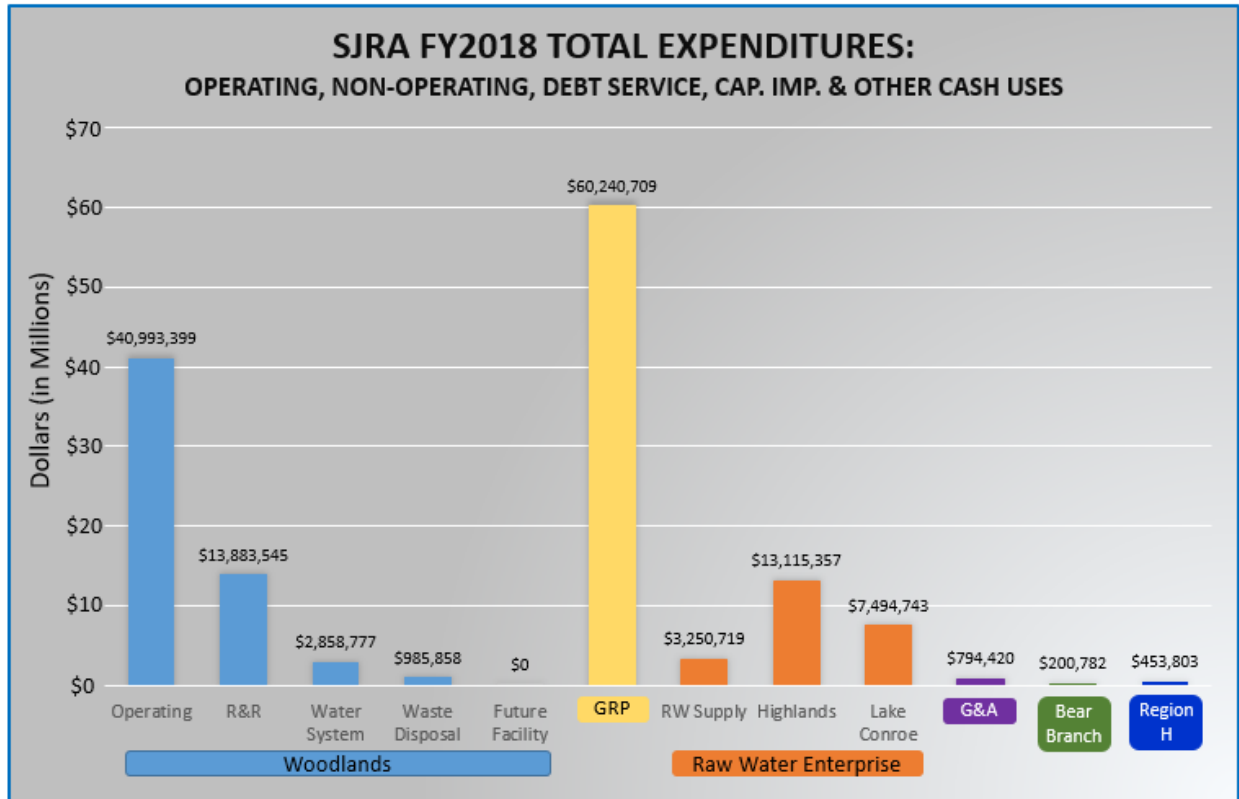
SUMMARY OF FISCAL YEAR 2018 OVERALL BUDGET

Total Operating Revenues projected for FY2018 for all Divisions, including Bear Branch and Region H are \$126,447,918. Other Revenues total \$1,224,676. Other cash sources include the use of unused remaining bond proceeds, grant proceeds, pre-paid fees, capacity contributions from customers, interdivision transfers, and cash from reserves, total \$20,771,563 to create total projected revenues from all sources of \$148,444,157. Revenues for the separate operating divisions are for the sole use within their specific division. The Raw Water Enterprise, Woodlands Division, and GRP Division revenues are not shared between one another. The Woodlands Division is further broken down into five separate budgets: Operations, Repair and Replacement Fund, Water System Bonds, Waste Disposal Bonds, and Future Facility Bonds, discussed in more detail within the Woodlands section of this budget. The Raw Water Enterprise encompasses the revenues from the Raw Water Supply with the cost centers of the distinct Highlands and Lake Conroe Divisions. Specific expenditures for the Highlands Division and Lake Conroe Division are utilized for their direct operations. Raw Water Supply revenues are utilized to cover the remaining expenses for Highlands and Lake Conroe and for the remaining unallocated expenses of the G&A Division. All revenues associated with Bear Branch and Region H are utilized for those specific purposes.



Total Operating and Non-Operating Expenditures projected for FY2018 for all Divisions, including Bear Branch and Region H are \$100,626,449. Authority-wide Capital Improvements that are not funded from bond issuances, total \$6,117,830 for FY2018. Total Other Uses for all of SJRA, which includes bond and loan principal payments, contributions to various reserves, and inter-division transfers, is \$37,527,833.

Expenditures for the separate operating divisions are based on the activities within their specific division. The Raw Water Enterprise, Woodlands Division, and GRP Division expenditures are not shared between one another. The Raw Water Enterprise encompasses the expenditures from the Raw Water Supply with the cost centers of the distinct Highlands and Lake Conroe Divisions. Highlands Division and Lake Conroe Division specific expenditures are for their direct and specific operations and maintenance. Raw Water Supply revenues are utilized to cover the remaining expenses for Highlands and Lake Conroe and for the remaining unallocated expenses of the G&A Division. All expenditures associated with Bear Branch and Region H are utilized for those specific activities.



Annual debt service for FY2018 includes principal, interest, and any issuance costs across all of SJRA is \$45,867,100. Current total indebtedness across all of SJRA, as of August 31, is \$664,275,265.

San Jacinto River Authority
Actual to Budget Comparison
FY2016 - FY2018

Description	Rolling 12			PROPOSED	
	Actuals 8/31/2016	Actuals Sept-March FY2017	Mo. Actuals April 2016- March 2017	Budget FY2017	Budget FY2018
OPERATING REVENUES					
General Industrial Water Revenue	\$ 11,157,470	\$ 6,897,088	\$ 11,769,390	\$ 11,648,217	\$ 12,418,390
General Industrial Water Revenue-Lake Customers	979,417	594,037	1,009,225	1,030,470	1,081,570
Water Sales-Woodlands MUD's	10,863,349	5,765,969	10,874,284	11,897,355	12,381,458
Water Sales-Municipal	2,565,019	1,711,181	3,016,106	3,244,906	3,507,438
Water Sales-Commercial	65,687	21,455	68,908	40,400	101,522
Lawn Irrigation Fees	109,425	65,750	111,800	52,500	100,000
Water Sales-Reclaimed Groundwater	8,189	8,189	16,378	-	-
Water Sales-Irrigation	30,252	35,614	53,825	40,400	42,403
Wastewater Treatment Fees	12,105,737	7,345,192	12,517,736	12,685,000	12,078,068
Direct Reuse Water	30,877	17,500	30,877	30,000	30,000
Permits, Licenses, & Fees - Residential	640,070	347,072	656,050	600,000	600,000
Permits, Licenses & Fees - Commercial	464,224	240,479	473,027	630,100	630,100
SJRA Reservation Fee	219,144	102,557	140,739	108,468	88,442
Industrial Reservation Fee	87,070	-	-	92,006	146,019
Municipal Reservation Fee	32,000	21,120	35,738	36,803	38,628
GRP Pumping Fees	38,649,606	20,573,493	38,743,096	46,041,741	47,984,849
GRP Pumping Fees-Woodlands	6,144,283	2,207,908	4,703,012	5,329,000	6,191,392
LSGCD Revenue	790,667	532,146	860,192	873,555	1,201,215
LSGCD Revenue-Woodlands	93,966	49,185	143,151	149,212	234,522
GRP Surface Water Sales	4,839,929	3,929,673	6,646,009	8,051,170	9,058,972
GRP Surface Water Sales-Woodlands	8,394,738	5,902,118	10,365,177	10,653,073	11,304,399
Alkalinity Reimbursement	55,199	-	-	-	-
Compliance Fee Revenue	750	500	1,000	-	-
Sampling	-	-	-	18,000	18,000
Septic Tank Licenses	20,980	12,620	19,360	17,000	20,000
City of Houston Share of Lake Conroe Operations	1,486,055	1,223,066	1,839,622	2,746,478	3,344,068
Capacity Revenue	3,834,462	1,303,814	3,803,590	3,856,537	3,846,463
Other Operating Revenue	4,731	13,074	14,151	-	-
TOTAL OPERATING REVENUES	\$ 103,673,297	\$ 58,920,801	\$ 107,912,443	\$ 119,872,392	\$ 126,447,918
OTHER REVENUES					
Interest Income	\$ 646,521	\$ 326,722	\$ 598,805	\$ 39,950	\$ 97,950
Interest Income- Region H - General Fund	342	359	553	50	500
Land Use Agreements	6,355	-	6,355	6,355	-
Office Rental Revenue	22,310	21,538	32,628	36,923	36,923
Grant Revenue	359,110	260,921	297,471	300,500	1,089,303
Proceeds From Sale Of Assets	195,860	20,465	136,844	-	-
Other Gains & Losses	35,924	30,512	42,990	-	-
TOTAL OTHER REVENUES	\$ 1,266,422	\$ 660,518	\$ 1,115,645	\$ 383,778	\$ 1,224,676
OPERATING EXPENSES					
SALARIES, WAGES, & EMPLOYEE BENEFITS					
Salaries & Wages	\$ 5,930,457	\$ 3,391,499	\$ 6,002,012	\$ 6,400,548	\$ 6,516,458
Salary & Wage Allocation	5,737,511	3,401,748	5,907,513	6,317,181	6,505,325
Salaries & Wages-Interns	-	68	68	72,675	-
Staffing Services	58,627	15,684	51,497	-	-
Compensated Absences	21,193	-	21,193	-	-
Group Insurance	1,980,206	1,430,323	2,283,084	2,259,802	3,490,586
Group Insurance - Retirees	53,000	33,720	56,120	55,920	63,862
Group Insurance - Retiree OPEB	165,302	-	165,302	135,000	181,000
Group Retirement Expense	1,379,619	882,301	1,460,155	1,535,559	1,783,407
Workers Compensation Insurance	271,506	165,382	283,011	241,688	332,533
Social Security Taxes	852,763	487,413	869,266	936,435	963,855
Tuition Reimbursement	13,324	6,289	11,903	30,000	30,000
TOTAL SALARIES, WAGES, & EMPLOYEE BENEFITS	\$ 16,463,508	\$ 9,814,428	\$ 17,111,124	\$ 17,984,807	\$ 19,867,026
PROFESSIONAL FEES					
Legal Fees	\$ 692,686	\$ 1,051,116	\$ 1,435,059	\$ 2,303,634	\$ 1,574,500
Disclosure Filing	1,500	-	-	2,500	2,000
Legal Fees-Enforcement	12,513	21,463	30,647	30,000	35,000
Annual Financial Audit	49,518	51,835	59,035	78,750	73,750

San Jacinto River Authority
Actual to Budget Comparison
FY2016 - FY2018

Description	Rolling 12			PROPOSED	
	Actuals 8/31/2016	Actuals Sept-March FY2017	Mo. Actuals April 2016- March 2017	Budget FY2017	Budget FY2018
Arbitrage Rebate Audit	7,200	11,100	11,100	21,600	7,350
Management Audit	-	-	-	-	50,000
Paying Agent Fees	13,000	8,265	12,015	11,250	11,265
Engineering	1,422,622	647,609	1,402,385	2,036,720	2,164,450
Crane Inspections	685	-	685	12,000	6,100
Other Professional Services	-	-	-	30,000	20,000
Safety Inspections & Testing	3,411	9,754	10,518	28,100	11,600
Graphic Design	3,844	-	1,390	13,500	11,500
TOTAL PROFESSIONAL FEES	\$ 2,206,978	\$ 1,801,142	\$ 2,962,834	\$ 4,568,054	\$ 3,967,515
PURCHASED & CONTRACTED SERVICES					
Waste Disposal Services	\$ 70,622	\$ 46,866	\$ 81,910	\$ 146,091	\$ 130,969
Sampling-Reimbursible	-	-	-	18,000	18,000
Sludge Removal	606,921	313,241	642,582	661,101	638,159
Meter Calibration Services	5,234	1,707	5,366	13,400	15,550
Commercial Laboratory Fees	241,501	105,880	229,550	293,900	231,363
Other Services	15,079	35,973	48,914	131,500	84,500
State Fees	92,212	106,629	107,536	92,130	111,880
Groundwater District Fees	924,669	517,794	875,512	1,022,767	1,436,237
Groundwater District Fees-GRP	86,136	96,346	182,482	149,212	234,522
Patrolling & Security Services	313,157	172,219	303,642	314,606	338,900
Employee Testing- New	12,289	5,251	8,210	15,000	18,000
GRP Pumpage Fees	6,144,283	2,207,908	4,703,012	5,329,000	6,191,392
GRP Surface Water Fees	8,394,738	5,902,118	10,365,177	10,653,073	11,304,399
Janitorial Services	111,131	49,706	93,853	134,113	102,051
Stream Gauging & Water Quality-USGS	145,423	77,886	111,834	214,668	178,470
South Canal CWA Water Conveyance	93,470	27,227	81,722	145,000	145,000
East Canal CWA Water Conveyance	9,237	125	9,362	119,625	119,625
Trucking	455	910	910	5,400	5,400
Water Quality Testing	-	-	-	15,000	22,200
Public Relations Expense	67,426	26,511	60,859	103,000	47,500
Water Conservation & Public Education	50,670	22,806	36,876	90,000	65,000
Website Hosting & Maintenance	5,580	1,855	3,180	5,000	5,000
Communication Services	410	-	-	1,000	-
Directors Fees & Expenses	16,703	10,500	17,628	24,000	24,000
Meeting Expenses	18,535	6,716	15,233	18,600	22,800
Directors' Travel Expenses	2,383	4,275	5,943	4,000	8,500
Posting Notice Expenses	16,129	8	9	500	500
Document Retention/Destruction	2,283	508	2,791	291,500	174,200
Public Official Liability	5,785	1,422	5,778	5,250	5,408
TOTAL PURCHASED & CONTRACTED SERVICES	\$ 17,452,459	\$ 9,742,384	\$ 17,999,870	\$ 20,016,435	\$ 21,679,526
SUPPLIES, MATERIALS & UTILITIES					
Operating Supplies & Expenses	\$ 73	\$ 49	\$ 106	\$ 500	\$ 500
Office Supplies & Printing	68,663	27,633	62,192	105,380	94,550
Other Office Expense	19,314	6,817	14,854	23,500	19,500
Travel	81,853	23,092	76,513	137,140	133,829
Automobile & Truck Expense	147,356	74,982	152,379	175,179	192,900
Miscellaneous	48	-	-	-	-
Postage	16,877	11,615	18,175	21,630	36,630
Property Insurance	416,207	232,119	402,162	469,619	483,707
Auto Insurance	90,243	58,279	93,106	107,201	110,416
Liability Insurance	69,178	41,964	66,881	81,665	84,115
Small Tools Purchases	15,307	7,006	20,184	16,000	16,000
Training-External	182,250	65,785	168,257	268,508	260,840
Training-Internal	14,278	11,510	20,403	41,500	61,500
Training-Employee HR	14,684	8,258	15,433	16,000	17,000
Chemicals	38	-	38	1,000	3,000
Copper Sulfate	40,422	10,933	21,222	93,313	35,114
Citric Acid	160,974	49,643	115,163	363,516	145,638
Phosphoric Acid	15,710	-	-	-	-
Granulated Activated Carbon	1,737,108	-	1,737,108	2,480,740	2,480,740

San Jacinto River Authority
Actual to Budget Comparison
FY2016 - FY2018

Description	Actuals			Rolling 12	PROPOSED	
	Actuals 8/31/2016	Sept-March FY2017	April 2016- March 2017	Mo. Actuals	Budget FY2017	Budget FY2018
Aluminum Chlorohydrate	711,655	364,456	1,076,110		861,438	1,012,268
Sodium Permanganate	58,363	58,483	116,846		58,000	135,060
Sodium Bisulfate	17,039	9,907	19,779		20,582	19,428
Sodium Hydroxide	145,206	82,481	150,362		218,958	181,903
Sodium Hypochlorite	152,321	96,105	195,074		176,473	273,071
Lime	-	-	-		1,050	-
Chlorine	105,436	48,552	98,824		145,300	114,332
Polymer	122,568	76,698	135,321		182,478	177,035
Sulfur Dioxide	40,832	22,892	39,788		40,000	51,675
Calcium Hydroxide	-	-	-		20,000	-
Chemicals - Lab	15,423	6,137	17,118		25,500	-
Other Chemicals	54,059	12,347	(302,673)		44,500	57,913
Managers Expense	57,936	10,980	40,717		78,050	71,940
Employee Relations	45,212	20,214	45,862		64,000	66,100
Alkalinity	115,390	62,545	67,595		120,000	138,600
Fuel	164,178	85,818	155,600		339,682	266,475
Uniform Services	61,533	26,137	54,376		65,020	68,641
Maintenance Supplies	87,364	39,713	91,348		63,500	70,700
Supplies - Lab	8,947	3,318	6,356		22,000	44,800
Operations Supplies	116,635	59,293	119,755		140,811	154,211
Other Operating Expenses	26,083	9,896	23,369		21,500	20,000
Memberships & Professional Dues	34,558	18,461	29,753		57,600	53,773
Signage	3,435	6,207	9,642		4,500	8,500
Janitorial Supplies	7,102	3,800	6,938		9,167	9,200
Copier, Scanner & Fax	24,547	18,794	29,261		48,365	50,125
Delivery & Freight	5,829	4,174	6,788		10,700	3,200
Utilities-Electric	3,482,914	1,895,316	3,509,893		4,283,686	3,998,282
Utilities-Natural Gas	15,295	9,262	16,493		25,250	25,250
Utilities-Water	698	396	766		800	800
Utilities-Sewer	271,378	72,155	123,591		182,500	190,500
Utilities-Electric-LHPS Pumping Costs-Direct	114,185	41,029	105,344		130,000	130,000
Utilities-Electric-ECTPS Pumping Costs-Direct	6,087	4,786	10,873		24,000	24,000
Utilities-Electric-SCTPS Pumping Costs-Direct	5,845	6,076	11,921		14,400	14,400
Pumping Costs-Indirect	16,112	7,610	15,243		19,260	19,260
Reservation Fees-City of Houston	860,828	2,172,129	2,172,129		2,228,039	1,942,184
Reservation Fees-SJRA	219,144	81,081	119,263		108,468	88,442
Supply Use Fee-SJRA	2,152,841	1,491,599	2,625,426		2,825,357	3,067,085
Additional Water Fees	237,500	237,500	237,500		250,000	235,000
Bank Service Charges	75	150	150		200	200
Bank Account Analysis Fee	127	544	622		1,000	1,000
Personal Protective Equipment	11,978	6,869	12,648		31,600	26,300
Safety Equipment & Meetings	46,393	20,005	37,218		58,670	51,745
Health & Wellness Program	1,214	194	563		15,000	3,000
Recruiting Expenses	13,434	4,167	8,412		52,100	40,000
Computer Hardware	128,947	50,208	134,855		209,500	318,595
Software & Support	369,282	256,579	439,630		625,700	551,839
Software Maintenance	103,284	22,867	88,653		133,500	127,100
Network Communications	37,900	33,069	45,205		55,900	53,160
Publications & Subscriptions	6,257	4,088	6,270		20,950	18,750
Wireless Devices & Services	170,201	71,414	147,308		224,600	185,521
Phone System-Install, Maintenance, & Changes	-	-	-		13,100	12,525
Emergency Operations Communications	3,117	1,417	2,564		2,700	3,564
Landline Telephone Services	134,783	73,159	138,297		106,900	90,960
TOTAL SUPPLIES, MATERIALS & UTILITIES	\$ 13,682,052	\$ 8,340,763	\$ 15,228,923		\$ 18,884,745	\$ 18,444,393
RENTALS						
Equipment Rentals	\$ 31,612	\$ 11,800	\$ 30,381	\$	41,000	\$ 49,800
Office Rent	31,144	24,492	40,287		47,123	40,773
Office Equipment Rentals	20,546	15,300	24,761		21,000	21,000
Rent-U.S. Forest Lands	16,697	9,740	16,697		17,000	17,000
Radio Tower Rental	7,638	4,589	7,772		8,000	8,400
TOTAL RENTALS	\$ 107,637	\$ 65,921	\$ 119,898	\$	134,123	\$ 136,973

San Jacinto River Authority
Actual to Budget Comparison
FY2016 - FY2018

Description	Rolling 12			Budget FY2017	PROPOSED Budget FY2018
	Actuals 8/31/2016	Actuals Sept-March FY2017	Mo. Actuals April 2016- March 2017		
MAINTENANCE, REPAIRS & PARTS					
Instrumentation	\$ 7,103	\$ 801	\$ 6,611	\$ 17,000	\$ 17,000
Office, Furniture, & Fixtures	18,794	35,764	48,621	76,000	32,300
Air Conditioner	63,099	2,682	42,851	65,000	74,900
Sidewalks & Driveways	-	102	102	80,000	35,000
Mowing	207,097	96,690	247,932	273,000	345,088
Building Equipment	2,483	-	828	-	-
Buildings & Grounds Maintenance	316,160	192,861	393,949	507,000	528,720
Building Repair & Modifications	-	-	-	-	5,000
Plants & Facilities	365,853	41,329	399,955	180,000	195,100
Security System Monitoring	10,241	4,320	11,009	17,871	8,024
Wells	114,919	1,818	(2,575)	22,000	29,500
Tanks	967,453	282,784	854,104	2,216,800	2,863,200
Electrical	96,314	52,320	114,418	186,100	385,600
Generators	71,422	10,344	30,971	78,000	227,000
Pumps & Motors	99,763	38,877	77,026	249,053	283,000
Compressor	-	600	600	500	22,501
Aerators	6,179	1,349	6,100	19,000	100,000
Machinery, Tools, & Implements	103,465	39,350	98,432	114,250	116,750
Boat Maintenance & Repairs	6,206	3,274	8,683	15,000	13,000
Belt Press	9,704	10,511	10,667	22,350	33,050
Clarifier	1,982	8,106	10,088	4,200	12,400
UV Equipment	95,528	-	668	10,000	10,000
Pipeline Transmission System	150,191	1,123,524	1,273,550	1,720,000	308,000
Lines, Valves, & Pipes	1,771,589	402,884	856,523	711,000	1,678,000
Drainage Structures	23,219	-	23,219	-	-
Other Maintenance	29,274	16,350	40,484	260,000	10,000
Laboratory Equipment	9,472	1,677	3,024	19,000	6,600
Instrumentation Equipment & Parts	210,619	139,694	220,628	286,000	346,900
Bar Screens	5,904	10,931	13,565	25,500	109,500
Chlorinator	37,143	24,396	30,586	88,500	49,500
Low Head Filters	-	9,985	9,985	1,000	19,500
Channel Desilting & Desnagging	7,220	-	2,800	10,000	10,000
Bridges, Culverts, & Siphons	31,576	113,631	136,452	150,000	345,745
Pretreatment	-	-	-	-	12,000
Membrane	-	-	-	-	12,000
Water Control Structure	3,794	9,614	9,841	57,000	-
Canals, Levees, & Dams-Maintenance & Repairs	189,605	572,200	675,333	596,000	921,000
Clearing	8,259	3,895	11,554	15,000	15,000
Invasive Species Management	116,317	12,838	66,885	152,400	152,400
Streets & Roads	32,579	-	32,579	35,000	25,000
Ayer Island Maint & Repair	-	-	-	2,000	2,000
Fencing & Security Repairs	10,289	2,520	8,795	6,500	10,000
Lake Houston Pump Station Maintenance & Repairs	78,832	19,449	95,926	65,000	869,959
Pump Station Equipment	2,024	-	-	-	-
Inventory Gains and Losses	(2,599)	929	(738)	-	-
Bad Debt Expense	15,938	-	15,938	-	-
TOTAL MAINTENANCE, REPAIRS & PARTS	\$ 5,295,010	\$ 3,288,397	\$ 5,887,964	\$ 8,353,024	\$ 10,240,237
GENERAL & ADMINISTRATIVE EXPENSES					
General & Administrative Expense Allocated	\$ 2,349,183	\$ 1,285,045	\$ 2,342,884	\$ 3,137,068	\$ 3,123,421
General & Administrative Expense Allocated to Lake Conroe	(469,415)	(351,897)	(567,780)	(974,181)	(924,130)
General & Administrative Expense Allocated to Bear Branch	(14,962)	(5,921)	(14,583)	(24,654)	(18,253)
General & Administrative Expense Allocated to Highlands	(540,104)	(207,010)	(445,283)	(654,693)	(579,465)
General & Administrative Expense Allocated to Raw Water	-	(15,611)	(15,611)	-	(90,750)
General & Administrative Expense Allocated to Woodlands	(739,877)	(438,181)	(757,381)	(771,685)	(822,231)
General & Administrative Expense Allocated to GRP Division	(584,825)	(266,425)	(542,246)	(711,855)	(688,592)
TOTAL GENERAL & ADMINISTRATIVE EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -
NON-OPERATING EXPENSES					
Interest Expense	\$ 24,954,256	\$ 14,970,967	\$ 24,870,072	\$ 25,651,022	\$ 25,630,731

San Jacinto River Authority
Actual to Budget Comparison
FY2016 - FY2018

Description	Actuals 8/31/2016	Actuals Sept-March FY2017	Rolling 12		PROPOSED	
			Mo. Actuals April 2016- March 2017	Budget FY2017	Budget FY2018	
Bond Issuance Costs	108,133	823	108,033	-	660,050	
TOTAL NON-OPERATING EXPENSES	\$ 25,062,389	\$ 14,971,790	\$ 24,978,105	\$ 25,651,022	\$ 26,290,781	
TOTAL EXPENSES	\$ 80,270,033	\$ 48,024,824	\$ 84,288,718	\$ 95,592,210	\$ 100,626,450	
NET REVENUES OVER EXPENSES	\$ 24,669,685	\$ 11,556,494	\$ 24,739,369	\$ 24,663,960	\$ 27,046,144	
CAPITAL IMPROVEMENTS						
Property Acquisition				\$ 33,000	\$ 10,000	
Easements				50,000	-	
Capital Improvements				5,094,000	583,000	
Office Buildings				-	174,000	
Dam Rehabilitation				2,470,000	503,194	
Highlands Improvements				3,047,240	1,651,279	
Water Treatment Plant & Facilities				-	1,419,000	
Sewage Treatment Plant & Facilities				-	1,459,000	
Maintenance Equipment				246,000	280,000	
Lift Station				25,000	-	
Transportation Equipment				175,000	247,500	
Software				160,100	47,000	
Computer Equipment				241,900	208,500	
Electronic Test Equipment				27,500	36,500	
Radio Communications Equipment				32,000	40,000	
COH 2/3				(1,709,600)	(541,144)	
TOTAL CAPITAL IMPROVEMENTS				\$ 9,892,140	\$ 6,117,829	
OTHER USES						
Bond Principal	\$ 16,050,000	\$ 18,350,000	\$ 16,045,000	\$ 18,775,833	\$ 19,275,833	
Loan Principal	273,881	165,719	280,778	286,894	300,486	
Operating Reserve Fund				-	3,591,006	
Emergency Reserve Fund	135,000	-	-	-	-	
Capital Repair/Replacement Reserve Fund				2,048,268	8,014,491	
Interdivision Transfers	8,523,379	4,448,000	7,448,000	7,448,000	6,346,017	
TOTAL OTHER USES	\$ 24,982,260	\$ 22,963,719	\$ 23,773,778	\$ 28,558,995	\$ 37,527,833	
OTHER SOURCES						
Bond Proceeds				\$ 543,000	\$ 278,245	
Grant Proceeds				-	216,000	
Cash Sources				640,614	11,787,542	
Prepaid Reservation Fee				-	472,943	
Capacity Contributions	1,158,179	345,662	345,662	3,250,902	1,670,816	
Interdivision Transfers	8,523,379	4,448,000	7,448,000	7,448,000	6,346,017	
Operating Reserve Fund				2,419,812	-	
TOTAL OTHER SOURCES	\$ 9,681,558	\$ 4,793,662	\$ 7,793,662	\$ 14,302,328	\$ 20,771,563	
NET CASH BASIS SOURCES (USES)	\$ 9,368,983	\$ (6,613,563)	\$ 8,759,254	\$ 515,153	\$ 4,172,046	

San Jacinto River Authority
Proposed Budget Summary
FY2018

Description	Woodlands					Raw Water Enterprise					
	Total	Operating	R&R	Waste		Raw Water	Highlands	Lake	G&A	Bear	Region H
				System Bonds	Disposal Bonds						
OPERATING REVENUES											
General Industrial Water Revenue	\$ 12,418,390	\$ -	\$ -	\$ -	\$ -	\$ 12,418,390	\$ -	\$ -	\$ -	\$ -	\$ -
General Industrial Water Revenue-Lake Customers	1,081,570	-	-	-	-	1,081,570	-	-	-	-	-
Water Sales-Woodlands MUD's	12,381,458	12,381,458	-	-	-	-	-	-	-	-	-
Water Sales-Municipal	3,507,438	-	-	-	-	3,507,438	-	-	-	-	-
Water Sales-Commercial	101,522	-	-	-	-	101,522	-	-	-	-	-
Lawn Irrigation Fees	100,000	-	-	-	-	100,000	-	-	-	-	-
Water Sales-Irrigation	42,403	-	-	-	-	42,403	-	-	-	-	-
Wastewater Treatment Fees	12,078,068	12,078,068	-	-	-	-	-	-	-	-	-
Direct Reuse Water	30,000	30,000	-	-	-	-	-	-	-	-	-
Permits, Licenses, & Fees - Residential	600,000	-	-	-	-	-	-	600,000	-	-	-
Permits, Licenses & Fees - Commercial	630,100	205,100	-	-	-	-	-	425,000	-	-	-
SJRA Reservation Fee	88,442	-	-	-	-	88,442	-	-	-	-	-
Industrial Reservation Fee	146,019	-	-	-	-	146,019	-	-	-	-	-
Municipal Reservation Fee	38,627	-	-	-	-	38,627	-	-	-	-	-
GRP Pumping Fees	47,984,849	16,272,773	-	-	-	31,712,076	-	-	-	-	-
GRP Pumping Fees-Woodlands	6,191,392	-	-	-	-	6,191,392	-	-	-	-	-
LSGCD Revenue	1,201,215	-	-	-	-	1,201,215	-	-	-	-	-
LSGCD Revenue-Woodlands	234,522	-	-	-	-	234,522	-	-	-	-	-
GRP Surface Water Sales	9,058,972	-	-	-	-	9,058,972	-	-	-	-	-
GRP Surface Water Sales-Woodlands	11,304,399	-	-	-	-	11,304,399	-	-	-	-	-
Sampling	18,000	18,000	-	-	-	-	-	-	-	-	-
Septic Tank Licenses	20,000	-	-	-	-	-	-	20,000	-	-	-
City of Houston Share of Lake Conroe Operations	3,344,068	-	-	-	-	-	-	3,344,068	-	-	-
Capacity Revenue	3,846,463	-	-	-	985,150	-	-	-	-	-	-
TOTAL OPERATING REVENUES	\$126,447,918	\$ 40,985,398	\$ -	\$ 985,150	\$ -	\$ 59,702,577	\$ -	\$ 4,389,068	\$ -	\$ -	\$ -
OTHER REVENUES											
Interest Income	\$ 97,950	\$ 8,000	\$ 20,000	\$ 250	\$ -	\$ -	\$ 16,000	\$ -	\$ 5,000	\$ 100	\$ -
Interest Income- Region H - General Fund	500	-	-	-	-	-	-	-	-	-	500
Office Rental Revenue	36,923	-	-	-	-	17,688	-	-	19,235	-	-
Grant Revenue	1,089,303	-	-	-	-	-	-	-	-	-	453,303
TOTAL OTHER REVENUES	\$ 1,224,676	\$ 8,000	\$ 20,000	\$ 250	\$ 1,000	\$ 65,188	\$ 16,000	\$ 636,000	\$ 24,235	\$ 100	\$ 453,803
OPERATING EXPENSES											
SALARIES, WAGES, & EMPLOYEE BENEFITS											
Salaries & Wages	\$ 6,516,458	\$ 2,598,218	\$ -	\$ -	\$ -	\$ 1,945,912	\$ 615,985	\$ 765,523	\$ 590,821	\$ -	\$ -
Salary & Wage Allocation	6,505,325	2,110,606	-	-	-	1,637,651	1,381,539	1,045,214	-	16,153	-
Group Insurance	3,490,586	1,284,266	-	-	-	899,125	548,134	508,836	164,341	4,329	-
Group Insurance - Retirees	63,862	5,806	-	-	-	-	17,417	23,222	17,417	-	-
Group Insurance - Retiree OPEB	181,000	68,000	-	-	-	-	35,000	65,000	13,000	-	-
Group Retirement Expense	1,783,407	642,712	-	-	-	488,895	273,036	253,820	80,690	2,228	-
Workers Compensation Insurance	332,533	135,070	-	-	-	95,912	53,222	38,165	3,278	190	-
Social Security Taxes	963,855	352,213	-	-	-	263,023	147,013	134,439	43,578	1,236	-
Tuition Reimbursement	30,000	-	-	-	-	-	-	-	30,000	-	-
TOTAL SALARIES, WAGES, & EMPLOYEE BENEFITS	\$ 19,867,026	\$ 7,196,890	\$ -	\$ -	\$ -	\$ 5,330,517	\$ 3,071,345	\$ 2,834,220	\$ 943,124	\$ 24,135	\$ -
PROFESSIONAL FEES											
Legal Fees	\$ 1,574,500	\$ 78,500	\$ -	\$ -	\$ -	\$ 875,000	\$ 20,000	\$ 71,000	\$ 295,000	\$ 10,000	\$ -
Disclosure Filing	2,000	-	-	250	-	500	500	-	-	-	-

San Jacinto River Authority
Proposed Budget Summary
FY2018

Description	Woodlands					Raw Water Enterprise					
	Water		Waste		Future Facility	GRP Division	Raw Water	Highlands	Lake	Bear	Region H
	System Bonds	R&R	Operating	Disposal Bonds							
Legal Fees-Enforcement	-	-	-	-	-	-	-	-	35,000	-	-
Annual Financial Audit	-	-	27,400	-	-	35,000	-	10,000	1,350	-	-
Arbitrage Rebate Audit	-	-	-	-	-	3,600	-	3,750	-	-	-
Management Audit	-	-	-	-	-	-	-	-	-	50,000	-
Paying Agent Fees	1,500	-	-	750	-	4,500	1,250	3,265	-	-	-
Engineering	-	-	75,400	-	-	125,050	741,000	90,000	623,000	50,000	450,000
Crane Inspections	-	-	-	-	-	-	-	1,100	5,000	-	-
Other Professional Services	-	-	-	-	-	1,500	-	3,000	2,300	20,000	-
Safety Inspections & Testing	-	-	4,000	-	-	2,000	-	3,000	800	-	-
Graphic Design	-	-	2,500	-	-	2,000	-	5,000	2,000	-	-
TOTAL PROFESSIONAL FEES	\$ 1,750	\$ 1,000	\$ 187,800	\$ 1,000	\$ -	\$ 1,047,150	\$ 967,750	\$ 136,615	\$ 739,650	\$ 415,800	\$ 450,000
PURCHASED & CONTRACTED SERVICES											
Waste Disposal Services	-	-	106,969	-	-	3,500	-	10,000	7,000	3,500	-
Sampling-Reimbursible	-	-	18,000	-	-	-	-	-	-	-	-
Sludge Removal	-	-	412,940	-	-	225,219	-	-	-	-	-
Meter Calibration Services	-	-	6,650	-	-	3,000	-	-	-	5,900	-
Commercial Laboratory Fees	-	-	213,163	-	-	18,200	-	-	-	-	-
Other Services	-	-	-	-	-	84,500	-	-	-	-	-
State Fees	-	-	94,500	-	-	-	16,000	-	1,380	-	-
Groundwater District Fees	-	-	-	-	-	1,436,237	-	-	-	-	-
Groundwater District Fees-GRP	-	-	234,522	-	-	-	-	-	-	-	-
Patrolling & Security Services	-	-	-	-	-	-	-	68,900	270,000	-	-
Employee Testing- New	-	-	7,460	-	-	4,420	2,550	340	2,380	850	-
GRP Pumpage Fees	-	-	6,191,392	-	-	-	-	-	-	-	-
GRP Surface Water Fees	-	-	11,304,399	-	-	-	-	-	-	-	-
Janitorial Services	-	-	28,500	-	-	41,000	-	7,500	6,051	19,000	-
Stream Gauging & Water Quality-USGS	-	-	79,200	-	-	-	-	17,115	82,155	-	-
South Canal CWA Water Conveyance	-	-	-	-	-	-	-	145,000	-	-	-
East Canal CWA Water Conveyance	-	-	-	-	-	-	-	119,625	-	-	-
Trucking	-	-	-	-	-	-	-	5,400	-	-	-
Water Quality Testing	-	-	-	-	-	22,200	-	-	-	-	-
Public Relations Expense	-	-	3,000	-	-	4,000	-	2,500	8,000	30,000	-
Water Conservation & Public Education	-	-	7,000	-	-	6,000	-	6,000	6,000	40,000	-
Website Hosting & Maintenance	-	-	-	-	-	-	-	-	-	5,000	-
Directors Fees & Expenses	-	-	-	-	-	11,300	-	2,000	-	24,000	1,000
Meeting Expenses	-	-	-	-	-	-	-	-	-	8,500	-
Directors' Travel Expenses	-	-	-	-	-	-	-	-	-	8,500	-
Posting Notice Expenses	-	-	500	-	-	-	-	-	-	-	500
Document Retention/Destruction	-	-	2,700	-	-	-	-	-	-	171,500	-
Public Official Liability	-	-	-	-	-	3,605	-	-	-	-	1,803
TOTAL PURCHASED & CONTRACTED SERVICES	\$ -	\$ -	\$ 18,710,396	\$ -	\$ -	\$ 1,863,181	\$ 18,550	\$ 384,380	\$ 382,966	\$ 316,750	\$ 3,303
SUPPLIES, MATERIALS & UTILITIES											
Operating Supplies & Expenses	-	-	-	-	-	-	-	-	-	-	500
Office Supplies & Printing	-	-	21,000	-	-	17,500	-	6,000	9,000	40,800	250
Other Office Expense	-	-	-	-	-	15,000	-	1,000	3,500	-	-
Travel	-	-	19,000	-	-	7,500	-	4,000	15,000	88,329	-
Automobile & Truck Expense	-	-	80,500	-	-	15,000	-	13,400	20,000	63,500	500
Postage	-	-	13,000	-	-	4,500	-	1,000	14,500	3,630	-

San Jacinto River Authority
Proposed Budget Summary
FY2018

Description	Woodlands					Raw Water Enterprise					
	Total	Operating	R&R	Water		Raw Water	Highlands	Lake	G&A	Bear	Region H
				System Bonds	Disposal Bonds						
Property Insurance	483,707	241,227	-	-	-	198,329	17,862	7,975	18,314	-	-
Auto Insurance	110,416	38,468	-	-	-	20,600	15,010	13,148	23,190	-	-
Liability Insurance	84,115	52,008	-	-	-	9,979	10,300	7,285	2,174	-	2,369
Small Tools Purchases	16,000	-	-	-	-	10,000	6,000	-	-	-	-
Training-External	260,840	56,700	-	-	-	12,500	4,000	19,500	168,140	-	-
Training-Internal	61,500	6,000	-	-	-	1,000	1,000	500	53,000	-	-
Training-Employee HR	17,000	6,460	-	-	-	4,420	2,550	2,380	850	-	-
Chemicals	3,000	-	-	-	-	-	-	3,000	-	-	-
Copper Sulfate	35,114	-	-	-	-	35,114	-	-	-	-	-
Citric Acid	145,638	-	-	-	-	145,638	-	-	-	-	-
Granulated Activated Carbon	2,480,740	-	-	-	-	2,480,740	-	-	-	-	-
Aluminum Chlorohydrate	1,012,268	-	-	-	-	1,012,268	-	-	-	-	-
Sodium Permanganate	135,060	-	-	-	-	135,060	-	-	-	-	-
Sodium Bisulfate	19,428	-	-	-	-	19,428	-	-	-	-	-
Sodium Hydroxide	181,903	-	-	-	-	181,903	-	-	-	-	-
Sodium Hypochlorite	273,071	-	-	-	-	273,071	-	-	-	-	-
Chlorine	114,332	114,332	-	-	-	-	-	-	-	-	-
Polymer	177,035	69,750	-	-	-	-	-	-	-	-	-
Sulfur Dioxide	51,675	51,675	-	-	-	-	-	-	-	-	-
Other Chemicals	57,913	57,913	-	-	-	-	-	-	-	-	-
Managers Expense	71,940	-	-	-	-	5,000	-	5,150	59,540	250	-
Employee Relations	66,100	-	-	-	-	7,000	-	-	57,000	-	-
Alkalinity	138,600	138,600	-	-	-	-	-	-	-	-	-
Fuel	266,476	81,577	-	-	-	45,500	44,000	21,750	73,024	625	-
Uniform Services	68,641	42,820	-	-	-	12,600	6,800	1,550	4,871	-	-
Maintenance Supplies	70,700	50,700	-	-	-	20,000	-	-	-	-	-
Supplies - Lab	44,800	15,300	-	-	-	25,000	-	4,500	-	-	-
Operations Supplies	154,211	90,200	-	-	-	33,000	13,200	9,300	8,511	-	-
Other Operating Expenses	20,000	20,000	-	-	-	-	-	-	-	-	-
Memberships & Professional Dues	53,773	3,000	-	-	-	2,500	1,900	1,325	45,048	-	-
Signage	8,500	-	-	-	-	2,500	2,000	2,000	-	2,000	-
Janitorial Supplies	9,200	-	-	-	-	-	1,000	1,200	7,000	-	-
Copier, Scanner & Fax	50,125	-	-	-	-	26,000	7,800	6,625	9,700	-	-
Delivery & Freight	3,200	-	-	-	-	-	-	-	3,200	-	-
Utilities-Electric	3,998,282	2,550,536	-	-	-	1,364,346	14,400	24,000	45,000	-	-
Utilities-Natural Gas	25,250	14,500	-	-	-	-	6,750	3,000	1,000	-	-
Utilities-Water	800	-	-	-	-	-	800	-	-	-	-
Utilities-Sewer	190,500	-	-	-	-	190,500	-	-	-	-	-
Utilities-Electric-LHPS Pumping Costs-Direct	130,000	-	-	-	-	-	130,000	-	-	-	-
Utilities-Electric-ECTPS Pumping Costs-Direct	24,000	-	-	-	-	-	24,000	-	-	-	-
Utilities-Electric-SCTPS Pumping Costs-Direct	14,400	-	-	-	-	-	14,400	-	-	-	-
Pumping Costs-Indirect	19,260	-	-	-	-	-	19,260	-	-	-	-
Reservation Fees-City of Houston	1,942,184	-	-	-	-	1,942,184	-	-	-	-	-
Reservation Fees-SJRA	88,442	-	-	-	-	88,442	-	-	-	-	-
Supply Use Fee-SJRA	3,067,085	-	-	-	-	3,067,085	-	-	-	-	-
Additional Water Fees	235,000	-	-	-	-	235,000	-	-	-	-	-
Bank Service Charges	200	-	-	-	-	-	-	-	200	-	-
Bank Account Analysis Fee	1,000	-	-	-	-	-	-	-	1,000	-	-
Personal Protective Equipment	26,300	-	-	-	-	5,000	5,000	5,000	11,300	-	-
Safety Equipment & Meetings	51,745	28,220	-	-	-	5,000	7,000	7,000	4,525	-	-

San Jacinto River Authority
Proposed Budget Summary
FY2018

Description	Woodlands					Raw Water Enterprise					
	Total	Operating	R&R	Waste		Raw Water	Highlands	Lake	G&A	Bear	Region H
				System Bonds	Disposal Bonds						
Health & Wellness Program	3,000	1,140	-	-	-	60	450	420	150	-	-
Recruiting Expenses	40,000	15,200	-	-	-	800	6,000	5,600	2,000	-	-
Computer Hardware	318,595	87,593	-	-	-	-	19,970	25,350	138,930	-	-
Software & Support	551,839	123,232	-	-	-	-	22,231	94,080	215,956	-	-
Software Maintenance	127,100	65,000	-	-	-	-	11,000	1,100	4,000	-	-
Network Communications	53,160	22,860	-	-	-	-	5,100	2,976	16,469	-	-
Publications & Subscriptions	18,750	-	-	-	-	-	500	-	17,250	-	-
Wireless Devices & Services	185,521	47,490	-	-	-	-	13,980	12,781	78,310	-	-
Phone System-Install, Maintenance, & Changes	12,525	2,100	-	-	-	-	500	1,223	7,539	-	-
Emergency Operations Communications	3,564	-	-	-	-	-	684	-	2,880	-	-
Landline Telephone Services	90,960	65,400	-	-	-	-	2,400	2,735	15,136	-	-
TOTAL SUPPLIES, MATERIALS & UTILITIES	\$ 18,444,393	\$ 4,293,501	\$ -	\$ -	\$ -	\$ 1,200	\$ 467,347	\$ 354,454	\$ 1,291,466	\$ 5,994	\$ 500
RENTALS											
Equipment Rentals	\$ 49,800	\$ 18,800	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 20,000	\$ -	\$ -	\$ -
Office Rent	40,773	3,850	-	-	-	-	-	19,235	17,688	-	-
Office Equipment Rentals	21,000	-	-	-	-	-	-	-	21,000	-	-
Rent-U.S. Forest Lands	17,000	-	-	-	-	-	-	17,000	-	-	-
Radio Tower Rental	8,400	8,400	-	-	-	-	-	-	-	-	-
TOTAL RENTALS	\$ 136,973	\$ 31,050	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 56,235	\$ 38,688	\$ -	\$ -
MAINTENANCE, REPAIRS & PARTS											
Instrumentation	\$ 17,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,000	\$ -	\$ -	\$ -
Office, Furniture, & Fixtures	32,300	6,000	-	-	-	-	13,000	2,000	9,300	-	-
Air Conditioner	74,900	57,500	-	-	-	-	-	-	-	-	-
Sidewalks & Driveways	35,000	35,000	-	-	-	-	-	-	-	-	-
Mowing	345,088	211,688	-	-	-	-	-	-	-	-	82,400
Buildings & Grounds Maintenance	528,720	92,720	-	-	-	-	50,000	200,000	147,000	-	-
Building Repair & Modifications	5,000	-	-	-	-	-	-	-	-	-	-
Plants & Facilities	195,100	140,000	-	-	-	-	-	-	-	-	-
Security System Monitoring	8,024	3,624	-	-	-	-	500	-	1,500	-	-
Wells	29,500	29,500	-	-	-	-	-	-	-	-	-
Tanks	2,863,200	114,200	-	-	-	-	-	-	-	-	-
Electrical	385,600	185,800	-	-	-	-	-	-	-	-	-
Generators	227,000	162,000	-	-	-	-	-	10,000	-	-	-
Pumps & Motors	283,000	233,000	-	-	-	-	-	-	-	-	-
Compressor	22,501	1,500	-	-	-	-	-	-	-	-	-
Aerators	100,000	10,000	-	-	-	-	-	-	-	-	-
Machinery, Tools, & Implements	116,750	-	-	-	-	-	-	-	-	-	-
Boat Maintenance & Repairs	13,000	-	-	-	-	-	56,500	20,250	15,000	-	-
Belt Press	33,050	22,350	-	-	-	-	-	-	-	-	-
Clarifier	12,400	7,400	-	-	-	-	-	-	-	-	-
UV Equipment	10,000	10,000	-	-	-	-	-	-	-	-	-
Pipeline Transmission System	308,000	-	-	-	-	-	-	-	-	-	-
Lines, Valves, & Pipes	1,678,000	340,000	1,288,000	-	-	-	-	-	-	-	-
Other Maintenance	10,000	-	-	-	-	-	-	-	-	-	-
Laboratory Equipment	6,600	1,600	-	-	-	-	-	-	-	-	-
Instrumentation Equipment & Parts	346,900	216,000	-	-	-	-	26,000	11,900	-	-	-
Bar Screens	109,500	109,500	-	-	-	-	-	-	-	-	-
Chlorinator	49,500	49,500	-	-	-	-	-	-	-	-	-

San Jacinto River Authority
Proposed Budget Summary
FY2018

Description	Woodlands					Raw Water Enterprise				
	Water	Waste	Future	GRP	Raw	Highlands	Lake	G&A	Bear	Region H
	System Bonds	Disposal Bonds	Facility	Division	Water		Conroe		Branch	
Low Head Filters	-	-	19,500	-	-	-	-	-	-	-
Channel Desilting & Desnagging	-	-	10,000	-	-	-	-	-	10,000	-
Bridges, Culverts, & Siphons	-	-	345,745	-	-	345,745	-	-	-	-
Pretreatment	-	-	12,000	12,000	-	-	-	-	-	-
Membrane	-	-	12,000	12,000	-	-	-	-	-	-
Canals, Levees, & Dams-Maintenance & Repairs	-	-	921,000	-	-	20,000	891,000	-	10,000	-
Clearing	-	-	15,000	-	-	-	10,000	-	5,000	-
Invasive Species Management	-	-	152,400	-	-	50,000	82,400	-	20,000	-
Streets & Roads	-	-	25,000	-	-	10,000	15,000	-	-	-
Ayer Island Maint & Repair	-	-	2,000	-	-	-	2,000	-	-	-
Fencing & Security Repairs	-	-	10,000	-	-	-	5,000	-	5,000	-
Lake Houston Pump Station Maintenance & Repairs	-	-	869,959	-	-	869,959	-	-	-	-
TOTAL MAINTENANCE, REPAIRS & PARTS	\$ 10,240,237	\$ 4,037,000	\$ 2,058,382	\$ 1,118,401	\$ 1,441,704	\$ 1,279,550	\$ 172,800	\$ 132,400	\$ -	\$ -
GENERAL & ADMINISTRATIVE EXPENSES	\$ 3,123,421	\$ 822,231	\$ -	\$ 688,592	\$ 90,750	\$ 579,465	\$ 924,130	\$ -	\$ 18,253	\$ -
General & Administrative Expense Allocated	(924,130)	-	-	-	-	-	-	(924,130)	-	-
General & Administrative Expense Allocated to Lake Conroe	(18,253)	-	-	-	-	-	-	(18,253)	-	-
General & Administrative Expense Allocated to Bear Branch	(579,465)	-	-	-	-	-	-	(579,465)	-	-
General & Administrative Expense Allocated to Highlands	(90,750)	-	-	-	-	-	-	(90,750)	-	-
General & Administrative Expense Allocated to Raw Water	(822,231)	-	-	-	-	-	-	(822,231)	-	-
General & Administrative Expense Allocated to Woodlands	(688,592)	-	-	-	-	-	-	(688,592)	-	-
TOTAL GENERAL & ADMINISTRATIVE EXPENSES	\$ 0	\$ 822,231	\$ -	\$ 688,592	\$ 90,750	\$ 579,465	\$ 924,130	\$ (3,123,421)	\$ 18,253	\$ -
NON-OPERATING EXPENSES	\$ 25,630,731	\$ 479,319	\$ -	\$ 20,914,988	\$ 384,008	\$ 2,241,684	\$ -	\$ 93,013	\$ -	\$ -
Interest Expense	1,091,194	426,525	-	20,914,988	384,008	2,241,684	-	93,013	-	-
Bond Issuance Costs	660,050	-	-	-	-	-	-	-	-	-
TOTAL NON-OPERATING EXPENSES	\$ 26,290,781	\$ 1,139,369	\$ -	\$ 20,914,988	\$ 384,008	\$ 2,241,684	\$ -	\$ 93,013	\$ -	\$ -
TOTAL EXPENSES	\$100,626,450	\$ 34,439,619	\$ 4,037,000	\$ 427,525	\$ 1,092,944	\$ 8,327,540	\$ 6,571,204	\$ 148,221	\$ 200,782	\$ 453,803
NET REVENUES OVER EXPENSES	\$ 27,046,144	\$ 6,553,779	\$ (4,017,000)	\$ 557,875	\$ 1,768,469	\$ (8,311,540)	\$ (1,546,137)	\$ (123,986)	\$ (200,682)	\$ -
CAPITAL IMPROVEMENTS	\$ 10,000	\$ -	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -
Property Acquisition	583,000	-	-	-	466,000	-	-	117,000	-	-
Capital Improvements	174,000	-	-	7,000	167,000	-	-	-	-	-
Office Buildings	503,194	-	-	-	503,194	-	-	-	-	-
Dam Rehabilitation	1,651,279	-	-	-	1,651,279	-	-	-	-	-
Highlands Improvements	1,419,000	-	-	-	-	-	-	-	-	-
Water Treatment Plant & Facilities	1,459,000	-	-	-	-	-	-	-	-	-
Sewage Treatment Plant & Facilities	280,000	-	-	-	-	-	-	-	-	-
Maintenance Equipment	247,500	-	-	-	40,000	-	-	-	-	-
Transportation Equipment	47,000	-	-	-	40,000	-	-	-	-	-
Software	208,500	-	-	19,444	11,006	-	-	5,564	-	-
Computer Equipment	36,500	-	-	20,332	10,517	-	-	58,193	-	-
Electronic Test Equipment	40,000	-	-	-	-	-	-	36,500	-	-
Radio Communications Equipment	(541,144)	-	-	-	30,000	-	-	-	-	-
COH 2/3					(541,144)					
TOTAL CAPITAL IMPROVEMENTS	\$ 6,117,830	\$ 207,763	\$ 2,878,000	\$ 46,777	\$ 736,573	\$ 1,973,961	\$ 274,757	\$ -	\$ -	\$ -

San Jacinto River Authority
Proposed Budget Summary
FY2018

Description	Woodlands						Raw Water Enterprise					
	Water			Waste			Raw Water			Lake		
	System Bonds	R&R	Operating	Disposal Bonds	Future Facility	GRP Division	Water	Highlands	Conroe	G&A	Bear Branch	Region H
OTHER USES												
Bond Principal	\$ 19,275,833	\$ -	\$ -	\$ 558,333	\$ -	\$ 13,604,167	\$ 1,321,667	\$ 2,025,833	\$ -	\$ -	\$ -	\$ -
Loan Principal	300,486	-	-	-	-	-	-	-	-	300,486	-	-
Operating Reserve Fund	3,591,006	-	-	-	-	3,591,006	-	-	-	-	-	-
Capital Repair/Replacement Reserve Fund	8,014,491	-	6,968,545	-	-	-	-	788,023	186,965	70,957	-	-
Interdivision Transfers	6,346,017	-	6,346,017	-	-	-	-	-	-	-	-	-
TOTAL OTHER USES	\$ 37,527,833	\$ 6,968,545	\$ 6,346,017	\$ 558,333	\$ -	\$ 17,195,172	\$ 1,321,667	\$ 2,813,857	\$ 186,965	\$ 371,443	\$ -	\$ -
OTHER SOURCES												
Bond Proceeds	\$ 278,245	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 278,245	\$ -	\$ -	\$ -	\$ -
Grant Proceeds	216,000	-	-	-	-	-	-	-	216,000	-	-	-
Prepaid Reservation Fee	472,943	-	-	-	-	472,943	-	-	-	-	-	-
Cash Sources	11,787,542	-	11,684,147	750	-	-	-	-	-	-	101,145	-
Capacity Contributions	1,670,816	-	-	-	-	-	-	1,571,279	-	-	99,537	-
Interdivision Transfers	6,346,017	-	6,346,017	-	-	-	-	-	-	-	-	-
TOTAL OTHER SOURCES	\$ 20,771,563	\$ 18,030,164	\$ -	\$ 750	\$ -	\$ 472,943	\$ -	\$ 1,849,524	\$ 216,000	\$ -	\$ 200,682	\$ -
NET CASH BASIS SOURCES (USES)	\$ 4,172,045	\$ (0)	\$ 4,166,619	\$ 292	\$ 1,000	\$ (0)	\$ 14,273,693	\$ (11,249,833)	\$ (2,253,675)	\$ (770,186)	\$ -	\$ -

RAW WATER ENTERPRISE



DIVISION BUDGETS FOR FISCAL YEAR 2018

The Raw Water Enterprise of the Authority consists of the Highlands and Lake Conroe Divisions including the revenues and expenses associated with the Authority's overall Raw Water Supply system that are not otherwise divisible between the Highlands and Lake Conroe Divisions. Additionally, any remaining expenses from the General and Administration (G&A) Division that are not otherwise allocated to Raw Water Supply, Highlands, Lake Conroe, Woodlands, GRP, and Bear Branch are covered by Raw Water Supply revenues.

Raw Water Supply: The sale of all non-treated raw water for municipal, industrial, commercial, and irrigation purposes is included within the Raw Water Supply budget. Long-term water sale contracts account for the vast majority of raw water revenues. Most of these sales contracts contain annual "take or pay" provisions for set quantities of raw water, regardless of whether the water is actually used. Some of these sales agreements contain "options" and/or "reservations" for additional purchase of near-term future water supplies. Raw water is supplied to long-term municipal and industrial customers in Montgomery County and eastern Harris County from the San Jacinto River via Lake Conroe and Lake Houston, and from inter-basin transfers from raw water supplies from the Trinity River. Additionally, annually renewed commercial and residential water sale agreements are utilized for small users around Lake Conroe based on meter readings or an estimate of annual usage. In all such agreements, the Authority utilizes one Raw Water Rate and reserves the right from time to time to adjust its rates for the sale, reservation, or optioning of raw water.

Major Initiatives: During FY2017 and planned for FY2018, the Raw Water Supply has either completed or started, or will complete or start a number of planning activities as outlined below, to improve the Authority's raw water system:

- 1. Raw Water Rate Study:** In 2014, a raw water rate study was completed to forecast rates for the five-year period for calendar years 2014 to 2019. The 2014 Rate Study incorporated forecasted water demands, planned capital improvement projects, and existing and forecasted operations and maintenance expenses. The study reviewed existing and forecasted water demands, planned capital and other projects, financing mechanisms, and the existing and forecasted operations and maintenance expenses. Due to various changes affecting the raw water system in FY2017, the Authority initiated the update of a new raw water study and culminating with the development of a detailed raw water rate model. The new rate study will examine the most current ten-year water demand forecast, evaluate the infrastructure improvements necessary to meet the updated demands, and determine the impact of costs for any necessary capital improvements to the Raw Water Enterprise's overall budget over the next ten years.
- 2. Raw Water Master Plan:** In FY2017, the Raw Water Enterprise began development of a long-term Raw Water Master Plan. The plan will forecast raw water demands and available supplies over a 40-50 year horizon and evaluate strategies to meet any identified shortages. The 2018 Raw Water Master Plan will be completed in FY2018 with stakeholder and Board actions anticipated later in that year.

3. Trinity River Inter-basin Transfer Feasibility Study: In 2013, the SJRA secured an option agreement with the Trinity River Authority (TRA) for the purchase of up to 50,000 acre-feet per year of water from Lake Livingston. In order to be used in the San Jacinto River Basin, this supply must obtain an Inter-basin Transfer permit from the Texas Commission on Environmental Quality (TCEQ) and the contracted water must be pumped via pipeline and/or canal to the area of use. This study will be initiated in FY2018 in order to evaluate the engineering challenges, environmental issues, and construction and O&M costs related to this strategy.

4. Water Rights Protection and Acquisition: The Authority maintains significant water rights granted by the State of Texas within the San Jacinto and Trinity River Basins. These water rights can be negatively impacted by new applications for water rights by third parties and sometimes the Authority must intervene with TCEQ to object to the issuance of such permits. The Authority maintains agreements for representation by specialized legal counsel to assist with these matters and to apply for additional water rights permits on behalf of the Authority.

Capital Improvement and Other Project Plans: The Raw Water Supply does not maintain any physical infrastructure and therefore no maintenance or construction projects exist for FY2018. The Raw Water Supply does however have three studies planned for FY2018 that are not otherwise divisible between the Highlands and Lake Conroe Divisions: Raw Water Supply Master Plan, Raw Water Rate Study, and Trinity River Inter-basin Transfer Feasibility Study. These studies included within the Raw Water Supply Projects Plan are funded from the O&M budget and may extend over multiple fiscal years. For FY2018, the Raw Water Supply has planned for the following studies to begin:

Raw Water Supply - Projects	Stage	Est. FY2018 Cost	Funding Source
Raw Water Supply Master Plan	Study	\$ 70,000	O&M Budget
Raw Water Rate Study	Study	\$ 126,000	O&M Budget
Trinity River Interbasin Transfer Feasibility Study	Study	\$ 470,000	O&M Budget
Total		\$ 666,000	

Total Indebtedness and Annual Debt Service: At August 31, 2016, the Raw Water Supply had \$12,575,000 of total indebtedness through the issuance of bonds related to actions not otherwise divisible to the Highlands and Lake Conroe Divisions, made up of the following bond issuances:

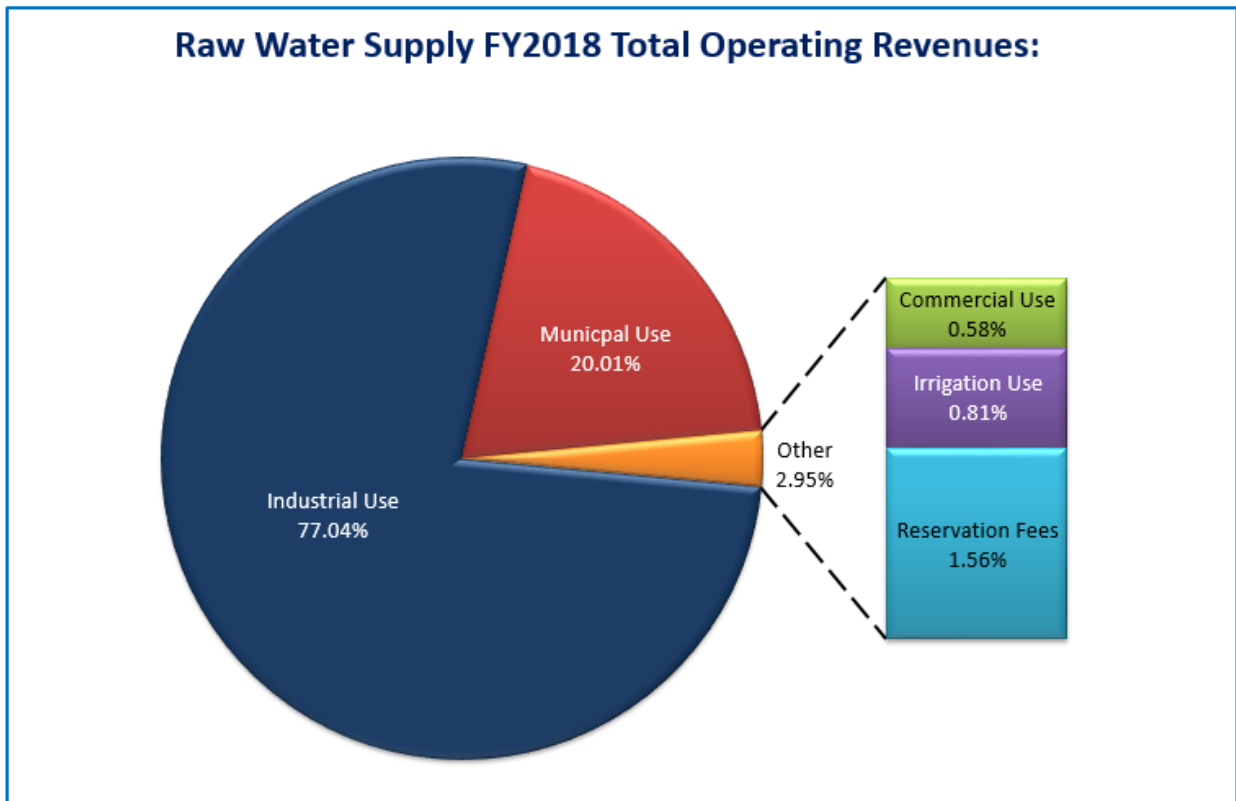
- Series 2010 Water Revenue Refunding Bonds (Outstanding: \$9,650,000; Matures 10/1/25)
- Series 2012 Water Revenue Refunding Bonds (Outstanding: \$2,925,000; Matures 10/1/36)

Annual debt service (principal and interest) for FY2018 for the above bond issuances is \$1,682,525. Bond payments each year are made in April (interest only) and October (principal and interest). Monthly accruals of interest are made for October to March, while monthly accruals of principal and interest are made for April to September. Debt Service Reserves for the above bond issuances are fully funded.

Staffing Plans: The Raw Water Supply’s staffing plan for FY2018 includes zero direct FTE positions, with no part-time, temporary, or intern positions but is allocated 3.50 FTEs for FY2018 from the Lake Conroe Division and G&A Departments.

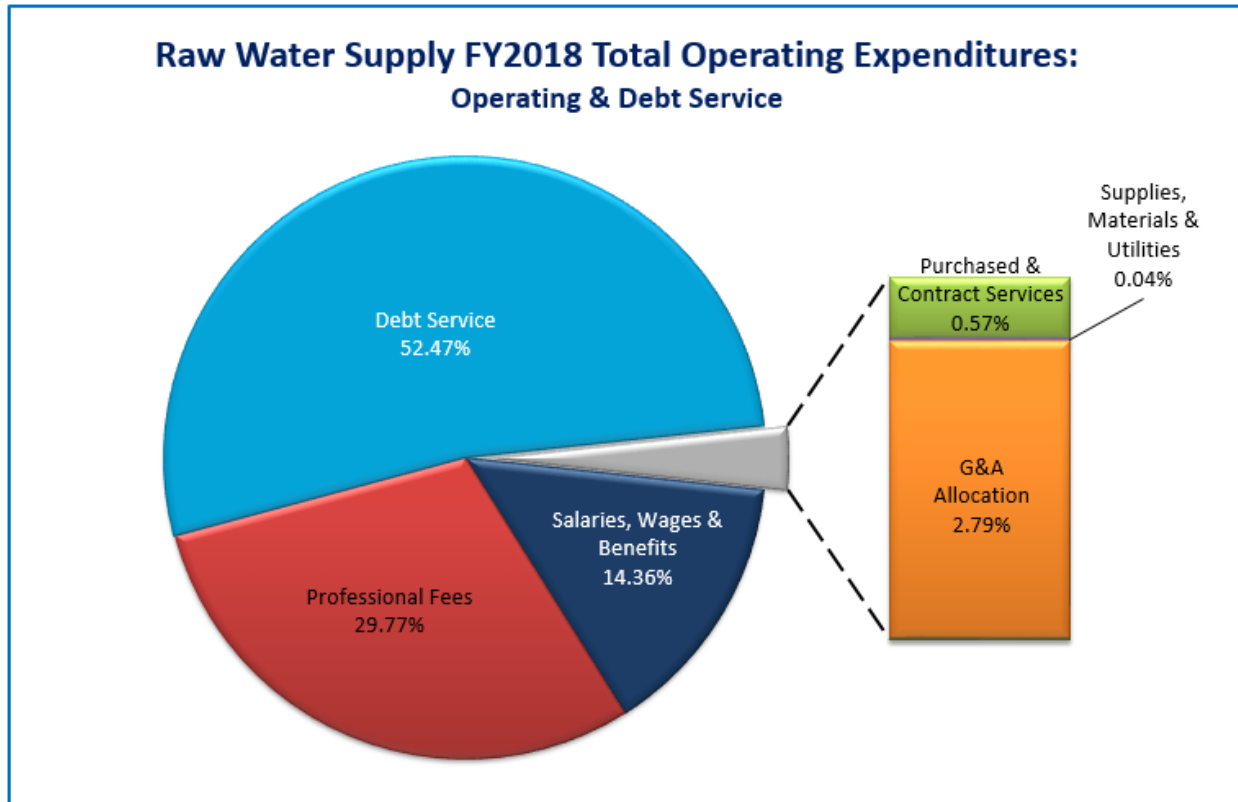
Revenues: The Raw Water Rate contained within the FY2018 budget and the Raw Water Rate Order passed by the Board of Directors are consistent with the existing 2014 rate study at \$0.43 per 1,000 gallons for calendar year 2018. Beginning January 1, 2018, through December 31, 2018, the Raw Water Rate is set at \$0.43 per 1,000 gallons (\$140.12 per acre-foot). Unless otherwise stipulated in a specific long-term contract, the corresponding reservation and option rates are set at 25% and 10%, respectively. For the months of September-December 2017 (the first four months of FY2018), the Raw Water Rate will continue \$0.41 per 1,000 gallons (\$133.60 per acre-foot), with the corresponding reservation and option rates remaining in accordance with the approved Raw Water Rate Order.

Expected revenues for the Authority’s Raw Water Supply for FY2018 total \$17,524,413.



Expenditures: The Raw Water Supply for FY2018 contains expenses related to the development, maintenance, and permitting of water rights necessary for the current and future water supplies. Such expenditures include Authority salaries and benefits, legal and professional fees, and debt service of purchased water rights.

Expected total expenditures for the Authority’s Raw Water Supply for FY2018, including operating, debt service, capital improvements, and any other cash uses, totals \$3,250,719.



Fund Balance and Reserves: The Authority’s General Fund Balance combines to cover the Raw Water Enterprise, which is made up of the Raw Water Supply, Highlands Division, and Lake Conroe Division, as well as the G&A Division. The Raw Water Supply does not maintain any Operating, Emergency, or Capital R&R Reserves.

For FY2018, the net balance of the Raw Water Supply revenues, expenditures, and bond payments is \$14,273,693. This amount will cover the Highlands’ and Lake Conroe Divisions’ net expenses as part of the Raw Water Enterprise and any remaining non-allocated net expenses of the G&A Division.

San Jacinto River Authority - Raw Water Enterprise
Actual to Budget Comparison
FY2016 - FY2018

Description	Rolling 12			PROPOSED	
	Actuals 8/31/2016	Actuals Sept-March FY2017	Mo. Actuals April 2016- March 2017	Budget FY2017	Budget FY2018
OPERATING REVENUES					
General Industrial Water Revenue	\$ 11,157,470	\$ 6,897,088	\$ 11,769,390	\$ 11,648,217	\$ 12,418,390
General Industrial Water Revenue-Lake Customers	979,417	594,037	1,009,225	1,030,470	1,081,570
Water Sales-Municipal	2,565,019	1,711,181	3,016,106	3,244,906	3,507,438
Water Sales-Commercial	65,687	21,455	68,908	40,400	101,522
Lawn Irrigation Fees	109,425	65,750	111,800	52,500	100,000
Water Sales-Reclaimed Groundwater	8,189	8,189	16,378	-	-
Water Sales-Irrigation	30,252	35,614	53,825	40,400	42,403
Permits, Licenses, & Fees - Residential	640,070	347,072	656,050	600,000	600,000
Permits, Licenses & Fees - Commercial	464,224	240,479	473,027	425,000	425,000
SJRA Reservation Fee	219,144	102,557	140,739	108,468	88,442
Industrial Reservation Fee	87,070	-	-	92,006	146,019
Municipal Reservation Fee	32,000	21,120	35,738	36,803	38,628
Septic Tank Licenses	20,980	12,620	19,360	17,000	20,000
City of Houston Share of Lake Conroe Operations	1,486,055	1,223,066	1,839,622	2,746,478	3,344,068
TOTAL OPERATING REVENUES	\$ 17,865,002	\$ 11,280,229	\$ 19,210,167	\$ 20,082,649	\$ 21,913,481
OTHER REVENUES					
Interest Income	\$ 197,528	\$ 81,006	\$ 156,445	\$ 10,500	\$ 16,000
Land Use Agreements	6,355	-	6,355	6,355	-
Grant Revenue	-	230,000	230,000	100,000	636,000
Proceeds From Sale Of Assets	141,690	-	91,589	-	-
Other Gains & Losses	6,348	7,208	10,578	-	-
TOTAL OTHER REVENUES	\$ 351,921	\$ 318,215	\$ 494,968	\$ 116,855	\$ 652,000
OPERATING EXPENSES					
SALARIES, WAGES, & EMPLOYEE BENEFITS					
Salaries & Wages	\$ 1,150,877	\$ 636,965	\$ 1,132,475	\$ 1,269,504	\$ 1,381,508
Salary & Wage Allocation	1,770,521	1,273,801	2,084,782	2,605,494	2,740,915
Salaries & Wages-Interns	-	68	68	30,604	-
Staffing Services	18,301	15,684	27,708	-	-
Compensated Absences	3,607	-	3,607	-	-
Group Insurance	509,294	419,941	644,048	654,815	1,138,525
Group Insurance - Retirees	37,100	22,313	37,993	39,144	40,639
Group Insurance - Retiree OPEB	90,708	-	90,708	83,000	100,000
Group Retirement Expense	356,337	248,439	407,061	492,144	568,882
Workers Compensation Insurance	51,176	42,358	70,239	67,672	98,083
Social Security Taxes	209,169	132,661	227,919	285,499	303,806
TOTAL SALARIES, WAGES, & EMPLOYEE BENEFITS	\$ 4,197,090	\$ 2,792,230	\$ 4,726,611	\$ 5,527,877	\$ 6,372,359
PROFESSIONAL FEES					
Legal Fees	\$ 208,545	\$ 150,632	\$ 265,196	\$ 306,000	\$ 316,000
Disclosure Filing	-	750	750	1,000	1,000
Legal Fees-Enforcement	12,513	21,463	30,647	30,000	35,000
Annual Financial Audit	6,432	6,734	7,670	11,350	11,350
Arbitrage Rebate Audit	7,200	-	-	3,600	3,750
Paying Agent Fees	4,750	3,015	4,515	4,500	4,515
Engineering	470,433	51,025	263,327	512,000	1,454,000
Crane Inspections	685	-	685	12,000	6,100
Safety Inspections & Testing	2,347	4,112	4,149	8,200	5,300
Graphic Design	1,247	-	318	8,000	7,000
TOTAL PROFESSIONAL FEES	\$ 714,152	\$ 237,731	\$ 577,257	\$ 896,650	\$ 1,844,015
PURCHASED & CONTRACTED SERVICES					
Waste Disposal Services	\$ 4,775	\$ 7,203	\$ 9,237	\$ 8,091	\$ 17,000
State Fees	762	15,158	15,440	880	17,380
Patrolling & Security Services	313,157	172,219	303,642	314,606	338,900
Employee Testing- New	1,949	1,413	1,778	4,350	5,270
Janitorial Services	11,028	5,898	11,028	13,113	13,551
Stream Gauging & Water Quality-USGS	104,392	57,265	97,139	102,668	99,270
South Canal CWA Water Conveyance	93,470	27,227	81,722	145,000	145,000
East Canal CWA Water Conveyance	9,237	125	9,362	119,625	119,625

San Jacinto River Authority - Raw Water Enterprise
Actual to Budget Comparison
FY2016 - FY2018

Description	Actuals			Rolling 12	PROPOSED	
	Actuals 8/31/2016	Sept-March FY2017	April 2016- March 2017	Mo. Actuals April 2016- March 2017	Budget FY2017	Budget FY2018
Trucking	455	910	910	910	5,400	5,400
Public Relations Expense	6,186	-	5,936	5,936	8,000	10,500
Water Conservation & Public Education	10,000	9,400	9,400	9,400	10,000	12,000
Meeting Expenses	-	1,386	1,386	1,386	-	2,000
TOTAL PURCHASED & CONTRACTED SERVICES	\$ 555,410	\$ 298,203	\$ 546,980	\$ 546,980	\$ 731,732	\$ 785,896
SUPPLIES, MATERIALS & UTILITIES						
Office Supplies & Printing	\$ 9,119	\$ 4,717	\$ 10,224	\$ 10,224	\$ 14,000	\$ 15,000
Other Office Expense	2,809	1,392	2,846	2,846	3,500	4,500
Travel	5,241	3,064	5,711	5,711	12,500	19,000
Automobile & Truck Expense	17,038	9,128	19,172	19,172	31,000	33,400
Miscellaneous	48	-	-	-	-	-
Postage	7,320	6,514	9,466	9,466	9,500	15,500
Property Insurance	20,777	13,234	21,730	21,730	25,085	25,837
Auto Insurance	23,824	14,643	23,592	23,592	27,338	28,158
Liability Insurance	14,271	11,825	17,622	17,622	17,073	17,585
Small Tools Purchases	4,654	193	4,136	4,136	6,000	6,000
Training-External	9,288	2,495	8,088	8,088	15,000	23,500
Training-Internal	1,340	75	876	876	1,000	1,500
Training-Employee HR	3,819	2,331	4,196	4,196	4,640	5,270
Chemicals	38	-	38	38	1,000	3,000
Managers Expense	4,088	2,191	4,027	4,027	10,000	7,150
Employee Relations	-	629	629	629	-	2,100
Fuel	39,374	26,756	45,747	45,747	58,925	65,750
Uniform Services	4,659	3,393	6,168	6,168	8,350	8,350
Supplies - Lab	832	266	854	854	2,000	4,500
Operations Supplies	10,426	7,531	15,201	15,201	17,800	22,500
Memberships & Professional Dues	1,033	1,027	1,590	1,590	1,500	3,225
Signage	1,807	5,226	7,033	7,033	1,000	4,000
Janitorial Supplies	1,387	606	1,292	1,292	2,167	2,200
Copier, Scanner & Fax	8,818	5,912	9,527	9,527	8,665	14,425
Delivery & Freight	2,276	3,020	3,874	3,874	4,500	-
Utilities-Electric	31,538	13,372	29,162	29,162	42,000	38,400
Utilities-Natural Gas	4,377	2,009	4,622	4,622	9,750	9,750
Utilities-Water	698	396	766	766	800	800
Utilities-Electric-LHPS Pumping Costs-Direct	114,185	41,029	105,344	105,344	130,000	130,000
Utilities-Electric-ECTPS Pumping Costs-Direct	6,087	4,786	10,873	10,873	24,000	24,000
Utilities-Electric-SCTPS Pumping Costs-Direct	5,845	6,076	11,921	11,921	14,400	14,400
Pumping Costs-Indirect	16,112	7,610	15,243	15,243	19,260	19,260
Bank Service Charges	(15)	-	-	-	-	-
Personal Protective Equipment	5,721	2,896	5,527	5,527	10,000	10,000
Safety Equipment & Meetings	8,793	3,990	9,896	9,896	11,100	14,000
Health & Wellness Program	316	56	152	152	4,350	930
Recruiting Expenses	594	182	584	584	16,400	12,400
Computer Hardware	7,691	789	5,992	5,992	30,700	45,320
Software & Support	73,212	50,360	85,206	85,206	95,700	116,312
Software Maintenance	-	-	-	-	12,000	12,100
Network Communications	3,028	4,571	5,601	5,601	7,400	8,076
Publications & Subscriptions	-	-	-	-	-	500
Wireless Devices & Services	22,444	10,440	20,566	20,566	24,200	26,761
Phone System-Install, Maintenance, & Changes	-	-	-	-	1,800	1,723
Emergency Operations Communications	679	-	-	-	700	684
Landline Telephone Services	7,849	3,208	7,408	7,408	4,700	5,135
TOTAL SUPPLIES, MATERIALS & UTILITIES	\$ 503,438	\$ 277,937	\$ 542,499	\$ 542,499	\$ 741,803	\$ 823,001
RENTALS						
Equipment Rentals	\$ 8,931	\$ 5,017	\$ 11,934	\$ 11,934	\$ 23,500	\$ 25,000
Office Rent	19,235	11,220	19,235	19,235	19,235	19,235
Rent-U.S. Forest Lands	16,697	9,740	16,697	16,697	17,000	17,000
TOTAL RENTALS	\$ 44,863	\$ 25,977	\$ 47,866	\$ 47,866	\$ 59,735	\$ 61,235
MAINTENANCE, REPAIRS & PARTS						

San Jacinto River Authority - Raw Water Enterprise
Actual to Budget Comparison
FY2016 - FY2018

Description	Actuals			Rolling 12	PROPOSED	
	Actuals 8/31/2016	Sept-March FY2017	April 2016- March 2017	Mo. Actuals April 2016- March 2017	Budget FY2017	Budget FY2018
Instrumentation	\$ 7,103	\$ 801	\$ 6,611	\$ 17,000	\$ 17,000	
Office, Furniture, & Fixtures	3,955	33,248	35,930	44,000	15,000	
Buildings & Grounds Maintenance	62,525	62,097	87,378	117,500	250,000	
Security System Monitoring	1,884	469	1,519	5,971	500	
Generators	-	-	-	-	10,000	
Machinery, Tools, & Implements	63,875	27,955	60,177	73,750	76,750	
Boat Maintenance & Repairs	6,206	3,274	8,683	15,000	13,000	
Instrumentation Equipment & Parts	7,107	939	4,828	29,000	37,900	
Bridges, Culverts, & Siphons	31,576	113,631	136,452	150,000	345,745	
Water Control Structure	3,794	9,614	9,841	57,000	-	
Canals, Levees, & Dams-Maintenance & Repairs	186,605	568,700	668,833	586,000	911,000	
Clearing	6,859	3,395	10,254	10,000	10,000	
Invasive Species Management	107,154	5,088	49,972	132,400	132,400	
Streets & Roads	18,704	-	18,704	20,000	25,000	
Ayer Island Maint & Repair	-	-	-	2,000	2,000	
Fencing & Security Repairs	4,263	420	698	5,000	5,000	
Lake Houston Pump Station Maintenance & Repairs	78,832	19,449	95,926	65,000	869,959	
Pump Station Equipment	2,024	-	-	-	-	
Inventory Gains and Losses	1,389	-	1,990	-	-	
TOTAL MAINTENANCE, REPAIRS & PARTS	\$ 593,855	\$ 849,079	\$ 1,197,795	\$ 1,329,621	\$ 2,721,254	
GENERAL & ADMINISTRATIVE EXPENSES						
General & Administrative Expense Allocated	\$ 1,009,519	\$ 574,518	\$ 1,028,674	\$ 1,628,874	\$ 1,594,345	
TOTAL GENERAL & ADMINISTRATIVE EXPENSES	\$ 1,009,519	\$ 574,518	\$ 1,028,674	\$ 1,628,874	\$ 1,594,345	
NON-OPERATING EXPENSES						
Interest Expense	\$ 2,796,584	\$ 1,585,957	\$ 2,753,248	\$ 2,722,132	\$ 2,625,692	
Bond Issuance Costs	923	-	-	-	-	
TOTAL NON-OPERATING EXPENSES	\$ 2,797,507	\$ 1,585,957	\$ 2,753,248	\$ 2,722,132	\$ 2,625,692	
TOTAL EXPENSES	\$ 10,415,834	\$ 6,641,631	\$ 11,420,930	\$ 13,638,423	\$ 16,827,797	
NET REVENUES OVER EXPENSES	\$ 7,801,089	\$ 4,956,813	\$ 8,284,205	\$ 6,561,081	\$ 5,737,683	
CAPITAL IMPROVEMENTS						
Property Acquisition				\$ 33,000	\$ 10,000	
Capital Improvements				-	466,000	
Office Buildings				-	167,000	
Dam Rehabilitation				2,470,000	503,194	
Highlands Improvements				3,047,240	1,651,279	
Maintenance Equipment				214,000	280,000	
Transportation Equipment				85,000	115,000	
Software				21,200	11,676	
Computer Equipment				10,100	17,528	
Radio Communications Equipment				32,000	30,000	
COH 2/3				(1,709,600)	(541,144)	
TOTAL CAPITAL IMPROVEMENTS				\$ 4,202,940	\$ 2,710,533	
OTHER USES						
Bond Principal	\$ 2,100,000	\$ 3,160,000	\$ 3,160,000	\$ 3,243,333	\$ 3,347,500	
Capital Repair/Replacement Reserve Fund				1,589,933	974,988	
TOTAL OTHER USES	\$ 2,100,000	\$ 3,160,000	\$ 3,160,000	\$ 4,833,266	\$ 4,322,488	
OTHER SOURCES						
Bond Proceeds				\$ 293,000	\$ 278,245	
Grant Proceeds				-	216,000	
Capacity Contributions	1,000,000	175,000	175,000	3,080,240	1,571,279	
TOTAL OTHER SOURCES	\$ 1,000,000	\$ 175,000	\$ 175,000	\$ 3,373,240	\$ 2,065,524	
NET CASH BASIS SOURCES (USES)	\$ 6,701,089	\$ 1,971,813	\$ 5,299,205	\$ 898,114	\$ 770,186	

**San Jacinto River Authority - Raw Water
Actual to Budget Comparison
FY2016 - FY2018**

Description	Actuals			Rolling 12	PROPOSED	
	Actuals 8/31/2016	Sept-March FY2017	April 2016- March 2017	Mo. Actuals April 2016- March 2017	Budget FY2017	Budget FY2018
OPERATING REVENUES						
General Industrial Water Revenue	\$ 11,157,470	\$ 6,897,088	\$ 11,769,390	\$ 11,648,217	\$ 11,648,217	\$ 12,418,390
General Industrial Water Revenue-Lake Customers	979,417	594,037	1,009,225	1,030,470	1,030,470	1,081,570
Water Sales-Municipal	2,565,019	1,711,181	3,016,106	3,244,906	3,244,906	3,507,438
Water Sales-Commercial	65,687	21,455	68,908	40,400	40,400	101,522
Lawn Irrigation Fees	109,425	65,750	111,800	52,500	52,500	100,000
Water Sales-Reclaimed Groundwater	8,189	8,189	16,378	-	-	-
Water Sales-Irrigation	30,252	35,614	53,825	40,400	40,400	42,403
SJRA Reservation Fee	219,144	102,557	140,739	108,468	108,468	88,442
Industrial Reservation Fee	87,070	-	-	92,006	92,006	146,019
Municipal Reservation Fee	32,000	21,120	35,738	36,803	36,803	38,628
TOTAL OPERATING REVENUES	\$ 15,253,673	\$ 9,456,992	\$ 16,222,109	\$ 16,294,170	\$ 16,294,170	\$ 17,524,413
OPERATING EXPENSES						
SALARIES, WAGES, & EMPLOYEE BENEFITS						
Salary & Wage Allocation	\$ -	\$ 39,845	\$ 39,845	\$ 39,845	\$ 190,452	\$ 314,163
Group Insurance	-	7,325	7,325	7,325	39,372	81,554
Group Retirement Expense	-	5,402	5,402	5,402	24,158	42,026
Workers Compensation Insurance	-	985	985	985	4,857	6,696
Social Security Taxes	-	2,733	2,733	2,733	14,570	22,355
TOTAL SALARIES, WAGES, & EMPLOYEE BENEFITS	\$ -	\$ 56,291	\$ 56,291	\$ 56,291	\$ 273,409	\$ 466,794
PROFESSIONAL FEES						
Legal Fees	\$ 175,012	\$ 131,956	\$ 231,057	\$ 231,057	\$ 225,000	\$ 225,000
Disclosure Filing	-	375	375	375	500	500
Arbitrage Rebate Audit	3,450	-	-	-	3,600	-
Paying Agent Fees	1,250	1,250	1,250	1,250	1,500	1,250
Engineering	199,407	10,979	131,771	131,771	225,000	741,000
TOTAL PROFESSIONAL FEES	\$ 379,119	\$ 144,560	\$ 364,453	\$ 364,453	\$ 455,600	\$ 967,750
PURCHASED & CONTRACTED SERVICES						
State Fees	\$ -	\$ 15,034	\$ 15,034	\$ 15,034	\$ -	\$ 16,000
Employee Testing- New	-	-	-	-	-	2,550
TOTAL PURCHASED & CONTRACTED SERVICES	\$ -	\$ 15,034	\$ 15,034	\$ 15,034	\$ -	\$ 18,550
SUPPLIES, MATERIALS & UTILITIES						
Training-Employee HR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 340
Health & Wellness Program	-	-	-	-	-	60
Recruiting Expenses	-	-	-	-	-	800
TOTAL SUPPLIES, MATERIALS & UTILITIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,200
GENERAL & ADMINISTRATIVE EXPENSES						
General & Administrative Expense Allocated	\$ -	\$ 15,611	\$ 15,611	\$ 15,611	\$ -	\$ 90,750
TOTAL GENERAL & ADMINISTRATIVE EXPENSES	\$ -	\$ 15,611	\$ 15,611	\$ 15,611	\$ -	\$ 90,750
NON-OPERATING EXPENSES						
Interest Expense	\$ 472,175	\$ 251,931	\$ 447,525	\$ 447,525	\$ 429,275	\$ 384,008
TOTAL NON-OPERATING EXPENSES	\$ 472,175	\$ 251,931	\$ 447,525	\$ 447,525	\$ 429,275	\$ 384,008
TOTAL EXPENSES	\$ 851,294	\$ 483,427	\$ 898,914	\$ 898,914	\$ 1,158,284	\$ 1,929,053
NET REVENUES OVER EXPENSES	\$ 14,402,379	\$ 8,973,564	\$ 15,323,194	\$ 15,323,194	\$ 15,135,887	\$ 15,595,360
OTHER USES						
Bond Principal	\$ 1,190,000	\$ 1,235,000	\$ 1,235,000	\$ 1,235,000	\$ 1,272,500	\$ 1,321,667
TOTAL OTHER USES	\$ 1,190,000	\$ 1,235,000	\$ 1,235,000	\$ 1,235,000	\$ 1,272,500	\$ 1,321,667
NET CASH BASIS SOURCES (USES)	\$ 13,212,379	\$ 7,738,564	\$ 14,088,194	\$ 14,088,194	\$ 13,863,387	\$ 14,273,693

SJRA FY 2018 Raw Water Enterprise Risk Management

May 15, 2017

Risk	Probability	Management Method
Revenue		
Revenue from raw water sales and reservations less than projected	Low	<ul style="list-style-type: none"> • Long-term raw water supply contracts for industrial and municipal users are currently “take or pay”. • Raw water supply contracts for irrigators are on annual basis; however, contracted water amounts are very small. • Long-term GRP contracts with Participants <ul style="list-style-type: none"> ○ GRP expected to maintain full production now that start-up issues are resolved. ○ Reservation fees for City of Houston water in Lake Conroe is a pass-through to GRP Division.
Revenue from dock, marina, OSSF, etc. permitting/licensing less than projected	Low	<ul style="list-style-type: none"> • Collection rate in budget assumed at 95%.
Delayed payments from large raw water customers	Low	<ul style="list-style-type: none"> • Billing collection process in place to identify late payments and work with customers to obtain payments. • Working Capital Reserve Funds available.
Delayed payments from City of Houston	Medium	<ul style="list-style-type: none"> • Delay in revenue collections from COH has been incorporated into budget. • Staff continues to work with COH to obtain timely payments. • Operating Reserve Funds available.
Labor (Staffing)		
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"> • Conducting research regarding competitive compensation and benefits, including health benefits. • Researching possible alternative plan designs for the health benefit program. • Seeking competitive bids on health coverage.

Professional, Construction and Miscellaneous Services		
Inadequate and/or poorly performing providers of professional, construction and/or miscellaneous services	Low	<ul style="list-style-type: none"> • SJRA staff in key management positions to oversee/ drive progress for timely completion.

SJRA FY 2018 Raw Water Enterprise Risk Management

		<ul style="list-style-type: none"> • Project management procedures implemented for effective project delivery including control of scope, fee, schedule and risk for professional services. • All contracts contain termination clauses. • All professional services contracts are work order based which only authorize work one phase at a time allowing opportunity to adjust services provided. • Standardization of construction contract front-end documents and specifications. • Use Competitive Sealed Proposals (CSP) method for obtaining qualified and experienced contractors for performing all major construction.
Limited numbers of qualified firms resulting in high proposed costs for construction services	Medium	<ul style="list-style-type: none"> • Maintain adequate Contingency Funds in CIP for difficult work. • Purchasing is making concerted efforts to interest more qualified construction contractors in SJRA projects. • Use CSP method allows negotiation and Value Engineering analysis with selected contractors when appropriate.
Operations and Maintenance Costs		
Operations costs greater than budgeted	Low	<ul style="list-style-type: none"> • Operations costs based on historic expenditures with reasonable contingency. • Commodity costs such as fuel and power susceptible to spikes in prices and are therefore estimated conservatively. • Extreme events, such as a hurricane events occurring in the area, are included in contingency plans. • Emergency Reserve Funds available.
Failure of or damages to a key system component requiring immediate repair and/or increased maintenance costs greater than budgeted for Highlands Division	Medium	<ul style="list-style-type: none"> • Most facilities in Highlands have been in service 60 or more years; therefore, a comprehensive assessment of the Highlands system components that are in need of repair/rehabilitation have been used to prioritize and develop a phased capital improvement program (CIP). System rates are adjusted regularly to fund the desired improvements using cash and appropriate bond revenues. • Capital Repair and Replacement Reserve Funds available for critical and immediate repair of failed system components. • Preventative maintenance of all key components is scheduled within a computerized maintenance management system. Many components of the system

SJRA FY 2018 Raw Water Enterprise Risk Management

		<p>can be maintained and repaired with in-house staff and equipment.</p> <ul style="list-style-type: none"> • Emergency natural gas generators supply electrical power to all pumping stations during loss of power events (services continuation).
<p>Failure of a key system component requiring immediate repair and/or maintenance costs greater than budgeted for Lake Conroe Division</p>	<p>Medium</p>	<ul style="list-style-type: none"> • Lake Conroe dam has been in service for over 40 years. A dam safety inspection is conducted every five years and any deficiencies are identified and prioritized in a recommended CIP. System rates are adjusted regularly to fund any critical improvements using operating funds. Emergency Reserve Funds are also available for critical and immediate repair of failed system components. • Capital Repair and Replacement Reserve Funds are available for critical and immediate repair of failed system components. • Preventative maintenance of all key components is scheduled within a computerized maintenance management system. Many components of the system can be maintained and repaired with in-house staff and equipment. • Emergency natural gas generators supply electrical power to all necessary components during loss of power events (services continuation).
<p>Capital Outlay</p>		
<p>Capital improvement program (CIP) project costs greater than budgeted</p>	<p>Medium</p>	<ul style="list-style-type: none"> • SJRA staff in key management positions to oversee/drive progress for most timely completion. • Project management procedures implemented for effective project delivery including control of scope, fee, schedule and risk. • Phased execution of construction projects allows a modification to CIP plan prior to commitment of funds. • Commodity costs such as fuel and construction materials are susceptible to spikes in prices; therefore, these costs are estimated conservatively. • Capital Repair and Replacement Reserve Funds are available for unanticipated CIP needs.
<p>Harris County and TxDOT continue to implement roadway improvements</p>	<p>Medium</p>	<ul style="list-style-type: none"> • SJRA staff meets periodically with TxDOT and Harris County to discuss infrastructure planning and schedule for proposed roadway improvements. CIP projects can sometimes be shifted to address the scheduled roadway

SJRA FY 2018 Raw Water Enterprise Risk Management

<p>over/through SJRA Highlands Division siphons</p>		<p>improvements, especially if roadway agency funding is available to offset the accelerated cost.</p> <ul style="list-style-type: none"> • Capital Repair and Replacement Reserve Funds available for unanticipated CIP needs.
<p>Existing or new customers required additional water supply which exceeds the available supplies of the Authority or the delivery capacity of the current system</p>	<p>Medium</p>	<ul style="list-style-type: none"> • The Authority is developing a long-term raw water master plan for development of additional permanent supplies for the 50-year future. • Engineering analysis of the Highlands system’s delivery capacity has been developed and customized models can now be used to determine how best to expand the capacity when required. Before executing new delivery contracts, SJRA professional staff evaluates the required modifications and requires the customer to fund the cost of the capacity improvements. • Since all available supplies in Lake Conroe are committed to existing customers; therefore, any requests for additional capacity must be met in the short-term by use of long-term committed but currently unused supplies or by immediately acquiring new supplies from other existing sources.

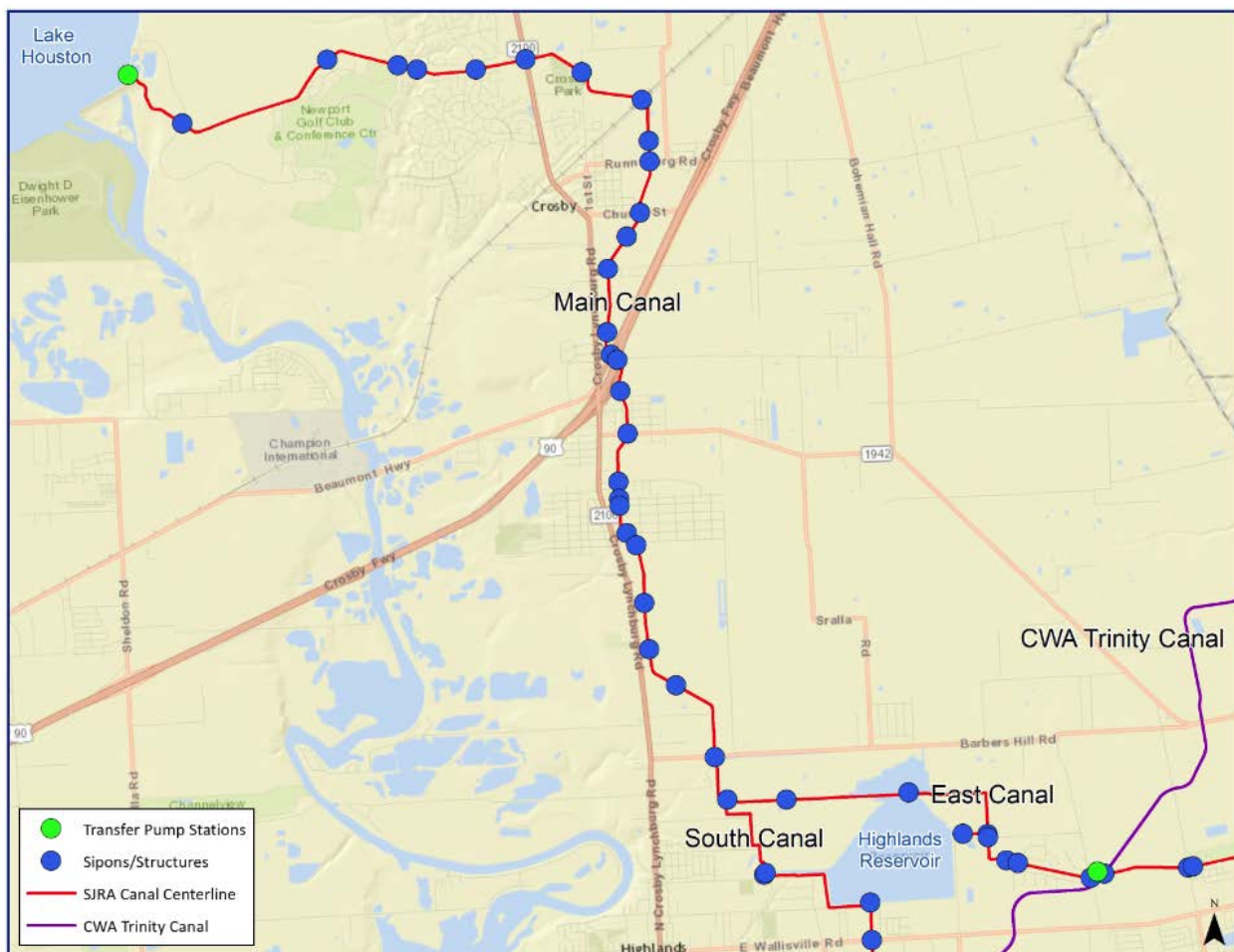
HIGHLANDS DIVISION



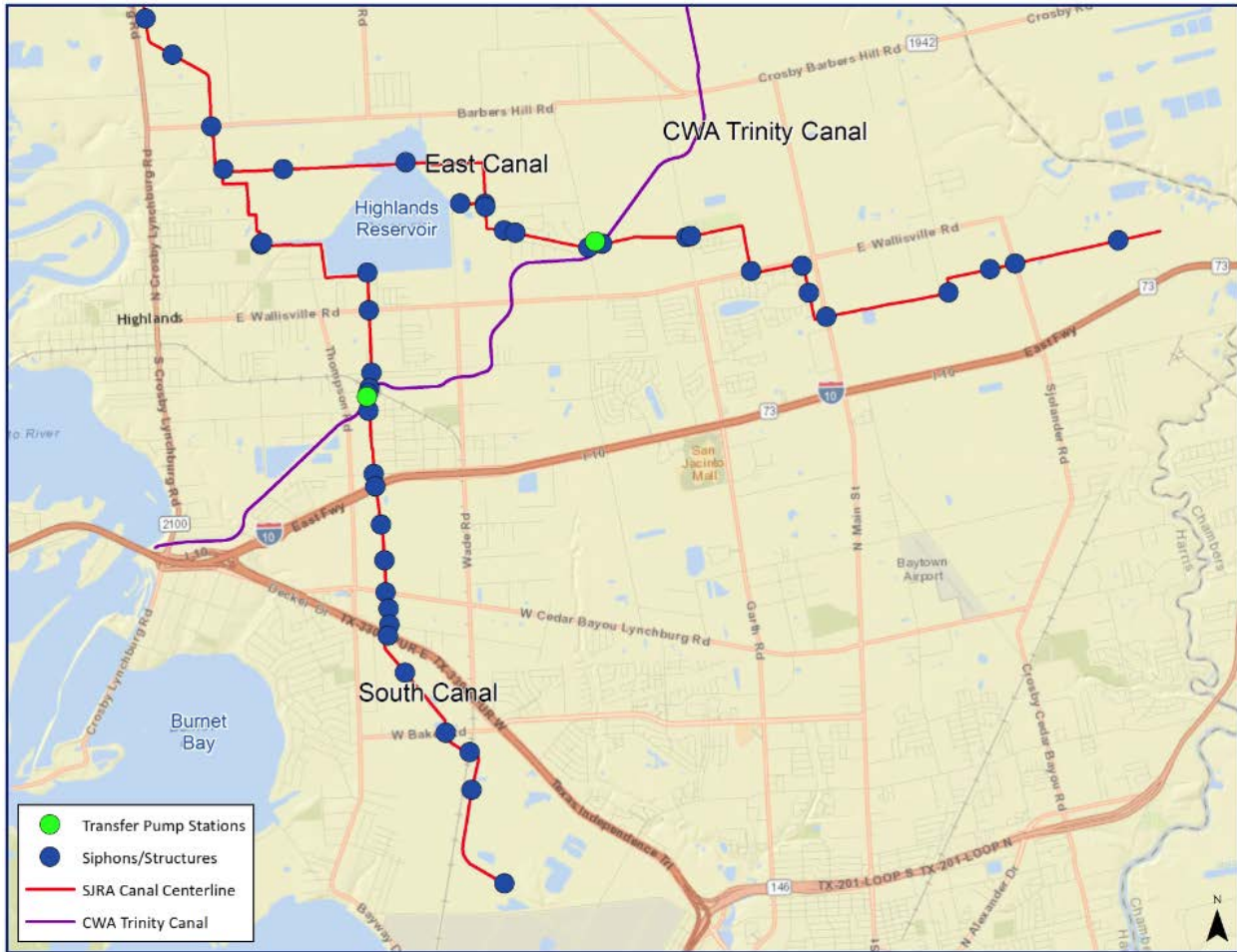
HIGHLANDS DIVISION

The Highlands Division operates and maintains a raw water delivery system to supply municipal, industrial, and irrigation customers in eastern Harris County. The original canal system was developed by the federal government as part of the industrial build-up during World War II. The Highlands Division was created in the early 1950's when the federal government sold the canal system to the Authority. The Highlands system has been the principal enterprise of the Authority for more than 75 years. The system now consists of the Lake Houston Pump Station, an extensive 27 mile system of canals (Main, East, and South) that includes siphons crossing numerous roads, pipelines, canals, and drainage channels, the 1,400 acre Highlands Reservoir, and two transfer pump stations on the East and South Canals to divert Trinity River water from the Coastal Water Authority's Trinity Canal into the Highlands canals. The Highlands Division delivers more water each day than all of the other operating divisions combined.

MAP OF HIGHLANDS MAIN CANAL SYSTEM



MAP OF HIGHLANDS SOUTH AND EAST CANAL SYSTEMS



Major Initiatives: During FY2017 and planned for FY2018, the Highlands Division has either completed or started, or will complete or start a number of major initiatives to improve the operations of the Highlands system.

- 1. In-house Project Delivery:** The Highlands Division, in coordination with the G&A Technical Services Department, expanded its in-house project delivery capabilities to include the design and construction of small projects within the Highlands system. In past years, the design and construction of all small projects were contracted to engineering and construction firms. The Highlands staff completed several in-house improvement projects in FY2017, saving an estimated \$200,000. The Highlands staff will continue to evaluate small project for opportunities to utilize and expand their construction capabilities with support from the Technical Services engineering, construction management, and inspection expertise.
- 2. Highlands Reservoir:** The Highlands Division recently developed rules and regulations for broader public use of the Highlands Reservoir, allowing for the general public to utilize the reservoir for fishing and non-motorized boating. Consequently, the Texas Parks and Wildlife Department

(TPWD) stocked the Reservoir with various species of gamefish at no cost to the Authority. The Division will continue to improve selected access facilities around the reservoir for public use during FY2018 and will participate in local Highlands area community events to raise awareness of the Authority and its role as a community supporter.

- 3. Customer Relations:** In FY2017, the Highlands staff increased collaboration with their major customers, working with them to fund and construct projects to increase and improve reliability and delivery of raw water supplies. The staff plans in FY2018 to increase the number of customer contacts and build stronger relationships with its existing customers. Improved relationships with its customers are expected to allow the Highlands Division to achieve greater efficiencies in monitoring, reporting, and billing administration.
- 4. Asset Management:** Along with all of the other operating divisions, the Highlands Division will focus in FY2018 on improving the management of their assets. The Division has embraced the use of the Authority's new Enterprise Asset Management and Computerized Maintenance Management System (EAM/CMMS). This system allows the Division to track assets throughout the asset's lifetime, track planned and corrective maintenance, and assist in determining the appropriate time to replace assets. In FY2018, the Highlands Division, in coordination with the G&A Information Technology and Technical Services Departments, is integrating Geographic Information Systems (GIS) with the EAM/CMMS system. This integration will improve the efficiency and effectiveness of the Division's EAM/CMMS system by placing all available information in the hands of staff as the address issues in the field.
- 5. SCADA/I&C Improvements:** Historically, the Highlands system has been predominantly a manually operated system, with minimal remote monitoring and controls. In FY2018, with the coordination of the G&A SCADA/I&C Department, the Highlands will begin construction activities to install various instrumentation and control technology, in order to significantly improve instrumentation and infrastructure to remotely monitor and control flows within the canal system. These improvements will increase the reliability and functionality of operations for the entire system and enhance the responsiveness of the staff to unexpected events.

Capital Improvement and Other Projects Plans: Each year the Highlands Division conducts risk and condition assessments of their infrastructure. The Highlands reviews the likelihood and consequences of failure of each asset and then prioritizes projects based on a variety of factors related to reliable, cost-effective service. Projects included within the Highlands Projects Plan may be funded from the Operations and Maintenance Budget, from bonds, and/or in some limited instances from direct customer contributions. Funding for projects typically extends over multiple fiscal years. Several Highlands Division projects, as noted below, are planned to be partially funded from customer contributions of \$1,500,000 or in one instance from a future FY2019 contribution from the Texas Department of Transportation (TxDOT). For FY2018, the Highlands Division conducted assessments and prioritized the following projects for design and/or construction:

Highlands - Projects	Stage	Est. FY2018 Cost	Funding Source
SCADA Comm. System Implementation Phases 0 & 1	Construction	\$ 1,626,000	Bonds
South Canal Improvements: I-10 to Siphon 31	Construction	\$ 353,132	Bonds
Siphon 7 Improvements	Design/Const	\$ 1,944,000	Bonds
Siphon 31 Improvements	Construction	\$ 1,058,107	Bonds/Cust
Siphon 28 Improvements	Construction	\$ 1,065,445	Bonds
South Canal Transfer Pump Station Rehabilitation	Construction	\$ 979,000	Bonds
I-10 Culvert Silt Removal	Construction	\$ 180,537	Bonds
Decker Drive Siphon Silt Removal	Construction	\$ 97,708	Bonds
South Canal Levee Improvements: Siphon 27 to Siphon 37	Construction	\$ 2,646,068	Bonds/Cust
Lake Houston Pump Station Misc. Rehabilitation Phase 2	Design/Const	\$ 1,270,000	O&M/Bonds
Main Canal Improvements: Lake Houston to Siphon 6	Design	\$ 344,000	Bonds
South Canal Levee Improvements: Structure 3 to Siphon 24	Design	\$ 957,000	Bonds
Levee Improvements: Siphon 21 - 2,500 downstream	Design	\$ 84,000	Bonds
Canal Access and Security Improvements	Design/Const	\$ 197,000	Bonds
Highlands Environmental Consulting Services	Design	\$ 53,000	Bonds
Emergency Operations Center Improvements	Design	\$ 38,000	Bonds
SCADA Comm. System Implementation Phase 2	Design	\$ 47,000	Bonds
Structure 2 Improvements	Design	\$ 150,000	Bonds
Total		\$ 13,089,996	

Total Indebtedness and Annual Debt Service: At August 31, 2016, the Highlands Division currently had \$62,710,000 of total indebtedness from bonds related to Highlands projects, made up of the following bond issuances:

- Series 2010 Water Revenue Bonds (Outstanding: \$21,975,000; Matures 10/1/35)
- Series 2013 Water Revenue Bonds (Outstanding: \$6,375,000; Matures 10/1/38)
- Series 2014 Water Revenue Bonds (Outstanding: \$5,360,000; Matures 10/1/39)
- Series 2015 Water Revenue Bonds (Outstanding: \$29,000,000; Matures 10/1/39)

Annual debt service (principal and interest) for FY2018 for the above bond issuances is \$4,267,517. Bond payments each year are made in April (interest only) and October (principal and interest). Monthly accruals of interest are made for October to March, while monthly accruals of principal and interest are made for April to September. Debt Service Reserves are not yet fully funded for the above bond issuances and are being funded monthly.

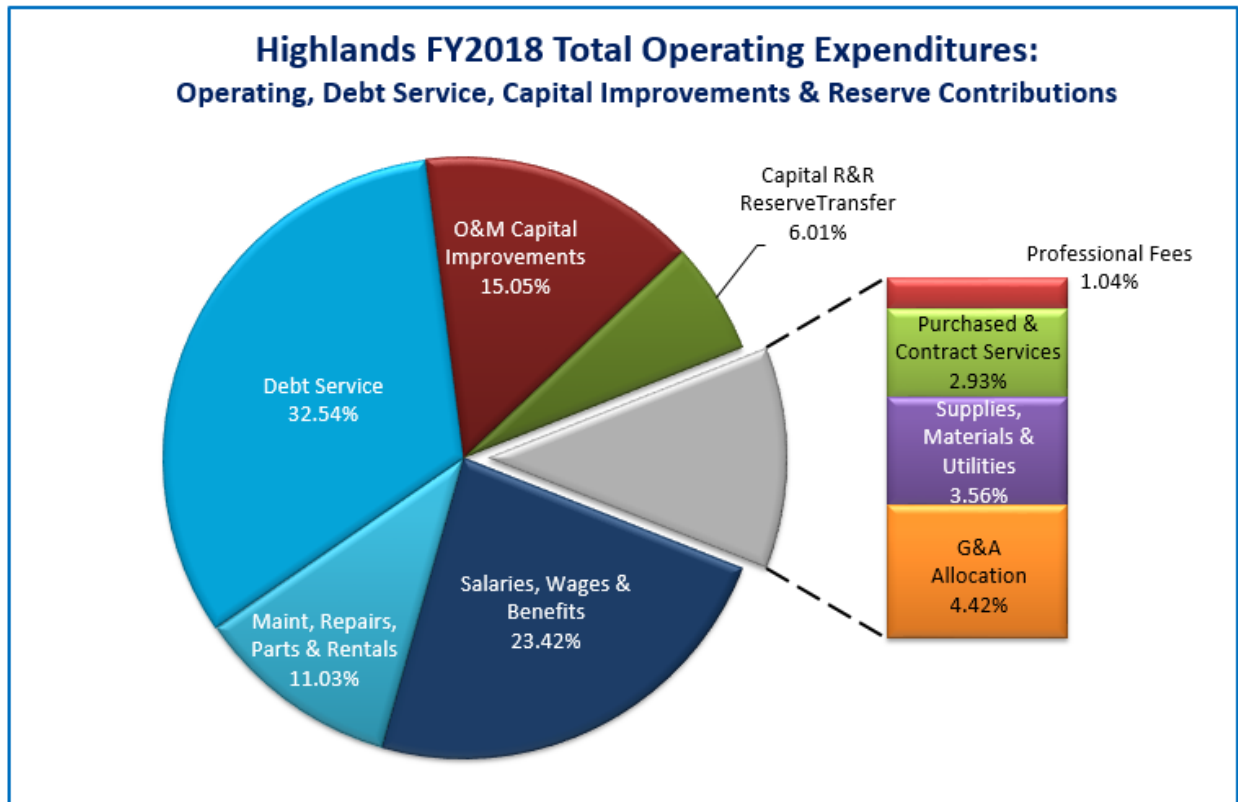
Staffing Plans: The Highlands Division's staffing plan for FY2018 includes ten direct FTE positions, with no part-time, temporary, or intern positions. In addition to the ten direct Highlands FTEs, the Highlands is allocated 16.5 FTEs for FY2018 from G&A Departments. Total staff in FY2018 associated with the Highlands Division, direct and allocated, is 26.5 FTEs.

Revenues: The Highlands Division has no significant revenues forecast for FY2018 with zero Operating Income and only \$16,000 of Interest Income, combined with \$1,571,279 of anticipated capacity contributions from customers and the use of \$278,245 of remaining unused bond proceeds.

Expenditures: The Highlands Division for FY2018 contains regular and customary expenses related to the on-going operation and maintenance of the Highland’s wholesale raw water transmission system. Such expenditures include:

- Salaries, Wages, and Benefits
- Professional Fees
- Purchased and Contracted Services
- Supplies, Materials, and Utilities
- Maintenance, Repairs, Parts, and Rentals
- G&A Allocations
- Debt Service (principal and interest)
- O&M Capital Improvements (non-bond related)
- Reserve Contributions

Expected total expenditures for the Highlands Division for FY2018, including operating, non-operating, debt service, capital improvements, and any other cash uses, totals \$13,115,357.



Fund Balance and Reserves: The Authority's General Fund Balance combines to cover the Raw Water Enterprise, which is made up of the Raw Water Supply, Highlands Division, and Lake Conroe Division, as well as the G&A Division.

As approved by the Board of Directors, the reserve policy for the Highlands Division utilizes three reserves: Operating Reserve, Emergency Reserve, and Capital Repair and Replacement Reserve.

- 1. Operating Reserve:** The Operating Reserve is created to manage cash flow, and stabilize rates and revenues. The Operating Reserve target beginning in FY2019 for the Highlands is set to be an amount equal to six months of operating expenditures. Currently the Highlands has not yet met the six month operating reserve. For FY2017, the Highlands Operating Reserve is at \$1,595,278, equivalent to four and one-half months of operating expenses. For FY2018, the Operating Reserve is projected to be \$2,294,330, equivalent to five months of operating expenses.
- 2. Emergency Reserve:** The Emergency Reserve is created to provide for a full or partial source of funds for unplanned or emergency repair or replacement of Authority capital assets, excluding the Woodlands and GRP Divisions. The Emergency Reserve target for the Highlands is set to be an amount equal to six months of operating expenses. For FY2017, the Highlands Emergency Reserve is at \$2,127,038, equivalent to six months of operating expenses. For FY2018, the Emergency Reserve is projected to be \$2,753,196, equivalent to six months of operating expenses.
- 3. Capital R&R Reserve:** The Capital R&R Reserve target for the Highlands is to be the year-after-year accumulation of an annual amount equal to that year's depreciation of the Division's assets. For FY2017, the Highlands Capital R&R Reserve balance is at \$4,712,257. For FY2018, the Capital R&R Reserve contribution is projected to be \$788,023.

For FY2018, the net balance between revenues and expenditures for the Highlands Division, including annual debt service and scheduled contributions to any of the three reserves, is (\$11,249,833). This amount will be covered by the Raw Water Supply revenues, as provided by the Raw Water Enterprise.

San Jacinto River Authority - Highlands
Actual to Budget Comparison
FY2016 - FY2018

Description	Actuals			Rolling 12	PROPOSED	
	Actuals 8/31/2016	Sept-March FY2017	Mo. Actuals April 2016- March 2017	Budget FY2017	Budget FY2018	
OTHER REVENUES						
Interest Income	\$ 197,528	\$ 80,983	\$ 156,422	\$ 10,500	\$ 16,000	
Land Use Agreements	6,355	-	6,355	6,355	-	
Proceeds From Sale Of Assets	38,221	-	9,250	-	-	
TOTAL OTHER REVENUES	\$ 242,105	\$ 80,983	\$ 172,027	\$ 16,855	\$ 16,000	
OPERATING EXPENSES						
SALARIES, WAGES, & EMPLOYEE BENEFITS						
Salaries & Wages	\$ 449,479	\$ 242,144	\$ 437,428	\$ 503,354	\$ 615,985	
Salary & Wage Allocation	1,120,689	781,292	1,299,867	1,520,782	1,381,539	
Salaries & Wages-Interns	-	-	-	22,287	-	
Staffing Services	6,276	-	-	-	-	
Compensated Absences	464	-	464	-	-	
Group Insurance	256,446	214,776	328,261	317,142	548,134	
Group Insurance - Retirees	15,900	9,563	16,283	16,776	17,417	
Group Insurance - Retiree OPEB	31,555	-	31,555	29,000	35,000	
Group Retirement Expense	190,868	133,171	219,304	252,052	273,036	
Workers Compensation Insurance	29,435	24,420	40,623	38,085	53,222	
Social Security Taxes	111,888	70,360	121,989	148,185	147,013	
TOTAL SALARIES, WAGES, & EMPLOYEE BENEFITS	\$ 2,213,000	\$ 1,475,725	\$ 2,495,772	\$ 2,847,663	\$ 3,071,345	
PROFESSIONAL FEES						
Legal Fees	\$ 12,263	\$ 9,965	\$ 19,465	\$ 10,000	\$ 20,000	
Disclosure Filing	-	375	375	500	500	
Annual Financial Audit	5,446	5,698	6,490	10,000	10,000	
Arbitrage Rebate Audit	3,750	-	-	-	3,750	
Paying Agent Fees	3,500	1,765	3,265	3,000	3,265	
Engineering	86,812	9,656	61,150	-	90,000	
Crane Inspections	685	-	685	2,000	1,100	
Safety Inspections & Testing	56	1,396	1,415	2,700	3,000	
Graphic Design	350	-	-	5,000	5,000	
TOTAL PROFESSIONAL FEES	\$ 112,862	\$ 28,855	\$ 92,845	\$ 33,200	\$ 136,615	
PURCHASED & CONTRACTED SERVICES						
Waste Disposal Services	\$ 1,868	\$ 5,024	\$ 5,792	\$ 5,000	\$ 10,000	
Patrolling & Security Services	67,207	39,170	67,207	68,900	68,900	
Employee Testing- New	1,524	579	903	2,250	340	
Janitorial Services	6,420	3,210	6,420	7,062	7,500	
Stream Gauging & Water Quality-USGS	16,300	9,508	16,300	17,115	17,115	
South Canal CWA Water Conveyance	93,470	27,227	81,722	145,000	145,000	
East Canal CWA Water Conveyance	9,237	125	9,362	119,625	119,625	
Trucking	455	910	910	5,400	5,400	
Public Relations Expense	1,550	-	1,300	3,000	2,500	
Water Conservation & Public Education	5,000	4,700	4,700	5,000	6,000	
Meeting Expenses	-	1,386	1,386	-	2,000	
TOTAL PURCHASED & CONTRACTED SERVICES	\$ 203,030	\$ 91,838	\$ 196,001	\$ 378,352	\$ 384,380	
SUPPLIES, MATERIALS & UTILITIES						
Office Supplies & Printing	\$ 2,978	\$ 2,388	\$ 3,571	\$ 6,000	\$ 6,000	
Other Office Expense	-	334	334	-	1,000	
Travel	1,353	385	1,521	2,500	4,000	
Automobile & Truck Expense	6,678	3,498	7,883	6,000	13,400	
Postage	736	200	481	1,000	1,000	
Property Insurance	13,129	7,973	13,122	17,342	17,862	
Auto Insurance	13,802	7,825	13,530	14,573	15,010	
Liability Insurance	7,803	7,019	10,276	10,000	10,300	
Small Tools Purchases	4,654	193	4,136	6,000	6,000	
Training-External	455	475	930	2,000	4,000	
Training-Internal	887	75	677	1,000	1,000	
Training-Employee HR	2,068	1,220	2,225	2,400	2,550	
Managers Expense	1,989	297	549	5,000	2,000	
Employee Relations	-	629	629	-	2,100	

San Jacinto River Authority - Highlands
Actual to Budget Comparison
FY2016 - FY2018

Description	Actuals			Rolling 12	PROPOSED	
	Actuals 8/31/2016	Sept-March FY2017	Mo. Actuals April 2016- March 2017	Budget FY2017	Budget FY2018	
Fuel	25,897	17,442	29,355	40,000	44,000	
Uniform Services	3,113	3,254	4,484	6,800	6,800	
Operations Supplies	5,256	5,152	9,358	8,500	13,200	
Memberships & Professional Dues	219	186	355	725	1,900	
Signage	-	5,165	5,165	-	2,000	
Janitorial Supplies	386	17	245	1,000	1,000	
Copier, Scanner & Fax	2,438	2,431	3,532	2,040	7,800	
Utilities-Electric	6,911	3,082	6,959	18,000	14,400	
Utilities-Natural Gas	2,951	1,323	3,081	6,750	6,750	
Utilities-Water	698	396	766	800	800	
Utilities-Electric-LHPS Pumping Costs-Direct	114,185	41,029	105,344	130,000	130,000	
Utilities-Electric-ECTPS Pumping Costs-Direct	6,087	4,786	10,873	24,000	24,000	
Utilities-Electric-SCTPS Pumping Costs-Direct	5,845	6,076	11,921	14,400	14,400	
Pumping Costs-Indirect	16,112	7,610	15,243	19,260	19,260	
Bank Service Charges	(15)	-	-	-	-	
Personal Protective Equipment	2,899	2,291	3,101	5,000	5,000	
Safety Equipment & Meetings	2,998	786	2,827	5,200	7,000	
Health & Wellness Program	170	29	81	2,250	450	
Recruiting Expenses	594	94	496	8,200	6,000	
Computer Hardware	3,429	3	969	3,900	19,970	
Software & Support	13,434	11,072	16,974	21,700	22,231	
Software Maintenance	-	-	-	12,000	11,000	
Network Communications	555	2,543	2,543	4,800	5,100	
Publications & Subscriptions	-	-	-	-	500	
Wireless Devices & Services	8,672	4,591	8,181	10,600	13,980	
Phone System-Install, Maintenance, & Changes	-	-	-	400	500	
Emergency Operations Communications	679	-	-	700	684	
Landline Telephone Services	5,120	1,590	4,560	2,300	2,400	
TOTAL SUPPLIES, MATERIALS & UTILITIES	\$ 285,163	\$ 153,459	\$ 306,275	\$ 423,140	\$ 467,347	
RENTALS						
Equipment Rentals	\$ 2,756	\$ 2,094	\$ 3,162	\$ 3,500	\$ 5,000	
TOTAL RENTALS	\$ 2,756	\$ 2,094	\$ 3,162	\$ 3,500	\$ 5,000	
MAINTENANCE, REPAIRS & PARTS						
Office, Furniture, & Fixtures	\$ 2,386	\$ 1,510	\$ 2,623	\$ 4,000	\$ 13,000	
Buildings & Grounds Maintenance	17,058	30,707	33,557	37,500	50,000	
Security System Monitoring	1,504	359	1,229	5,220	500	
Machinery, Tools, & Implements	45,211	15,192	40,331	53,500	56,500	
Instrumentation Equipment & Parts	7,107	873	4,762	25,000	26,000	
Bridges, Culverts, & Siphons	31,576	113,631	136,452	150,000	345,745	
Water Control Structure	3,794	9,614	9,841	57,000	-	
Canals, Levees, & Dams-Maintenance & Repairs	22,146	27,578	32,292	116,000	20,000	
Invasive Species Management	38,047	52	5,257	50,000	50,000	
Streets & Roads	5,083	-	5,083	5,000	10,000	
Lake Houston Pump Station Maintenance & Repairs	78,832	19,449	95,926	65,000	869,959	
Pump Station Equipment	2,024	-	-	-	-	
Inventory Gains and Losses	1,389	-	1,990	-	-	
TOTAL MAINTENANCE, REPAIRS & PARTS	\$ 256,157	\$ 218,964	\$ 369,343	\$ 568,220	\$ 1,441,704	
GENERAL & ADMINISTRATIVE EXPENSES						
General & Administrative Expense Allocated	\$ 540,104	\$ 207,010	\$ 445,283	\$ 654,693	\$ 579,465	
TOTAL GENERAL & ADMINISTRATIVE EXPENSES	\$ 540,104	\$ 207,010	\$ 445,283	\$ 654,693	\$ 579,465	
NON-OPERATING EXPENSES						
Interest Expense	\$ 2,324,409	\$ 1,334,026	\$ 2,305,723	\$ 2,292,857	\$ 2,241,684	
Bond Issuance Costs	923	-	-	-	-	
TOTAL NON-OPERATING EXPENSES	\$ 2,325,332	\$ 1,334,026	\$ 2,305,723	\$ 2,292,857	\$ 2,241,684	
TOTAL EXPENSES	\$ 5,938,404	\$ 3,511,972	\$ 6,214,403	\$ 7,201,625	\$ 8,327,540	
NET REVENUES OVER EXPENSES	\$ (5,696,299)	\$ (3,430,988)	\$ (6,042,376)	\$ (7,184,770)	\$ (8,311,540)	

San Jacinto River Authority - Highlands
Actual to Budget Comparison
FY2016 - FY2018

Description	Actuals			Rolling 12	PROPOSED	
	Actuals 8/31/2016	Sept-March FY2017	Mo. Actuals April 2016- March 2017	Budget FY2017	Budget FY2018	
CAPITAL IMPROVEMENTS						
Property Acquisition				\$ 33,000	\$ -	
Highlands Improvements				3,047,240	1,651,279	
Maintenance Equipment				214,000	240,000	
Transportation Equipment				50,000	75,000	
Software				400	670	
Computer Equipment				3,500	7,011	
TOTAL CAPITAL IMPROVEMENTS				\$ 3,348,140	\$ 1,973,961	
OTHER USES						
Bond Principal	\$ 910,000	\$ 1,925,000	\$ 1,925,000	\$ 1,970,833	\$ 2,025,833	
Capital Repair/Replacement Reserve Fund				1,426,393	788,023	
TOTAL OTHER USES	\$ 910,000	\$ 1,925,000	\$ 1,925,000	\$ 3,397,226	\$ 2,813,857	
OTHER SOURCES						
Bond Proceeds				\$ 293,000	\$ 278,245	
Capacity Contributions	1,000,000	175,000	175,000	3,080,240	1,571,279	
TOTAL OTHER SOURCES	\$ 1,000,000	\$ 175,000	\$ 175,000	\$ 3,373,240	\$ 1,849,524	
NET CASH BASIS SOURCES (USES)	\$ (5,606,299)	\$ (5,180,988)	\$ (7,792,376)	\$ (10,556,897)	\$ (11,249,833)	

LAKE CONROE DIVISION



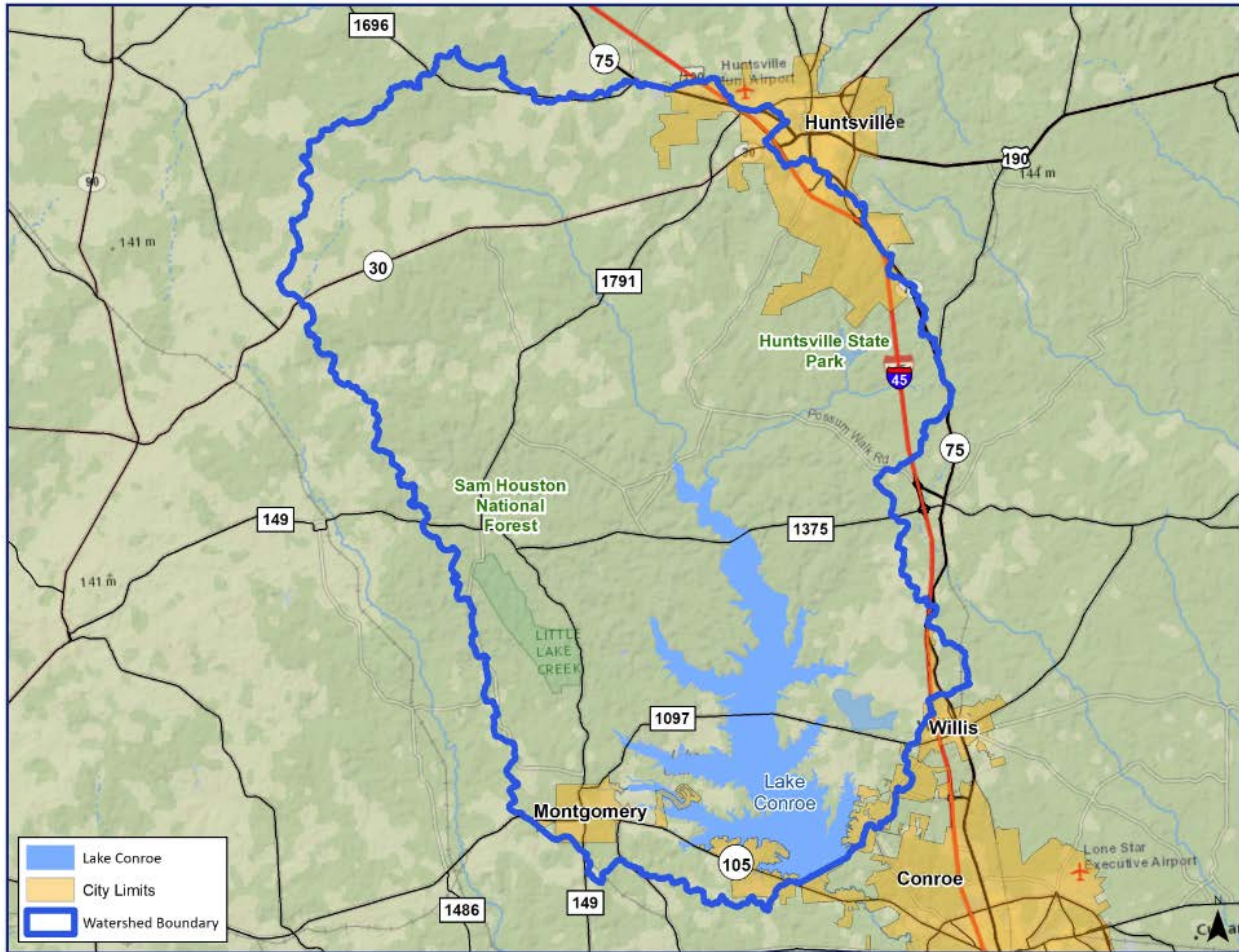
LAKE CONROE DIVISION

The Lake Conroe Division is responsible for managing the resources of the Lake Conroe dam and reservoir. Completed in 1973, Lake Conroe is funded through a joint venture partnership between the Authority and the City of Houston, and was constructed as a long-term water supply reservoir. The Authority holds water rights for 1/3 of the annual yield of Lake Conroe, while the City of Houston holds the other 2/3 of the water rights. As a 2/3 owner in Lake Conroe, the City of Houston reimburses roughly 2/3 of the Lake Conroe Division expenses. The Lake Conroe Division's primary responsibilities are:

- operate and maintain the Lake Conroe dam, spillway structure, and service outlet,
- handle all monitoring functions related to water quality, including permitting and inspection of on-site sewage systems around Lake Conroe,
- administer licensing programs for residential docks, piers, marinas, commercial operations, all for the purpose of ensuring navigation and recreation safety,
- maintain an invasive aquatic vegetation control program,
- monitor the construction of permanent structures and other encroachments onto Authority lands including the reservoir, and
- administer the rules and regulations for the Lake Conroe reservoir.

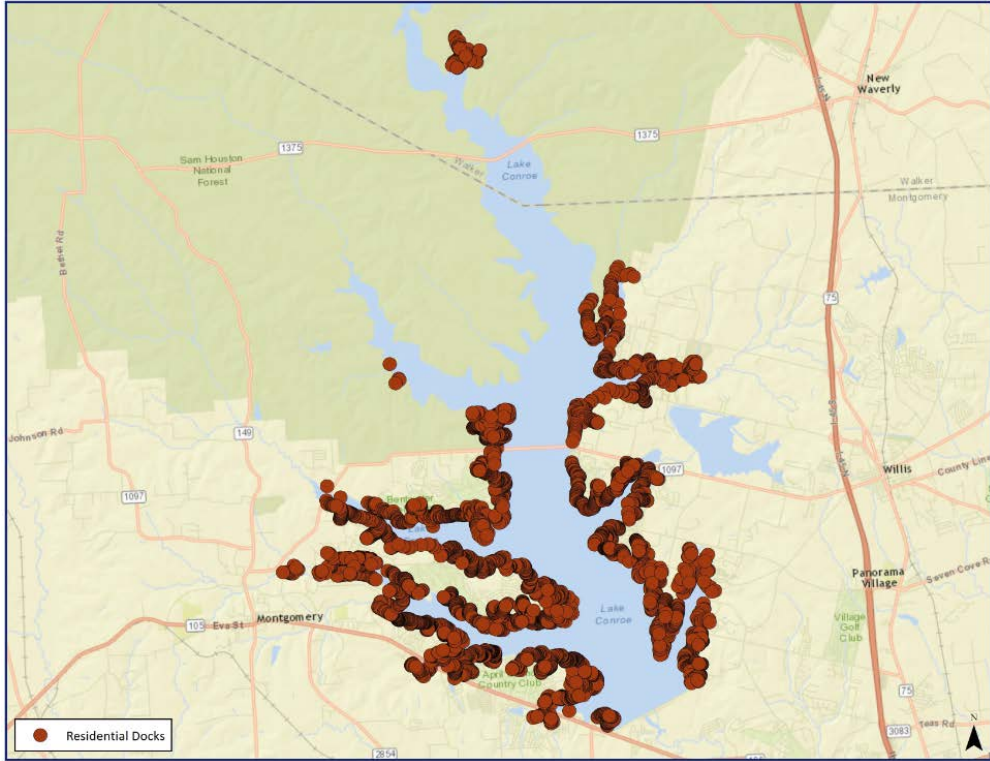


MAP OF LAKE CONROE WATERSHED

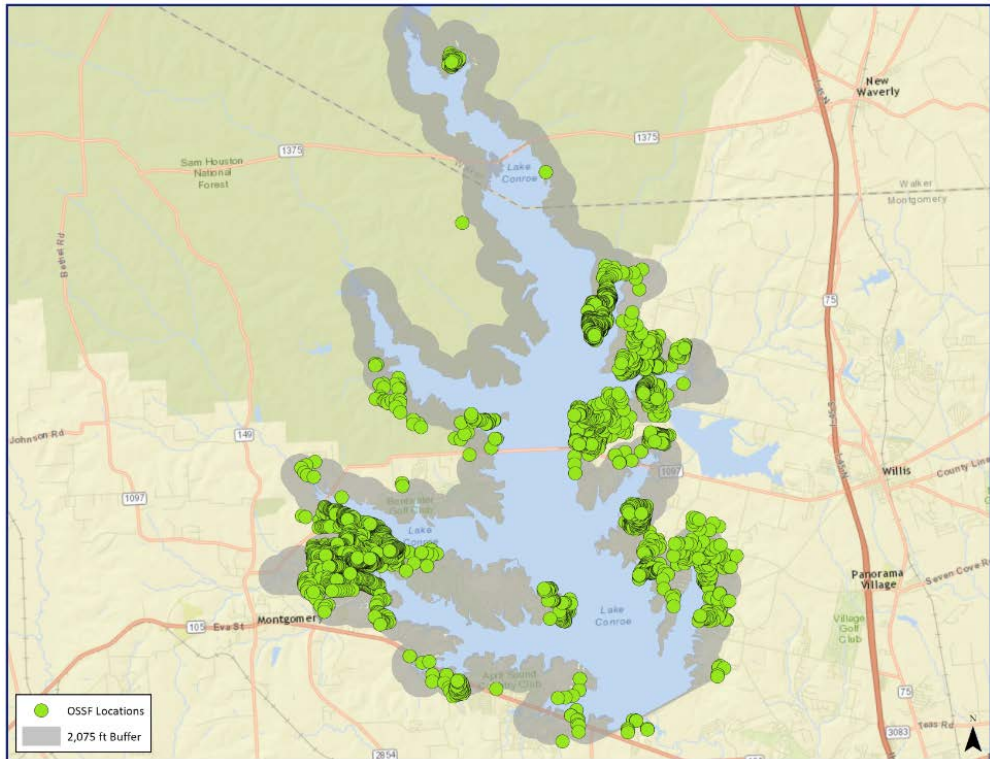


As permitted by the State of Texas, the annual yield of Lake Conroe is 99,999 acre-feet, with the Authority's portion being 33,333 acre-feet (ac-ft) and the City of Houston's portion being 66,667 ac-ft. Lake Conroe was formed by the creation of a 2.2 mile long earthen dam and gated spillway on the West Fork of the San Jacinto River. The reservoir covers an area of roughly 19,640 acres within Montgomery and Walker Counties. When full (201 feet above mean sea-level) the reservoir contains approximately 400,000 acre-feet of water. There are about 4,500 commercial and residential dock structures currently permitted on Lake Conroe and 2,500 on-site sewage systems (OSSFs) permitted within a 2,075 feet perimeter around the shoreline of the reservoir.

MAP OF RESIDENTIAL AND COMMERCIAL DOCKS ON LAKE CONROE



MAP OF ON-SITE SEWAGE FACILITIES (OSSFs) ON LAKE CONROE



Major Initiatives: During FY2017 and planned for FY2018, the Lake Conroe Division has either completed or started, or will complete or start a number of major initiatives to improve the operations and maintenance of Lake Conroe.

- 1. Emergency Repairs:** Due to the excessive rainfall amounts in May, 2017, the toe drain of the earthen dam on Lake Conroe experienced considerable erosion, requiring immediate repairs. The unbudgeted emergency repairs were completed shortly thereafter with the expectation that the Division's emergency reserve would be utilized. Other scheduled maintenance projects were reprioritized and with savings from delaying these other projects, emergency reserve funds were not utilized. Permanent repairs were designed and constructed within FY2017 with anticipated cost reimbursement from the Federal Emergency Management Administration (FEMA) to occur in FY2018.
- 2. Gate Rehabilitation:** In FY2017, the Division continued a substantial project to rehabilitate the main spillway flood release gates on the dam. There are five, 30 feet tall and 20 wide gates that the Lake Conroe Division must raise to pass floodwaters through the reservoir during heavy rainfall periods. The rehabilitation of the gate hoist mechanisms, (including the gearboxes, motors, brake mechanisms, and electronic control systems) will continue through FY2018-FY2019, resulting in improved reliability and enhanced longevity to their expected working life.
- 3. Service Outlet:** In FY2017, repairs and improvements to address erosion problems for the service outlet channel were constructed. The stabilization of the service pond and outlet channel will improve the resiliency of the dam structure when releases are made through this outlet.
- 4. Flood Planning and Early Flood Warning:** During FY2017, the Lake Conroe Division partnered with Montgomery County and the City of Conroe and were awarded a 50% grant by the Texas Water Development Board (TWDB) in a total amount of \$460,000 for a two-year project to improve and expand the Authority's early flood warning system. The project will continue through FY2018 matched with local contributions from the Authority, Montgomery County, and the City of Conroe over the next two years, of \$230,000, \$90,000, \$140,000 respectively.
- 5. FM 830 Boat Ramp:** The Lake Conroe Division has been working with the Texas Parks and Wildlife Department (TPWD) since FY2016, seeking grant funds to improve the only free public access boat ramp on Lake Conroe. In FY2017, the Division agreed with Montgomery County to apply for grant funds to improve and expand the existing facilities in order to increase accessibility and security. If ultimately approved and successfully contracted during FY2017 and FY2018, the TPWD is anticipated to contribute \$500,000 towards this project, with local contributions from the Division and Montgomery County estimated to be \$125,000.
- 6. Watershed Protection Plan Implementation:** Lake Conroe currently enjoys extremely good water quality and wants to maintain that quality. Consequently, the Lake Conroe Division maintains a Lake Conroe Watershed Protection Plan to ensure that pollution threats from increased development around the Lake Conroe are identified and addressed as appropriate. In FY2017, the Lake Conroe Division implemented two early-action items from the Plan: the Stormwater Inlet Marking (SWIM) Program and revised OSSF maintenance regulations.

- The SwIM Program is a public education collaboration between the Authority and local communities around the lake, to place colorful markers on stormwater inlets reminding people that everything that goes into a stormwater inlet, drains directly into Lake Conroe and impacts water quality.
- In FY2017, the Division implemented new rules for the construction and maintenance of OSSFs. The Authority will increase their focus on the adopted improvements to the Lake Conroe OSSF rules in FY2017 to increase the maintenance standards and to require that all OSSFs be inspected by a TCEQ-licensed maintenance company every four months in order to ensure that each system is operating properly.

7. Asset Management: Along with all of the other operating divisions, Lake Conroe will be focused in FY2018 on improving the management of their assets. Lake Conroe has embraced the use of the Authority’s new enterprise asset management and computerized maintenance management system (EAM/CMMS). This system allows for the Division to track assets throughout the assets’ lifetime, tracking planned and corrective maintenance, and assisting in determining the appropriate time to replace assets. In FY2018, the Lake Conroe Division, in coordination with the G&A Information Technology and Technical Services Departments, is integrating Geographic Information Systems (GIS) with the EAM/CMMS system. This integration will improve the efficiency and effectiveness of the Division’s EAM/CMMS system by placing all available information in the hands of staff as the address issues in the field.

Capital Improvement and Other Projects Plans: Each year the Lake Conroe Division conducts risk assessments and evaluations of their infrastructure. The Division reviews the likelihood and consequences of failure of each asset and then prioritizes projects based on a variety of factors related to reliable, cost-effective service. Projects included within Lake Conroe’s Projects Plan for FY2018 are to be funded from the Operations and Maintenance Budget and may extend over multiple fiscal years. The Lake Conroe Division included the following projects in the FY2018 budget for design and/or construction:

Lake Conroe - Projects	Stage	Est. FY2018 Cost	Funding Source
Discharge Outlet Pond and Channel Improvements	Construction	\$ 503,194	O&M Budget
Backup Power for Lake Conroe Facilities	Construction	\$ 38,000	O&M Budget
Flood Early Warning System w/ TWDB Flood Planning Grant	Construction	\$ 30,000	O&M/TWDB
Refurbishment of Gate Gear Boxes	Construction	\$ 203,000	O&M Budget
Flood Protect Planning w/ TWDB Flood Planning Grant	Construction	\$ 432,000	O&M/TWDB
FM 830 Boar Ramp Phase 1 Improvements w/ TPWD Grant	Design/Const	\$ 466,000	O&M/TPWD
Relief Wells Rehabilitation	Design/Const	\$ 426,000	O&M Budget
Lake Conroe Office Building Window Replacement	Construction	\$ 110,000	O&M Budget
Westside Diversion Channel Improvements (west of road)	Construction	\$ 40,000	O&M Budget
Lake Conroe Dam Emergency Action Plan	Design	\$ 61,000	O&M Budget
Westside Diversion Channel Improvements (east of road)	Construction	\$ 40,000	O&M Budget
Spillway Underdrain System Rehabilitation	Design	\$ 102,000	O&M Budget
Lake Conroe Drought Mitigation Studies	Design	\$ 100,000	O&M Budget
Maintenance Facility Improvements	Design	\$ 129,000	O&M Budget
Total		\$ 2,680,194	

Total Indebtedness and Annual Debt Service: The Lake Conroe Division does not have any indebtedness as of FY2017 and no plans for future indebtedness in FY2018 or beyond.

Staffing Plans: The Lake Conroe Division's staffing plan for FY2018 includes 15 direct FTE positions, with no part-time, temporary, or intern positions. In addition to the 15 direct Lake Conroe Division FTEs, the Division is allocated 12.2 FTEs for FY2018 from G&A Departments. Lake Conroe also allocates 1.6 FTEs to other divisions. The net total FY2018 FTEs associated with the Lake Conroe Division, direct and allocated, is 25.6 FTEs.

Revenues: Since the City of Houston is a 2/3 partner with the Authority in the annual operation and maintenance of Lake Conroe, the City of Houston's 2/3 reimbursement of normal and customary O&M expenses for FY2018 is \$3,344,068.

Additionally, the Lake Conroe Division issues licenses for commercial businesses operating on the lake, permits for commercial and residential docks, and permits for the installation of OSSFs. Annual permits are required for all boat docks on Lake Conroe. The Division forecasts the number and size of commercial and residential docks each year based on historical permits. Docks fees are expected to remain the same for FY2018 at \$0.188 per square-foot. Based on the known dock structures, their size, and the current rate, revenue from dock fees is projected to be \$1,025,000. In accordance with TCEQ rules, any installation of an OSSF within 2,075 feet of the reservoir shoreline requires a permit from the Authority. Based on historical data, the Lake Conroe Division estimates about five to six new OSSFs will be installed each month within the Authority's jurisdiction at \$300 each, therefore the Division OSSF revenue is forecast to be \$20,000 for FY2018.

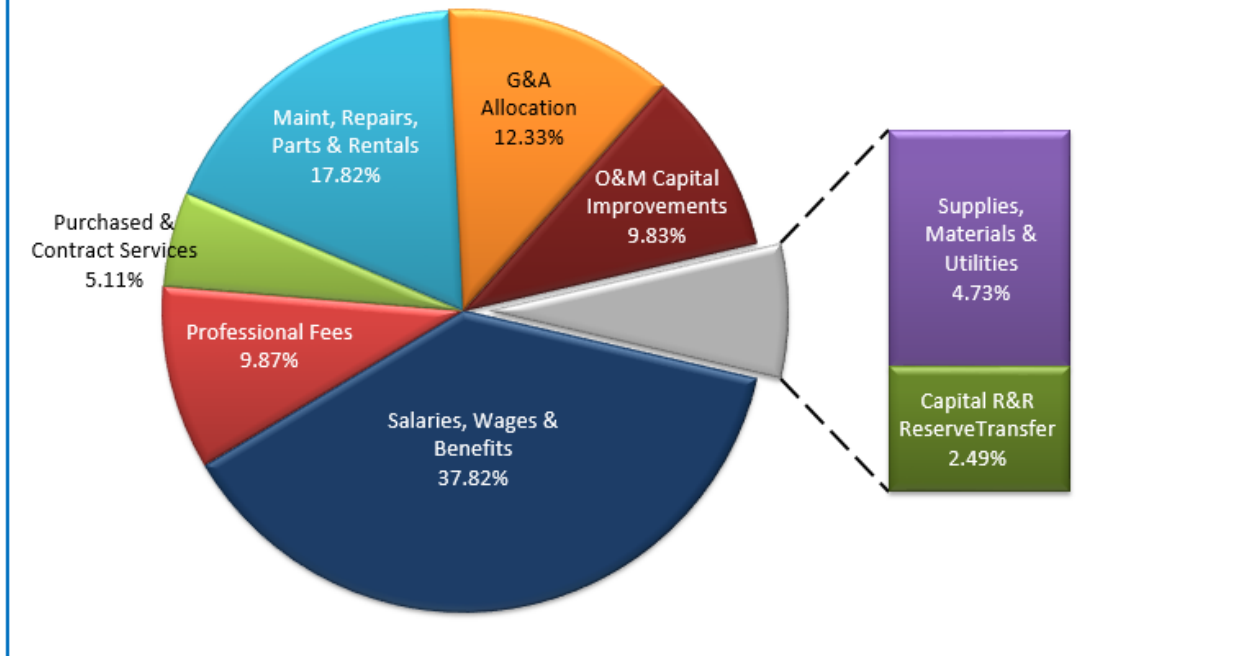
Expected total revenues for the Lake Conroe Division for FY2018 totals \$5,241,068.

Expenditures: The Lake Conroe Division for FY2018 contains regular and customary expenses related to the on-going operation and maintenance of the Lake Conroe reservoir. Such expenditures include:

- Salaries, Wages, and Benefits
- Professional Fees
- Purchased and Contracted Services
- Supplies, Materials, and Utilities
- Maintenance, Repairs, Parts, and Rentals
- G&A Allocations
- O&M Capital Improvements (non-bond related)
- Reserve Contributions

Expected total expenditures for the Lake Conroe Division for FY2018, including operating, debt service, capital improvements, and any other cash uses, totals \$7,494,743.

**Lake Conroe FY2018 Total Operating Expenditures:
Operating, Capital Improvements & Reserve Contributions**



Fund Balance and Reserves: The Authority’s General Fund Balance combines to cover the Raw Water Enterprise, which is made up of the Raw Water Supply, Highlands Division, and Lake Conroe Division, as well as the G&A Division.

As approved by the Board of Directors, the reserve policy for Lake Conroe utilizes three reserves: Operating Reserve, Emergency Reserve, and Capital Repair and Replacement Reserve. It should be noted that the three reserves for Lake Conroe are based on the Authority’s 1/3 portion of the Lake Conroe Division excluding the City of Houston’s 2/3 portion.

- 1. Operating Reserve:** The Operating Reserve is created to manage cash flow, and stabilize rates and revenues. The Operating Reserve target beginning in FY2019 for the Lake Conroe is set to be an amount equal to six months of operating expenditures. Currently the Lake Conroe Division has not yet met the six month operating reserve. For FY2017, the Lake Conroe Operating Reserve is at \$538,042, equivalent to four and one-half months of operating expenses. For FY2018, the Operating Reserve is projected to be \$784,316, equivalent to five months of operating expenses.

- 2. Emergency Reserve:** The Emergency Reserve is created to provide for a full or partial source of funds for unplanned or emergency repair or replacement of Authority capital assets, excluding the Woodlands and GRP Divisions. The Emergency Reserve target for the Lake Conroe is set to be an amount equal to six months of operating expenses. For FY2017, the Lake Conroe Emergency Reserve is at \$717,389, equivalent to six months of operating expenses. For FY2018, the Emergency Reserve is projected to be \$941,179, equivalent to six months of operating expenses.

- 3. Capital R&R Reserve:** The Capital R&R Reserve target for Lake Conroe is to be the year-after-year accumulation of an annual amount equal to that year's depreciation of the Division's assets. For FY2017, the Lake Conroe Capital R&R Reserve is at \$1,439,488. For FY2018, the Capital R&R Reserve contribution is projected to be \$186,965.

For FY2018, the net balance between revenues and expenditures for the Lake Conroe Division, including scheduled contributions to any of the three reserves, is (\$2,253,675). This amount will be covered by the Raw Water Supply revenues, as provided by the Raw Water Enterprise.

San Jacinto River Authority - Lake Conroe
Actual to Budget Comparison
FY2016 - FY2018

Description	Rolling 12			Budget FY2017	PROPOSED Budget FY2018
	Actuals 8/31/2016	Actuals Sept-March FY2017	Mo. Actuals April 2016- March 2017		
OPERATING REVENUES					
Permits, Licenses, & Fees - Residential	\$ 640,070	\$ 347,072	\$ 656,050	\$ 600,000	\$ 600,000
Permits, Licenses & Fees - Commercial	464,224	240,479	473,027	425,000	425,000
Septic Tank Licenses	20,980	12,620	19,360	17,000	20,000
City of Houston Share of Lake Conroe Operations	1,486,055	1,223,066	1,839,622	2,746,478	3,344,068
TOTAL OPERATING REVENUES	\$ 2,611,329	\$ 1,823,238	\$ 2,988,059	\$ 3,788,478	\$ 4,389,068
OTHER REVENUES					
Interest Income	\$ -	\$ 23	\$ 23	\$ -	\$ -
Grant Revenue	-	230,000	230,000	100,000	636,000
Proceeds From Sale Of Assets	103,469	-	82,339	-	-
Other Gains & Losses	6,348	7,208	10,578	-	-
TOTAL OTHER REVENUES	\$ 109,816	\$ 237,231	\$ 322,940	\$ 100,000	\$ 636,000
OPERATING EXPENSES					
SALARIES, WAGES, & EMPLOYEE BENEFITS					
Salaries & Wages	\$ 701,397	\$ 394,820	\$ 695,048	\$ 766,151	\$ 765,523
Salary & Wage Allocation	649,832	452,664	745,071	894,259	1,045,214
Salaries & Wages-Interns	-	68	68	8,317	-
Staffing Services	12,024	15,684	27,708	-	-
Compensated Absences	3,144	-	3,144	-	-
Group Insurance	252,848	197,840	308,462	298,302	508,836
Group Insurance - Retirees	21,200	12,750	21,710	22,368	23,222
Group Insurance - Retiree OPEB	59,153	-	59,153	54,000	65,000
Group Retirement Expense	165,469	109,866	182,355	215,933	253,820
Workers Compensation Insurance	21,742	16,953	28,631	24,730	38,165
Social Security Taxes	97,281	59,567	103,197	122,745	134,439
TOTAL SALARIES, WAGES, & EMPLOYEE BENEFITS	\$ 1,984,090	\$ 1,260,214	\$ 2,174,547	\$ 2,406,805	\$ 2,834,220
PROFESSIONAL FEES					
Legal Fees	\$ 21,270	\$ 8,712	\$ 14,675	\$ 71,000	\$ 71,000
Legal Fees-Enforcement	12,513	21,463	30,647	30,000	35,000
Annual Financial Audit	986	1,036	1,180	1,350	1,350
Engineering	184,214	30,390	70,406	287,000	623,000
Crane Inspections	-	-	-	10,000	5,000
Safety Inspections & Testing	2,291	2,716	2,735	5,500	2,300
Graphic Design	897	-	318	3,000	2,000
TOTAL PROFESSIONAL FEES	\$ 222,171	\$ 64,316	\$ 119,959	\$ 407,850	\$ 739,650
PURCHASED & CONTRACTED SERVICES					
Waste Disposal Services	\$ 2,907	\$ 2,179	\$ 3,445	\$ 3,091	\$ 7,000
State Fees	762	124	406	880	1,380
Patrolling & Security Services	245,950	133,049	236,436	245,706	270,000
Employee Testing- New	425	834	876	2,100	2,380
Janitorial Services	4,608	2,688	4,608	6,051	6,051
Stream Gauging & Water Quality-USGS	88,092	47,757	80,839	85,553	82,155
Public Relations Expense	4,636	-	4,636	5,000	8,000
Water Conservation & Public Education	5,000	4,700	4,700	5,000	6,000
TOTAL PURCHASED & CONTRACTED SERVICES	\$ 352,380	\$ 191,331	\$ 335,945	\$ 353,380	\$ 382,966
SUPPLIES, MATERIALS & UTILITIES					
Office Supplies & Printing	\$ 6,142	\$ 2,329	\$ 6,653	\$ 8,000	\$ 9,000
Other Office Expense	2,809	1,058	2,512	3,500	3,500
Travel	3,888	2,679	4,191	10,000	15,000
Automobile & Truck Expense	10,361	5,630	11,289	25,000	20,000
Miscellaneous	48	-	-	-	-
Postage	6,584	6,314	8,984	8,500	14,500
Property Insurance	7,648	5,261	8,608	7,743	7,975
Auto Insurance	10,023	6,818	10,063	12,765	13,148
Liability Insurance	6,469	4,807	7,346	7,073	7,285
Training-External	8,833	2,020	7,158	13,000	19,500
Training-Internal	453	-	199	-	500

San Jacinto River Authority - Lake Conroe
Actual to Budget Comparison
FY2016 - FY2018

Description	Actuals			Rolling 12	PROPOSED	
	Actuals 8/31/2016	Sept-March FY2017	April 2016- March 2017	Mo. Actuals March 2017	Budget FY2017	Budget FY2018
Training-Employee HR	1,751	1,111	1,972		2,240	2,380
Chemicals	38	-	38		1,000	3,000
Managers Expense	2,098	1,895	3,477		5,000	5,150
Fuel	13,477	9,314	16,392		18,925	21,750
Uniform Services	1,545	139	1,684		1,550	1,550
Supplies - Lab	832	266	854		2,000	4,500
Operations Supplies	5,170	2,379	5,842		9,300	9,300
Memberships & Professional Dues	814	841	1,235		775	1,325
Signage	1,807	60	1,868		1,000	2,000
Janitorial Supplies	1,001	589	1,047		1,167	1,200
Copier, Scanner & Fax	6,380	3,480	5,995		6,625	6,625
Delivery & Freight	2,276	3,020	3,874		4,500	-
Utilities-Electric	24,627	10,290	22,203		24,000	24,000
Utilities-Natural Gas	1,426	686	1,541		3,000	3,000
Personal Protective Equipment	2,822	606	2,425		5,000	5,000
Safety Equipment & Meetings	5,795	3,204	7,069		5,900	7,000
Health & Wellness Program	146	27	71		2,100	420
Recruiting Expenses	-	88	88		8,200	5,600
Computer Hardware	4,262	786	5,023		26,800	25,350
Software & Support	59,778	39,288	68,232		74,000	94,081
Software Maintenance	-	-	-		-	1,100
Network Communications	2,473	2,028	3,058		2,600	2,976
Wireless Devices & Services	13,772	5,849	12,385		13,600	12,781
Phone System-Install, Maintenance, & Changes	-	-	-		1,400	1,223
Landline Telephone Services	2,729	1,617	2,848		2,400	2,735
TOTAL SUPPLIES, MATERIALS & UTILITIES	\$ 218,275	\$ 124,477	\$ 236,225		\$ 318,663	\$ 354,455
RENTALS						
Equipment Rentals	\$ 6,176	\$ 2,923	\$ 8,772		\$ 20,000	\$ 20,000
Office Rent	19,235	11,220	19,235		19,235	19,235
Rent-U.S. Forest Lands	16,697	9,740	16,697		17,000	17,000
TOTAL RENTALS	\$ 42,107	\$ 23,883	\$ 44,704		\$ 56,235	\$ 56,235
MAINTENANCE, REPAIRS & PARTS						
Instrumentation	\$ 7,103	\$ 801	\$ 6,611		\$ 17,000	\$ 17,000
Office, Furniture, & Fixtures	1,570	31,738	33,308		40,000	2,000
Buildings & Grounds Maintenance	45,467	31,391	53,821		80,000	200,000
Security System Monitoring	379	110	290		751	-
Generators	-	-	-		-	10,000
Machinery, Tools, & Implements	18,664	12,763	19,846		20,250	20,250
Boat Maintenance & Repairs	6,206	3,274	8,683		15,000	13,000
Instrumentation Equipment & Parts	-	66	66		4,000	11,900
Canals, Levees, & Dams-Maintenance & Repairs	164,459	541,123	636,541		470,000	891,000
Clearing	6,859	3,395	10,254		10,000	10,000
Invasive Species Management	69,107	5,036	44,715		82,400	82,400
Streets & Roads	13,622	-	13,622		15,000	15,000
Ayer Island Maint & Repair	-	-	-		2,000	2,000
Fencing & Security Repairs	4,263	420	698		5,000	5,000
TOTAL MAINTENANCE, REPAIRS & PARTS	\$ 337,698	\$ 630,114	\$ 828,452		\$ 761,401	\$ 1,279,550
GENERAL & ADMINISTRATIVE EXPENSES						
General & Administrative Expense Allocated	\$ 469,415	\$ 351,897	\$ 567,780		\$ 974,181	\$ 924,130
TOTAL GENERAL & ADMINISTRATIVE EXPENSES	\$ 469,415	\$ 351,897	\$ 567,780		\$ 974,181	\$ 924,130
TOTAL EXPENSES	\$ 3,626,136	\$ 2,646,232	\$ 4,307,612		\$ 5,278,514	\$ 6,571,205
NET REVENUES OVER EXPENSES	\$ (904,991)	\$ (585,763)	\$ (996,613)		\$ (1,390,035)	\$ (1,546,137)
CAPITAL IMPROVEMENTS						
Property Acquisition					\$ -	\$ 10,000
Capital Improvements					-	466,000
Office Buildings					-	167,000

**San Jacinto River Authority - Lake Conroe
Actual to Budget Comparison
FY2016 - FY2018**

Description	Actuals 8/31/2016	Actuals Sept-March FY2017	Rolling 12	Budget FY2017	PROPOSED
			Mo. Actuals April 2016- March 2017		Budget FY2018
Dam Rehabilitation				2,470,000	503,194
Maintenance Equipment				-	40,000
Transportation Equipment				35,000	40,000
Software				20,800	11,006
Computer Equipment				6,600	10,517
Radio Communications Equipment				32,000	30,000
COH 2/3				(1,709,600)	(541,144)
TOTAL CAPITAL IMPROVEMENTS				\$ 854,800	\$ 736,573
OTHER USES					
Capital Repair/Replacement Reserve Fund				\$ 163,540	\$ 186,965
TOTAL OTHER USES				\$ 163,540	\$ 186,965
OTHER SOURCES					
Grant Proceeds				\$ -	\$ 216,000
TOTAL OTHER SOURCES				\$ -	\$ 216,000
NET CASH BASIS SOURCES (USES)	\$ (904,991)	\$ (585,763)	\$ (996,613)	\$ (2,408,375)	\$ (2,253,675)

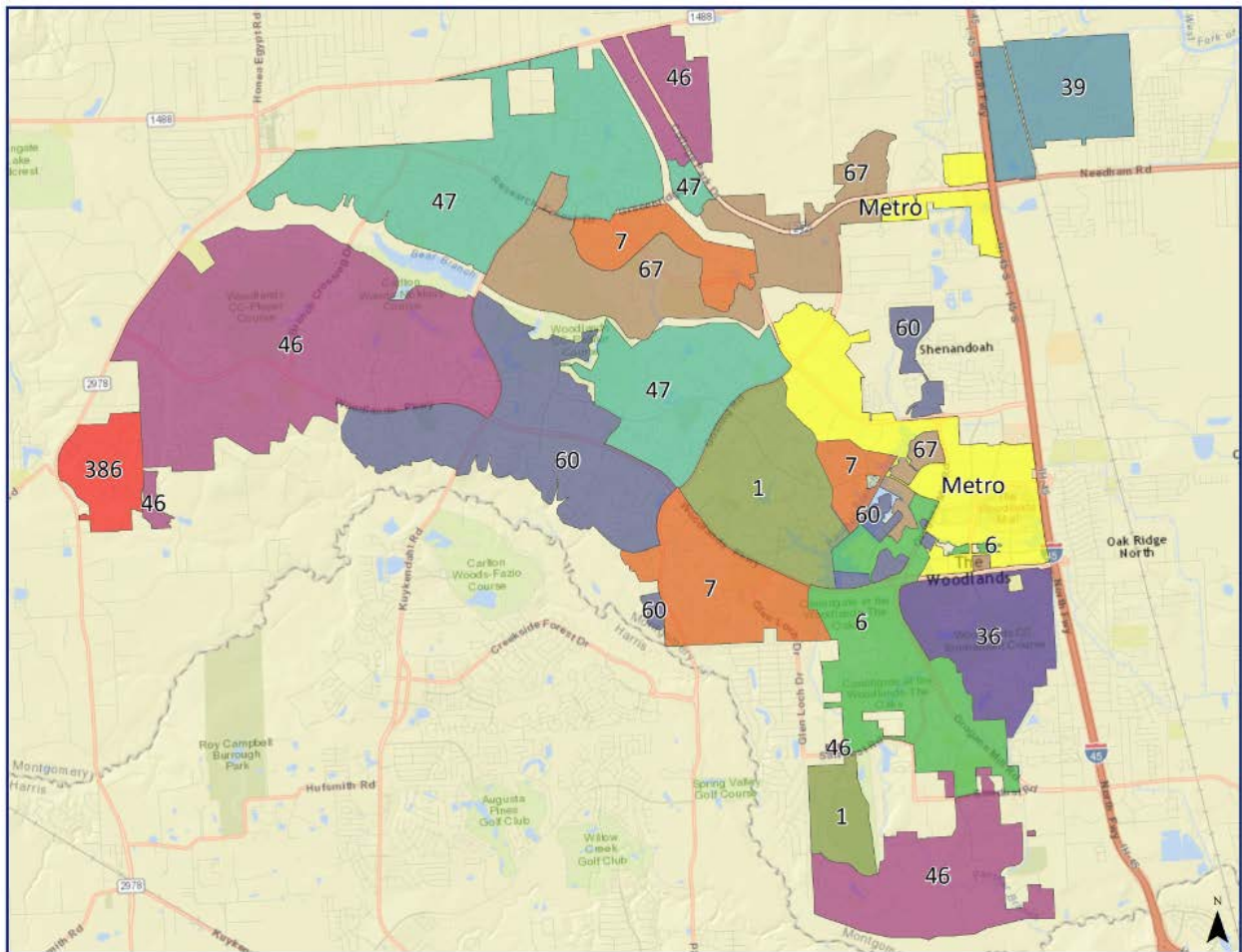
WOODLANDS DIVISION



WOODLANDS DIVISION

The Woodlands Division was created in 1975 to operate and maintain wholesale water supply and wastewater treatment systems for the Woodlands area that is made up of eleven Municipal Utility Districts (MUDs) in southern Montgomery County. The Woodlands Division works in coordination with the eleven MUDs, ten of which are operated by the Woodlands Joint Powers Agency (WJPA) and the other operated by a third-party for the Montgomery County portion of MUD 386, to provide services to a population in excess of 100,000 people.

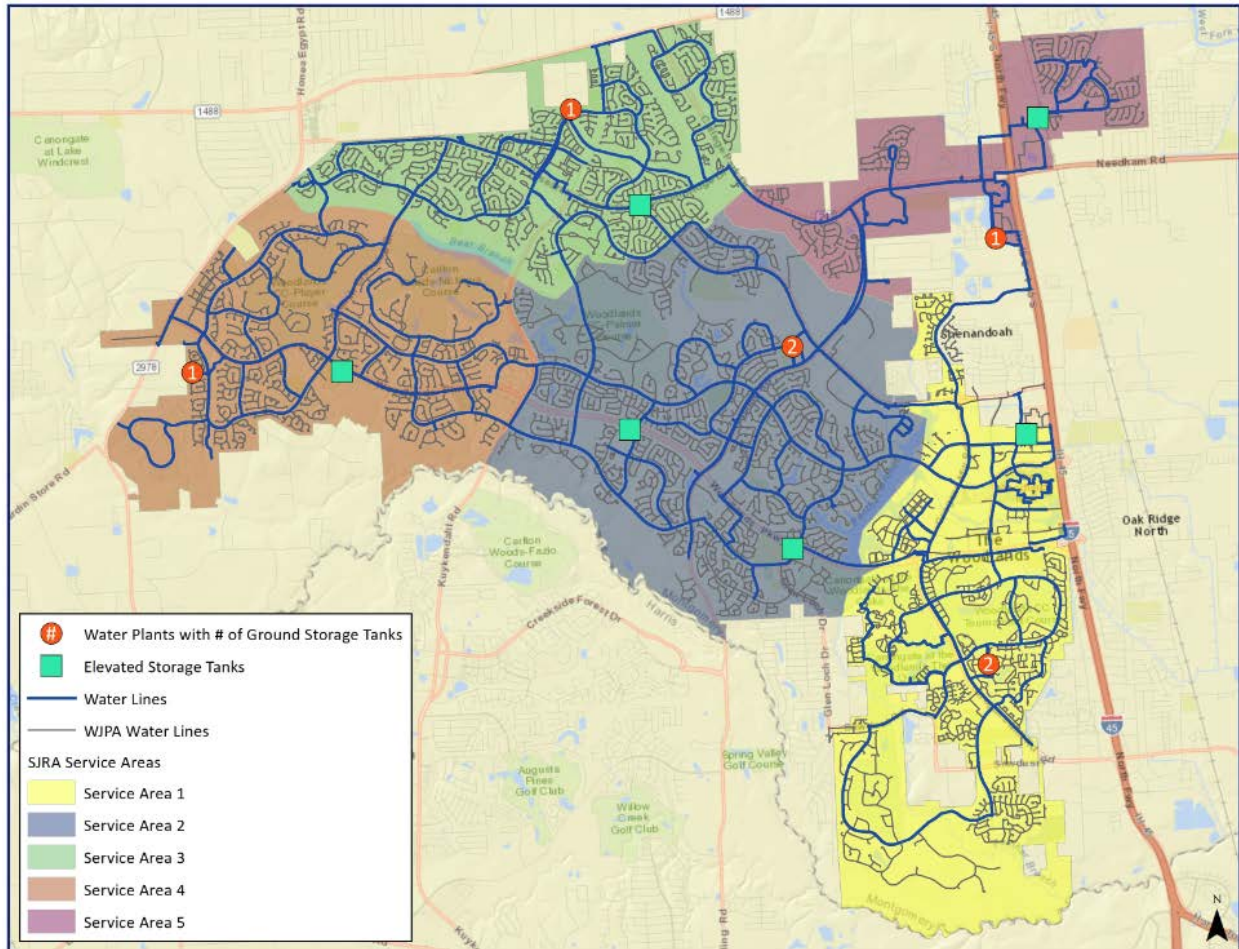
MAP OF WOODLANDS MUDS



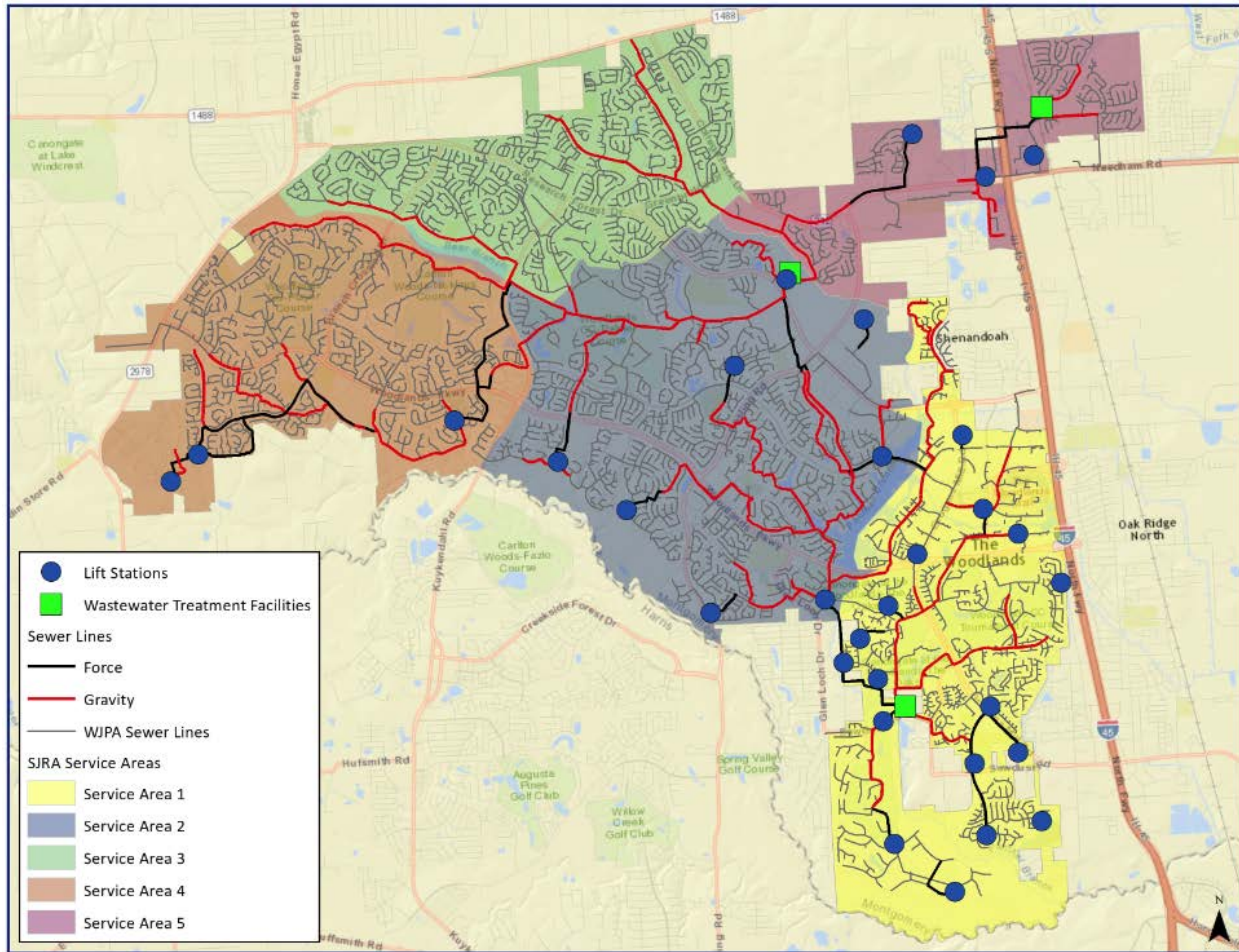
The Woodlands' wholesale water system consists of thirty-eight water wells drilled into the Evangeline and Jasper aquifers, five water plants, six elevated storage tanks, eight ground storage tanks, and 120 miles of potable water transmission lines of ten inches or greater. The Woodlands' wholesale wastewater system consists of thirty lift stations, three regional wastewater treatment plants, 70 miles of wastewater gravity lines fourteen inches or greater, and 20 miles of force mains. In addition to the wholesale water and wastewater services, the Woodlands Division ensures compliance with applicable local, state and

federal regulations for greasetraps and industrial pre-treatment through its Environmental Department. Programs of the Environmental Department include: EPA risk management plans, Texas Commission on Environmental Quality (TCEQ), stormwater pollution prevention, tier-two chemical reporting, EPA industrial pretreatment, interceptor program, and spill prevention control and countermeasures plan. There are roughly 400 commercial establishments and six voluntarily issued industrial users permitted through the Environmental Department of the Woodlands Division.

MAP OF THE WOODLANDS WHOLESALE WATER SYSTEM



MAP OF WOODLANDS WHOLESALE WASTEWATER SYSTEM



The Woodlands Division is a separate enterprise fund of the Authority. Based on the eleven contractual agreements, the Woodlands Division is comprised of five unique budgets:

- **Operations and Maintenance (O&M):** Consists of the wholesale water and wastewater revenues, as well as any revenues from industrial and commercial permitting; and regular and customary expenses associated with operations and maintenance of the wholesale water and wastewater systems, and environmental activities
- **Repair and Rehabilitation (R&R Fund):** Funded by annual contributions from the O&M budget for capital improvement projects related to the repair and replacement of existing infrastructure and construction of new non-capacity related infrastructure
- **Water System Bonds:** Revenue and expenses associated with the issuance and repayment of bonds issued solely for water capacity related projects as authorized by the MUDs utilizing bond financing and not making cash contributions
- **Waste Disposal Bonds:** Revenue and expenses associated with the issuance and repayment of bonds issued solely for wastewater capacity related projects as authorized by the MUDs utilizing bond financing and not making cash contributions

- **Future Facilities:** Revenue and expenses associated with “new” capacity and infrastructure necessary to support development projections approved and funded by the MUDs through “interim accounting” processes

Major Initiatives: During FY2017 and planned for FY2018, the Woodlands Division has either completed or started, or will complete or start a number of major initiatives to improve the operations related to the Woodlands.

1. **Sixth and Final Accounting:** Starting in 1983, the Woodlands Division has undertaken “interim accounting” procedures roughly every five years to ensure equitable sharing of capacity costs associated with residential and commercial development within the eleven MUDs. The process utilizes re-evaluations of each MUD’s current and projected development and re-balances projected capacity costs based on required system increases and development growth results of the interim accounting findings. As the Woodlands area nears ultimate development, the Woodlands Division in FY2017 is undertaking the sixth and “final” accounting. This “final” accounting will determine projected development and associated costs for capacity needs through 2027, ultimate build-out of The Woodlands service area. After 2027, the individual MUDs will be responsible for financing capacity needs within their service area. This process will be completed with contributions from and refunds to various MUDs in December 2018.
2. **Interceptor and Pretreatment Implementation:** In FY2017, the Woodlands began the implementation of an interceptor program. The purpose of this program is to prevent debris from commercial establishments (grease, grit, lint, etc.) from entering the wastewater system, through a permitting and monitoring process. The Division has developed best management practices and an educational program for commercial users within the Woodlands. The industrial pre-treatment program will be formally implemented in FY2018 after TCEQ approval and will include the permitting, sampling, and monitoring of industrial users to mitigate undesirable materials and pollutants from entering the wastewater collection system.
3. **Operational Efficiencies:** In FY2017, the Division continued efforts to improve efficiency and effectiveness and reduce costs. Included in those efforts are: 1) revisions to all standard operating procedures to ensure best practices, compliance with safety requirements, and more consistent and improved operations, 2) refinements to demand forecasting based on ten-year historical averages and newly developed projections from the Final Accounting efforts, 3) archiving and transfer of physical, paper records to electronic storage, allowing for greater security and data resilience, quicker access, and reduction in off-site storage costs, and 4) clean-up of line easements, ensuring the Authority has accurate and documented easements for all water and wastewater lines.
4. **Asset Management:** Along with all of the other operating divisions, the Woodlands Division will be focused in FY2018 on improving the management of their assets through the revision and expansion of their current asset management program. The Woodlands has embraced the use of the Authority’s new Enterprise Asset Management and Computerized Maintenance Management System (EAM/CMMS). The EAM/CMMS system allows for the tracking of assets throughout the asset’s lifetime, tracking planned and corrective maintenance, and assisting in determining the

appropriate time to replace assets. In FY2017 and continuing into FY2018, the Woodlands Division, in coordination with the G&A Information Technology and Technical Services Departments, is integrating the Geographic Information Systems (GIS) with the EAM/CMMS system. This integration will improve the efficiency and effectiveness of the Woodlands EAM/CMMS system by placing all available information in the hands of staff as they address issues in the field.

5. **R&R Funding:** Through discussions with the MUDs regarding required maintenance of the wastewater system, approval was received in calendar year 2016 to secure up to \$45M in TWDB bonds to repair or replace aging infrastructure beginning in FY2018. The bond proceeds are currently allocated to three long service life projects (replacement of WWTF No. 1 Aeration Basin Nos. 1 and 2, rehabilitation of the Bear Branch Gravity Main, and replacement of WWTF No. 1 Solids Processing Building). All other R&R Fund projects will remain funded out of annual transfers of funds from the Woodlands' Operations and Maintenance Budget to the R&R Fund.

6. **LSGCD Changes:** As part of the legislative changes to the Lone Star Groundwater Conservation District (LSGCD), relative to the transition of their Board of Directors from appointed to elected positions, the Woodlands Division will monitor LSGCD rules and regulations and adapt operations and assess infrastructure to best service the Woodlands area.

Capital Improvement and Other Projects Plans: Each year the Woodlands Division conducts risk and condition assessments of their infrastructure. The Woodlands reviews the likelihood and consequences of failure of each asset and then prioritizes projects based on a variety of factors related to reliable, cost-effective service. Projects included within the Woodlands' Projects Plan may be funded with bonds, capacity charges to MUDs, and/or R&R funds and may extend over multiple fiscal years. In FY2018, the Woodlands Division conducted their assessments and prioritized the following projects for the start of or continuation of design and/or construction:

Woodlands Water - Projects	Stage	Est. FY2018 Cost	Funding Source
Elevated Storage Tank No. 4 Rehabilitation	Construction	\$ 642,000	R&R
Water Distribution - Looping of Wqter Mains	Construction	\$ 946,000	R&R
Water System Security Improvements	Construction	\$ 473,000	R&R
Total		\$ 2,061,000	

Woodlands Wastewater - Projects	Stage	Est. FY2018 Cost	Funding Source
WWTF No. 3 Lift Station Rehabilitation	Construction	\$ 1,735,000	R&R
Lift Station No. 4 Replacement (Crystal Lake Ln)	Construction	\$ 1,459,000	R&R
Lift Station No. 23 Rehabilitation (Baker Hughes)	Construction	\$ 372,000	R&R
Gravity Main Rehabilitation - Segments 35,50,50A	Construction	\$ 600,000	R&R
Lift Station No. 5 Force Main Replacement	Design	\$ 688,000	R&R
WWTF No. 1 Solids Processing Building	Construction	\$ 5,519,000	TWDB Bond
Bear Branch Gravity Main Rehabilitation	Design	\$ 1,482,000	TWDB Bond
WWTF No. 1 Aeration Basin Nos. 1 & 2 Replacement	Design	\$ 1,191,000	TWDB Bond
WWTF No. 1 Sludge Dewatering Unit Addition	Construction	\$ 1,190,000	Capacity
WWTF No. 1 Aeration Basin Nos. 1 & 2 Added Capacity	Design	\$ 117,000	Capacity
Total		\$ 14,353,000	

Total Indebtedness and Annual Debt Service: At August 31, 2016, the Woodlands Division had \$38,845,000 of total indebtedness, made up of the following bond issuances:

- Series 2007 Special Project Revenue Bonds (Outstanding: \$410,000: Matures 10/1/32)
- Series 2010 Special Project Rev. Refunding Bonds (Outstanding: \$2,430,000: Matures 10/1/20)
- Series 2010 Special Project Rev. Refunding Bonds (Outstanding: \$430,000: Matures 10/1/16)
- Series 2014 Special Project Rev. Refunding Bonds (Outstanding: \$10,005,000: Matures 10/1/30)
- Series 2014 Special Project Rev. Refunding Bonds (Outstanding: \$25,570,000: Matures 10/1/33)

Total annual debt service (principal and interest) for FY2018 for the existing bond issuances listed above is \$3,819,000.

- Proposed – Series 2017 Special Project Rev. Bonds (\$43,910,000; Maturity tbd)

The proposed Series 2017 Bonds, interest expense and issuance costs, are estimated to have \$1,139,369 of FY2018 debt service (no principal payment is scheduled in FY2018).

Bond payments each year are made in April (interest only) and October (principal and interest). Monthly accruals of interest are made for October to March, while monthly accruals of principal and interest are made for April to September. The Woodlands Division maintains no debt service reserves for the above bond issuances.

Staffing Plans: The Woodlands Division’s staffing plan for FY2018 includes 42 direct FTE positions, with no part-time, temporary, or intern positions. In addition to the 42 direct Woodlands Division FTEs, the Division is allocated 25.60 FTEs for FY2018 from G&A Departments. Total FY2018 FTEs associated with the Woodlands Division, direct and allocated, is 67.60 FTEs.

Revenues: One of the first budgeting activities of the Woodlands Division is to forecast total water demands and estimate the amount of wastewater that will be treated for the upcoming year. The Woodlands utilizes a ten-year historical average to forecast water and wastewater demands then adjusts the demand for growth by utilizing the final accounting growth projections for FY2018-FY2027. The Woodlands Division approximates normal weather conditions with this approach by allowing for wet and

dry years to average out. For wastewater, the WJPA uses a three month “winter” average of wastewater demand. The winter average approach creates a cap on residential wastewater fees for the upcoming year based on wastewater flows during the months of December, January, and February. By taking a winter average approach, a more accurate estimate of in-home residential wastewater demand is expected to be obtained, subtracting the impacts of water used for summertime irrigation. MUD 386 does not utilize a winter averaging methodology, using 51% of the water demand each month as their wastewater demand billing formula.

For FY2018, the Woodlands is forecasting a 4% increase in water sales and a 5% decrease in wastewater sales. The wholesale water rate to the MUDs for FY2018 is \$2.10 per 1,000 gallons, resulting in wholesale water sales totaling \$12,381,458. The wholesale wastewater rate to the MUDs for FY2018 is \$4.30, resulting in wholesale wastewater sales totaling \$12,078,068. The WJPA directed the Woodlands Division to utilize a blended groundwater/surface-water GRP rate based on the anticipated FY2018 groundwater to surface-water usage ratio within the Woodlands system. The blended GRP rate for FY2018 is \$2.76 and will be passed-through directly to the Woodlands MUDs as GRP Pumping Fees, not as part of the Woodlands wholesale water rate. Revenues from the GRP Pumping Fees for FY2018 are anticipated to be \$16,272,773 and will be offset by GRP Pumping Fee and Surface Water Fee expenses. Additionally, the Woodlands anticipates receiving revenues from the sale of direct effluent reuse water, fees from commercial environmental licenses, and Industrial sampling fees, totaling \$253,100.

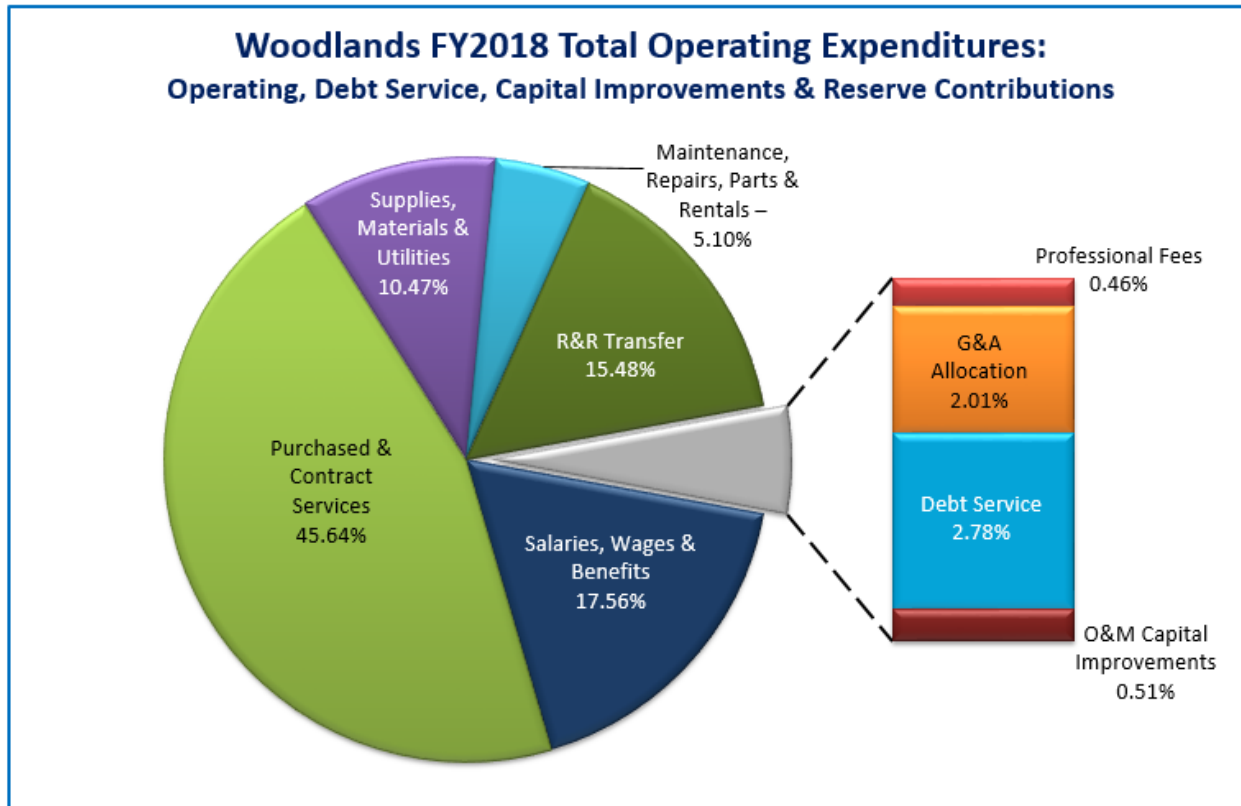
Expected O&M Operating and Other Revenues for the Woodlands Division for FY2018 total \$40,993,399. Woodlands expected Operating, Other Revenues, and Other Cash Sources for the R&R Fund total \$18,050,164: \$20,000 from interest income, \$11,684,147 from cash sources, and 6,346,017 from inter-division transfer from O&M. Woodlands expected Operating, Other Revenues, and Other Cash Sources for Water Bonds, Wastewater Bonds, and Future Facility are \$2,862,913, \$985,150, and \$1,000, respectively.

Expenditures: The Woodlands Division O&M Budget for FY2018 contains regular and customary expenses related to the on-going operation and maintenance of the Woodlands’ wholesale water and wastewater systems. Such expenditures include:

- Salaries, Wages, and Benefits
- Professional Fees
- Purchased and Contracted Services
- Supplies, Materials, and Utilities
- Maintenance, Repairs, Parts, and Rentals
- G&A Allocations
- Debt Service (interest and bond issuance costs)
- O&M Capital Improvements (non-bond related)
- R&R Reserve Contributions

Expected total O&M expenditures for the Woodlands Division for FY2018, including operating, debt service, capital improvements, and contributions to the R&R Reserves, totals \$40,993,399. Woodlands expected R&R Fund operating expenses, capital improvements, and contributions R&R Reserves, totals \$13,883,545. Woodlands expected operating and debt service expenditures for Water Bonds and

Wastewater Bonds are \$2,858,777 and \$985,858, respectively. Woodlands has no expected expenditures for Future Facilities in FY2018.



Fund Balance and Reserves: As approved by the Board of Directors reserve policy and by the Woodlands MUDs, the Woodlands Division utilizes three reserves: Operating Reserve, Emergency Reserve, and R&R Fund.

Operating Reserve: The Operating Reserve is created for cash flow management, and rate and revenue stabilization. The Operating Reserve target for the Woodlands Division is set to be approximately three months of operating expenditures. For FY2017, the Woodlands Division has met a three-month Operating Reserve target at \$4,268,539, equivalent to three months of operating expenses. For FY2018, the Operating Reserve is projected to be \$4,541,712, equivalent to three months of operating expenses.

Emergency Reserve: The Emergency Reserve (contractually labeled as Contingency Reserve) is created to provide for a full or partial source of funding for unplanned or emergency repair or replacement of Woodlands Division capital asset. The Emergency Reserve target is established at \$2,000,000, with the ability to increase based on inflationary factors, if approved, and determined by the Engineering News Record Construction for Construction Cost. The Emergency Reserve is considered fully funded for FY2017 and no contributions are budgeted in FY2018.

R&R Fund: The Repair and Replacement Fund is created to fund large ongoing and planned projects to prevent significant rate fluctuations, funded annually through pre-determined transfer of funds from the remaining funds available from the O&M budget after the Operating Reserve requirements

are met. Based on the Woodlands project plan for FY2018, the contribution to the R&R Fund is estimated to be \$6,346.017.

For FY2018, the net between O&M revenues and expenditures, including annual debt service and scheduled contributions to any of the three reserves, is \$0.

San Jacinto River Authority - Woodlands Operating Fund
Actual to Budget Comparison
FY2016 - FY2018

Description	Rolling 12			Budget FY2017	PROPOSED Budget FY2018
	Actuals 8/31/2016	Actuals Sept-March FY2017	Mo. Actuals April 2016- March 2017		
OPERATING REVENUES					
Water Sales-Woodlands MUD's	\$ 10,863,349	\$ 5,765,969	\$ 10,874,284	\$ 11,897,355	\$ 12,381,458
Wastewater Treatment Fees	12,105,737	7,345,192	12,517,736	12,685,000	12,078,068
Direct Reuse Water	30,877	17,500	30,877	30,000	30,000
Permits, Licenses & Fees - Commercial	-	-	-	205,100	205,100
GRP Pumping Fees	13,258,782	7,201,588	13,416,850	14,843,366	16,272,773
Alkalinity Reimbursement	55,199	-	-	-	-
Sampling	-	-	-	18,000	18,000
Other Operating Revenue	4,731	13,074	14,151	-	-
TOTAL OPERATING REVENUES	\$ 36,318,675	\$ 20,343,323	\$ 36,853,898	\$ 39,678,821	\$ 40,985,399
OTHER REVENUES					
Interest Income	\$ 22,769	\$ 17,594	\$ 27,463	\$ 4,500	\$ 8,000
Proceeds From Sale Of Assets	25,115	8,200	32,665	-	-
Other Gains & Losses	18,131	7,913	17,020	-	-
TOTAL OTHER REVENUES	\$ 66,015	\$ 33,707	\$ 77,148	\$ 4,500	\$ 8,000
OPERATING EXPENSES					
SALARIES, WAGES, & EMPLOYEE BENEFITS					
Salaries & Wages	\$ 2,416,681	\$ 1,390,976	\$ 2,468,614	\$ 2,652,932	\$ 2,598,218
Salary & Wage Allocation	2,062,420	1,120,561	2,005,270	1,982,430	2,110,606
Salaries & Wages-Interns	-	-	-	20,564	-
Staffing Services	11,748	-	1,602	-	-
Compensated Absences	8,443	-	8,443	-	-
Group Insurance	782,985	536,502	871,654	860,549	1,284,266
Group Insurance - Retirees	-	1,844	1,844	-	5,806
Group Insurance - Retiree OPEB	62,600	-	62,600	40,000	68,000
Group Retirement Expense	548,554	326,320	566,577	530,468	642,712
Workers Compensation Insurance	148,328	69,589	121,098	99,428	135,070
Social Security Taxes	335,214	185,672	334,728	343,827	352,213
TOTAL SALARIES, WAGES, & EMPLOYEE BENEFITS	\$ 6,376,973	\$ 3,631,464	\$ 6,442,430	\$ 6,530,198	\$ 7,196,891
PROFESSIONAL FEES					
Legal Fees	\$ 84,723	\$ 24,233	\$ 77,165	\$ 77,634	\$ 78,500
Annual Financial Audit	21,278	22,274	25,370	27,400	27,400
Engineering	81,945	50,251	114,170	247,000	75,400
Safety Inspections & Testing	746	3,859	4,568	13,700	4,000
Graphic Design	892	-	892	2,500	2,500
TOTAL PROFESSIONAL FEES	\$ 189,584	\$ 100,617	\$ 222,165	\$ 368,234	\$ 187,800
PURCHASED & CONTRACTED SERVICES					
Waste Disposal Services	\$ 59,904	\$ 35,651	\$ 65,808	\$ 131,000	\$ 106,969
Sampling-Reimbursible	-	-	-	18,000	18,000
Sludge Removal	399,297	199,287	424,773	450,000	412,940
Meter Calibration Services	2,006	1,112	2,408	8,400	6,650
Commercial Laboratory Fees	178,655	80,205	181,820	226,900	213,163
Other Services	3,954	-	1,816	-	-
State Fees	91,140	91,084	91,709	90,500	94,500
Groundwater District Fees	84,284	(7,831)	(70,413)	-	-
Groundwater District Fees-GRP	86,136	96,346	182,482	149,212	234,522
Employee Testing- New	4,724	2,435	3,510	5,700	7,460
GRP Pumpage Fees	6,144,283	2,207,908	4,703,012	5,329,000	6,191,392
GRP Surface Water Fees	8,394,738	5,902,118	10,365,177	10,653,073	11,304,399
Janitorial Services	24,144	12,030	19,369	40,000	28,500
Stream Gauging & Water Quality-USGS	41,031	20,621	14,695	112,000	79,200
Public Relations Expense	2,375	3,898	5,145	10,000	3,000
Water Conservation & Public Education	5,545	5,706	6,251	15,000	7,000
Document Retention/Destruction	-	-	-	120,000	2,700
TOTAL PURCHASED & CONTRACTED SERVICES	\$ 15,522,216	\$ 8,650,570	\$ 15,997,562	\$ 17,358,785	\$ 18,710,395

San Jacinto River Authority - Woodlands Operating Fund
Actual to Budget Comparison
FY2016 - FY2018

Description	Rolling 12				PROPOSED	
	Actuals 8/31/2016	Actuals Sept-March FY2017	Mo. Actuals April 2016- March 2017	Budget FY2017	Budget FY2018	
SUPPLIES, MATERIALS & UTILITIES						
Office Supplies & Printing	\$ 16,468	\$ 12,093	\$ 21,547	\$ 21,000	\$ 21,000	
Travel	14,179	2,259	14,495	15,000	19,000	
Automobile & Truck Expense	72,370	45,995	85,609	70,000	80,500	
Postage	6,048	3,455	5,419	7,500	13,000	
Property Insurance	219,740	118,786	208,443	234,201	241,227	
Auto Insurance	34,159	22,871	34,649	37,348	38,468	
Liability Insurance	41,823	21,427	35,199	50,493	52,008	
Training-External	62,697	33,614	59,869	67,500	56,700	
Training-Internal	-	-	-	-	6,000	
Training-Employee HR	5,728	3,015	5,813	6,080	6,460	
Lime	-	-	-	1,050	-	
Chlorine	105,436	47,769	98,040	145,300	114,332	
Polymer	50,625	35,873	57,811	90,000	69,750	
Sulfur Dioxide	40,832	22,892	39,788	40,000	51,675	
Chemicals - Lab	-	432	432	5,500	-	
Other Chemicals	50,762	12,347	25,855	44,500	57,913	
Alkalinity	60,191	62,545	67,595	120,000	138,600	
Fuel	68,276	34,003	63,888	132,000	81,577	
Uniform Services	37,643	20,807	39,821	38,000	42,820	
Maintenance Supplies	51,822	25,637	50,605	48,500	50,700	
Supplies - Lab	-	988	988	10,000	15,300	
Operations Supplies	77,193	31,404	65,853	84,500	90,200	
Other Operating Expenses	26,052	9,899	23,371	21,500	20,000	
Memberships & Professional Dues	-	539	539	-	3,000	
Utilities-Electric	2,325,153	1,127,474	2,218,992	2,800,000	2,550,536	
Utilities-Natural Gas	10,409	7,004	11,350	14,500	14,500	
Safety Equipment & Meetings	30,482	14,388	20,862	36,745	28,220	
Health & Wellness Program	473	74	218	5,700	1,140	
Recruiting Expenses	2,352	1,448	2,192	18,900	15,200	
Computer Hardware	25,105	4,703	21,710	22,000	87,593	
Software & Support	70,810	52,275	80,960	166,900	123,232	
Software Maintenance	59,965	-	45,430	58,000	65,000	
Network Communications	15,745	17,280	20,416	28,800	22,860	
Wireless Devices & Services	41,871	16,911	34,501	52,200	47,490	
Phone System-Install, Maintenance, & Changes	-	-	-	2,200	2,100	
Landline Telephone Services	108,407	58,786	111,681	84,000	65,400	
TOTAL SUPPLIES, MATERIALS & UTILITIES	\$ 3,732,816	\$ 1,868,993	\$ 3,573,941	\$ 4,579,917	\$ 4,293,501	
RENTALS						
Equipment Rentals	\$ 16,696	\$ 5,893	\$ 11,949	\$ 8,000	\$ 18,800	
Office Rent	7,830	2,488	6,220	10,200	3,850	
Radio Tower Rental	7,638	4,589	7,772	8,000	8,400	
TOTAL RENTALS	\$ 32,164	\$ 12,970	\$ 25,941	\$ 26,200	\$ 31,050	
MAINTENANCE, REPAIRS & PARTS						
Office, Furniture, & Fixtures	\$ 4,769	\$ 1,882	\$ 5,316	\$ 6,000	\$ 6,000	
Air Conditioner	63,099	2,682	42,851	65,000	57,500	
Sidewalks & Driveways	-	102	102	80,000	35,000	
Mowing	130,265	70,486	169,319	193,000	211,688	
Building Equipment	2,483	-	828	-	-	
Buildings & Grounds Maintenance	80,073	26,279	102,212	142,500	92,720	
Plants & Facilities	166,567	8,185	168,012	140,000	140,000	
Security System Monitoring	2,446	2,300	3,512	8,000	3,624	
Wells	20,472	586	657	22,000	29,500	
Tanks	56,516	32,091	35,079	212,800	114,200	
Electrical	92,770	31,857	90,749	171,100	185,800	
Generators	71,422	10,344	30,971	78,000	162,000	
Pumps & Motors	79,887	34,459	57,294	229,053	233,000	
Compressor	-	600	600	500	1,500	
Aerators	6,179	1,349	6,100	19,000	10,000	
Machinery, Tools, & Implements	623	819	1,442	2,000	-	

San Jacinto River Authority - Woodlands Operating Fund
Actual to Budget Comparison
FY2016 - FY2018

Description	Actuals 8/31/2016	Actuals Sept-March FY2017	Rolling 12	Budget FY2017	PROPOSED
			Mo. Actuals April 2016- March 2017		Budget FY2018
Belt Press	9,704	10,511	10,667	22,350	22,350
Clarifier	1,982	8,106	10,088	4,200	7,400
UV Equipment	95,528	-	668	10,000	10,000
Lines, Valves, & Pipes	221,759	153,174	273,665	311,000	340,000
Drainage Structures	23,219	-	23,219	-	-
Other Maintenance	21,608	11,517	32,875	250,000	-
Laboratory Equipment	3,478	374	222	14,000	1,600
Instrumentation Equipment & Parts	153,325	90,140	130,625	187,000	216,000
Bar Screens	5,904	10,931	13,565	25,500	109,500
Chlorinator	37,143	24,396	30,586	88,500	49,500
Low Head Filters	-	9,985	9,985	1,000	19,500
Inventory Gains and Losses	(3,988)	929	(2,728)	-	-
Bad Debt Expense	15,938	-	15,938	-	-
TOTAL MAINTENANCE, REPAIRS & PARTS	\$ 1,363,171	\$ 544,084	\$ 1,264,419	\$ 2,282,503	\$ 2,058,382
GENERAL & ADMINISTRATIVE EXPENSES					
General & Administrative Expense Allocated	\$ 739,877	\$ 438,181	\$ 757,381	\$ 771,685	\$ 822,231
TOTAL GENERAL & ADMINISTRATIVE EXPENSES	\$ 739,877	\$ 438,181	\$ 757,381	\$ 771,685	\$ 822,231
NON-OPERATING EXPENSES					
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ 479,319
Bond Issuance Costs	-	-	-	-	660,050
TOTAL NON-OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ 1,139,369
TOTAL EXPENSES	\$ 27,956,801	\$ 15,246,879	\$ 28,283,839	\$ 31,917,522	\$ 34,439,619
NET REVENUES OVER EXPENSES	\$ 8,427,889	\$ 5,130,151	\$ 8,647,207	\$ 7,765,799	\$ 6,553,780
CAPITAL IMPROVEMENTS					
Easements				\$ 50,000	\$ -
Maintenance Equipment				25,000	-
Lift Station				25,000	-
Transportation Equipment				55,000	75,000
Software				76,800	10,316
Computer Equipment				86,000	112,447
Radio Communications Equipment				-	10,000
TOTAL CAPITAL IMPROVEMENTS				\$ 317,800	\$ 207,763
OTHER USES					
Emergency Reserve Fund	\$ 135,000	\$ -	\$ -	\$ -	\$ -
Interdivision Transfers	8,523,379	4,448,000	7,448,000	7,448,000	6,346,017
TOTAL OTHER USES	\$ 8,658,379	\$ 4,448,000	\$ 7,448,000	\$ 7,448,000	\$ 6,346,017
NET CASH BASIS SOURCES (USES)	\$ (230,490)	\$ 682,151	\$ 1,199,207	\$ (1)	\$ -

San Jacinto River Authority - Woodlands Repair and Replacement
Actual to Budget Comparison
FY2016 - FY2018

Description	Actuals 8/31/2016	Actuals Sept-March FY2017	Rolling 12		Budget FY2017	PROPOSED Budget FY2018
			Mo. Actuals April 2016- March 2017			
OTHER REVENUES						
Interest Income	\$ 21,844	\$ 22,012	\$ 33,797	\$	500	\$ 20,000
TOTAL OTHER REVENUES	\$ 21,844	\$ 22,012	\$ 33,797	\$	500	\$ 20,000
OPERATING EXPENSES						
PROFESSIONAL FEES						
Engineering	\$ 214,789	\$ 119,858	\$ 325,978	\$	-	\$ -
TOTAL PROFESSIONAL FEES	\$ 214,789	\$ 119,858	\$ 325,978	\$	-	\$ -
MAINTENANCE, REPAIRS & PARTS						
Plants & Facilities	\$ 188,380	\$ 5,000	\$ 193,380	\$	-	\$ -
Wells	94,447	1,232	(3,232)		-	-
Tanks	910,937	250,693	819,025		2,004,000	2,749,000
Lines, Valves, & Pipes	1,549,831	240,279	573,427		350,000	1,288,000
TOTAL MAINTENANCE, REPAIRS & PARTS	\$ 2,743,595	\$ 497,204	\$ 1,582,600	\$	2,354,000	\$ 4,037,000
TOTAL EXPENSES	\$ 2,958,384	\$ 617,062	\$ 1,908,578	\$	2,354,000	\$ 4,037,000
NET REVENUES OVER EXPENSES	\$ (2,936,540)	\$ (595,050)	\$ (1,874,781)	\$	(2,353,500)	\$ (4,017,000)
CAPITAL IMPROVEMENTS						
Capital Improvements					\$ 5,094,000	\$ -
Water Treatment Plant & Facilities					-	1,419,000
Sewage Treatment Plant & Facilities					-	1,459,000
TOTAL CAPITAL IMPROVEMENTS					\$ 5,094,000	\$ 2,878,000
OTHER USES						
Capital Repair/Replacement Reserve Fund					\$ -	\$ 6,968,545
TOTAL OTHER USES					\$ -	\$ 6,968,545
OTHER SOURCES						
Cash Sources					\$ 515,317	\$ 11,684,147
Interdivision Transfers	8,523,379	4,448,000	7,448,000		7,448,000	6,346,017
TOTAL OTHER SOURCES	\$ 8,523,379	\$ 4,448,000	\$ 7,448,000	\$	7,963,317	\$ 18,030,164
NET CASH BASIS SOURCES (USES)	\$ 5,586,839	\$ 3,852,950	\$ 5,573,219	\$	515,817	\$ 4,166,619

San Jacinto River Authority - Woodlands Waste Disposal Bonds
Actual to Budget Comparison
FY2016 - FY2018

Description	Actuals 8/31/2016	Actuals Sept-March FY2017	Rolling 12 Mo. Actuals April 2016- March 2017	Budget FY2017	PROPOSED Budget FY2018
OPERATING REVENUES					
Capacity Revenue	\$ 960,950	\$ 349,296	\$ 958,025	\$ 991,650	\$ 985,150
TOTAL OPERATING REVENUES	\$ 960,950	\$ 349,296	\$ 958,025	\$ 991,650	\$ 985,150
OTHER REVENUES					
Interest Income	\$ 1,157	\$ 853	\$ 1,575	\$ 250	\$ 250
TOTAL OTHER REVENUES	\$ 1,157	\$ 853	\$ 1,575	\$ 250	\$ 250
PROFESSIONAL FEES					
Disclosure Filing	\$ -	\$ 188	\$ 188	\$ 500	\$ 250
Arbitrage Rebate Audit	-	250	250	3,600	-
Paying Agent Fees	1,500	-	750	750	750
TOTAL PROFESSIONAL FEES	\$ 1,500	\$ 438	\$ 1,188	\$ 4,850	\$ 1,000
NON-OPERATING EXPENSES					
Interest Expense	\$ 170,755	\$ 259,062	\$ 156,484	\$ 443,258	\$ 426,525
TOTAL NON-OPERATING EXPENSES	\$ 170,755	\$ 259,062	\$ 156,484	\$ 443,258	\$ 426,525
TOTAL EXPENSES	\$ 172,255	\$ 259,500	\$ 157,671	\$ 448,108	\$ 427,525
NET REVENUES OVER EXPENSES	\$ 789,852	\$ 90,649	\$ 801,929	\$ 543,792	\$ 557,875
OTHER USES					
Bond Principal	\$ 1,640,000	\$ 500,000	\$ 500,000	\$ 550,000	\$ 558,333
TOTAL OTHER USES	\$ 1,640,000	\$ 500,000	\$ 500,000	\$ 550,000	\$ 558,333
OTHER SOURCES					
Cash Sources				\$ 6,208	\$ 750
TOTAL OTHER SOURCES				\$ 6,208	\$ 750
NET CASH BASIS SOURCES (USES)	\$ (850,148)	\$ (409,351)	\$ 301,929	\$ -	\$ 292

San Jacinto River Authority - Woodlands Water Supply System Bonds
Actual to Budget Comparison
FY2016 - FY2018

Description	Actuals 8/31/2016	Actuals Sept-March FY2017	Rolling 12		Budget FY2017	PROPOSED Budget FY2018
			Mo. Actuals April 2016- March 2017			
OPERATING REVENUES						
Capacity Revenue	\$ 2,873,512	\$ 954,518	\$ 2,845,565	\$ 2,864,887	\$ 2,861,313	
TOTAL OPERATING REVENUES	\$ 2,873,512	\$ 954,518	\$ 2,845,565	\$ 2,864,887	\$ 2,861,313	
OTHER REVENUES						
Interest Income	\$ 3,057	\$ 2,243	\$ 4,367	\$ 100	\$ 100	
Proceeds From Sale Of Assets	20,000	-	-	-	-	
TOTAL OTHER REVENUES	\$ 23,057	\$ 2,243	\$ 4,367	\$ 100	\$ 100	
OPERATING EXPENSES						
PROFESSIONAL FEES						
Disclosure Filing	\$ -	\$ 188	\$ 188	\$ 500	\$ 250	
Arbitrage Rebate Audit	-	4,150	4,150	7,200	-	
Paying Agent Fees	2,250	750	1,500	750	1,500	
TOTAL PROFESSIONAL FEES	\$ 2,250	\$ 5,088	\$ 5,838	\$ 8,450	\$ 1,750	
NON-OPERATING EXPENSES						
Interest Expense	\$ 554,384	\$ 669,645	\$ 514,534	\$ 1,150,190	\$ 1,091,194	
TOTAL NON-OPERATING EXPENSES	\$ 554,384	\$ 669,645	\$ 514,534	\$ 1,150,190	\$ 1,091,194	
TOTAL EXPENSES	\$ 556,634	\$ 674,732	\$ 520,372	\$ 1,158,640	\$ 1,092,944	
NET REVENUES OVER EXPENSES	\$ 2,339,936	\$ 282,029	\$ 2,329,560	\$ 1,706,347	\$ 1,768,469	
OTHER USES						
Bond Principal	\$ 1,605,000	\$ 1,665,000	\$ 1,665,000	\$ 1,720,000	\$ 1,765,833	
TOTAL OTHER USES	\$ 1,605,000	\$ 1,665,000	\$ 1,665,000	\$ 1,720,000	\$ 1,765,833	
OTHER SOURCES						
Bond Proceeds				\$ -	\$ -	
Cash Sources				13,653	1,500	
TOTAL OTHER SOURCES				\$ 13,653	\$ 1,500	
NET CASH BASIS SOURCES (USES)	\$ 734,936	\$ (1,382,971)	\$ 664,560	\$ -	\$ 4,135	

**San Jacinto River Authority - Future Facilities
Actual to Budget Comparison
FY2016 - FY2018**

Description	Actuals			Rolling 12	PROPOSED	
	Actuals 8/31/2016	Sept-March FY2017	Mo. Actuals April 2016- March 2017	Budget FY2017	Budget FY2018	
OTHER REVENUES						
Interest Income	\$ 9,171	\$ 4,465	\$ 8,892	\$ 1,000	\$ 1,000	
TOTAL OTHER REVENUES	\$ 9,171	\$ 4,465	\$ 8,892	\$ 1,000	\$ 1,000	
NET REVENUES OVER EXPENSES	\$ 9,171	\$ 4,465	\$ 8,892	\$ 1,000	\$ 1,000	
NET CASH BASIS SOURCES (USES)	\$ 9,171	\$ 4,465	\$ 8,892	\$ 1,000	\$ 1,000	

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SJRA FY 2018 Woodlands Division Risk Management

May 15, 2017

Risk	Probability	Management Method
Revenue		
Revenue sales less than projected due to conservation or wet weather	Medium	<ul style="list-style-type: none"> • Limited operating reserves are available to cover a small amount of deficit • Can request a cash call from the MUDs • Additional funding available in the R&R Fund and Emergency Reserves should the shortfall be significant • Delay capital projects to subsequent years • Reduce transfer to R&R Fund • Delay non-critical items in current fiscal year
Delayed payments from Municipal Utility Districts	Low	<ul style="list-style-type: none"> • Limited operating reserves are available to cover a small amount of deficit • Suspend non-critical items • Use of Emergency Reserve
Labor (Staffing)		
Inadequate staff available for daily operations in Operations and Maintenance Departments.	Low	<ul style="list-style-type: none"> • Hire temporary personnel to support operations and maintenance staff • Outsource some maintenance related items • Increase overtime to bridge gap in staffing • Conduct workload analysis to map out critical tasks.
Professional, Construction and Miscellaneous Services		
Inadequate and/or poorly performing providers of professional, construction and/or miscellaneous services	Low	<ul style="list-style-type: none"> • SJRA staff in key management positions to oversee/drive progress • Project management procedures are implemented for effective project delivery including control of scope, fee, schedule and risk. Implement the Project Management Plan, as appropriate. • All contracts contain termination clauses • Professional services contracts are typically work order based, which authorizes work one phase at a time, thereby allowing opportunity to adjust services provided.
Operations and Maintenance		
Operations or maintenance costs greater than budgeted	Low	<ul style="list-style-type: none"> • Suspend non-critical items • Limited emergency reserve funds available • Plan for operations costs based on historic and anticipated expenditures, with a contingency
Failure of a key Water or wastewater system component, requiring immediate funds greater than budgeted.	Low	<ul style="list-style-type: none"> • Emergency Reserve Funds are available for critical and immediate repair of failed system components • Increase surface water delivery till funds become available • Current Risk Management and Emergency Response Plans anticipate stepped response to failures and include mitigation efforts • Can request a cash call from the MUDs

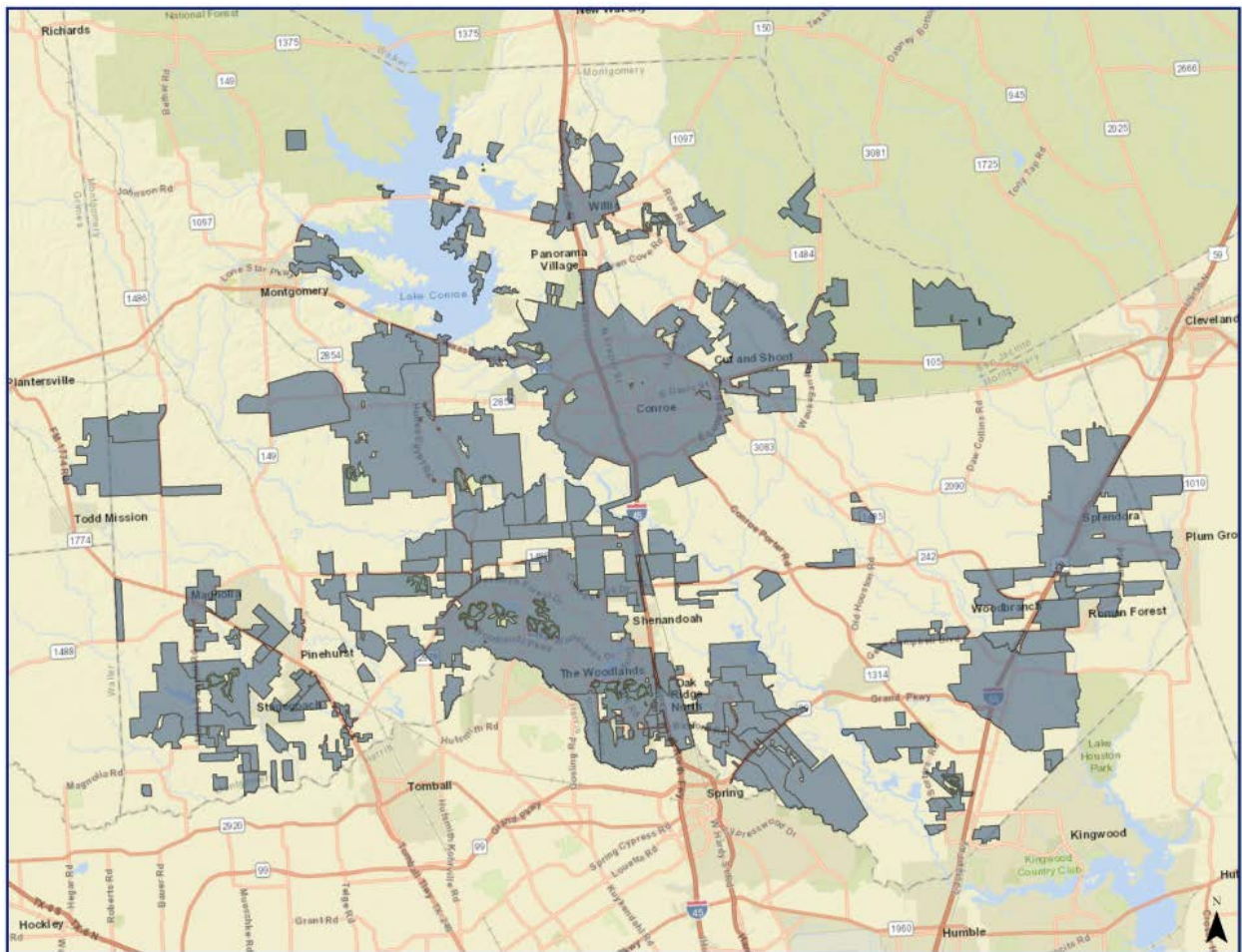
GRP DIVISION



GRP DIVISION

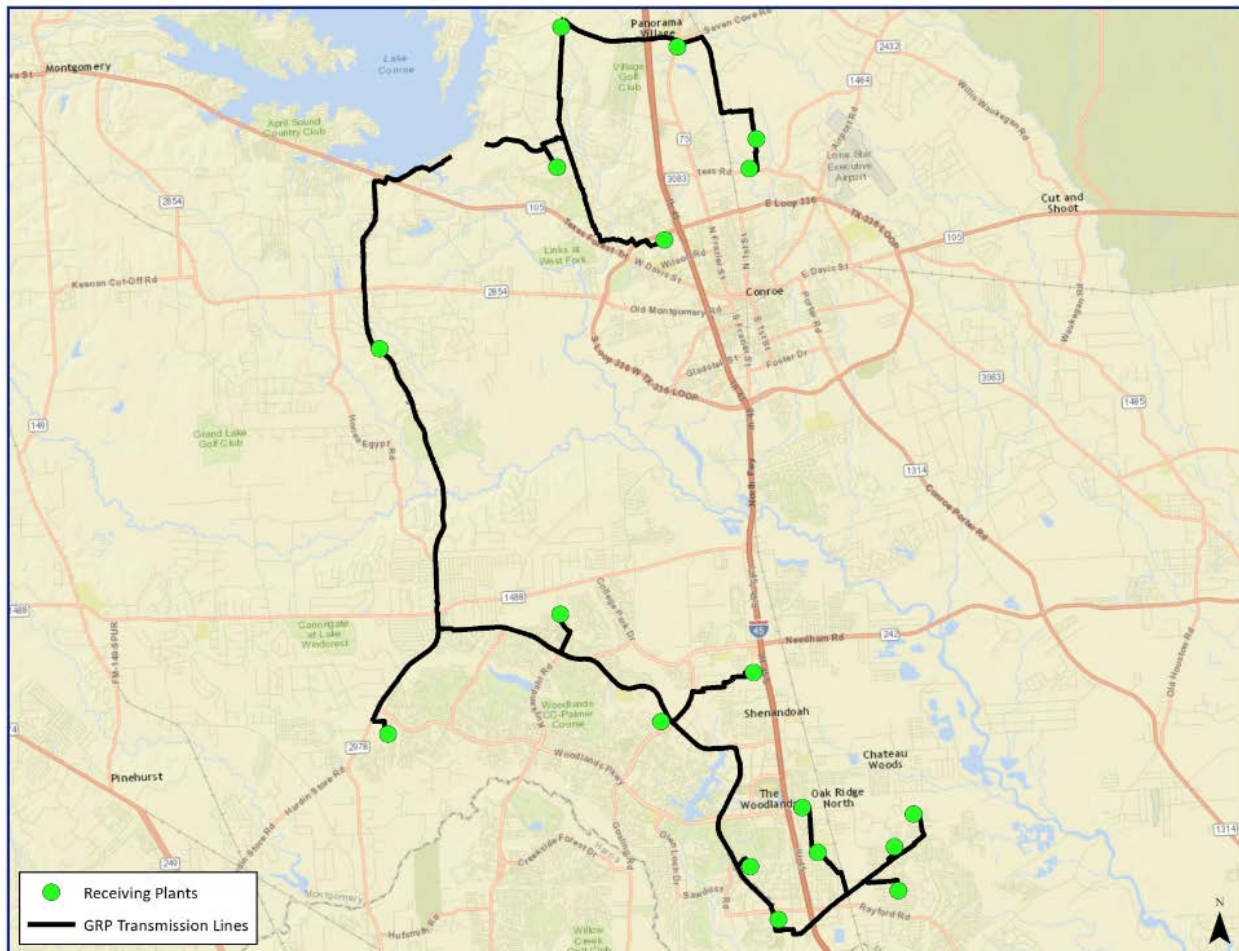
The Lone Star Groundwater Conservation District (LSGCD) issued its District Regulatory Plan Phase IIB Rules on August 20, 2009. These rules require large volume groundwater users within Montgomery County to reduce the amount of groundwater pumped by 30% for the calendar year 2016 via a Groundwater Reduction Plan (GRP). The GRP Division was created in 2010 by the Board of Directors as a separate operating division of the Authority. In 2011, the GRP Division submitted and received certification of its Groundwater Reduction Plan (Plan) to LSGCD on behalf of the Plan's participants. The Plan outlines the collective compliance strategy for the original 79 contracts. The Woodlands Division of SJRA is one of the 139 LSGCD permits that made up the original Plan. The Plan has expanded since 2011 to include 80 contracts representing 150 water systems and an estimated 2016 population of 365,000 people.

MAP OF GRP PARTICIPANTS



The GRP Division constructed a 30 million gallon per day (mgd) surface water treatment plant on the southern shore of Lake Conroe to supply surface-water to seven participants through two main transmission lines and 18 separate surface-water receiving facilities. The GRP Division completed the surface-water treatment facility in September 2015 and began supplying treated surface-water to six participants, ahead of the LSGCD regulations. This resulted in full compliance with the LSGCD groundwater regulations for calendar year 2016, making up 30% or more of the total water demand. Surface-water supplied to participants from the GRP Plant for calendar year 2016 equaled 6,433,106,000 gallons, 32.5% of the total water demand, allowing the GRP Division to preserve early conversion credits earned prior to January 1, 2016 for future use. In addition to treated surface-water from the GRP plant, some participants have utilized other alternative water supplies such as Catahoula groundwater, effluent reuse, and conservation strategies.

MAP OF GRP TRANSMISSION LINES AND RECEIVING FACILITIES



Major Initiatives: During FY2017 and planned for FY2018, the GRP Division has either completed or started, or will complete or start a number of major initiatives to improve the operations related to the Division.

- 1. Plant start-up and Operations:** In FY2017, the GRP Division embarked on a number of initiatives to improve efficiency and effectiveness of the operations. With the surface-water treatment facility completed in September 2015, there were only estimates and assumptions to forecast operational expenses. For FY2017, the GRP Division focused significant effort to normalize operations and document all input requirements in order to develop solid operational metrics. By tracking operational costs, the Division was able to more accurately forecast FY2018 operational costs.
- 2. Optimization Study:** The GRP Division conducted an optimization study of the surface-water facility to identify opportunities to streamline operations. Practical and reasonable items from the optimization study have been implemented. The GRP Division is continuing to look for additional ways to optimize plant operations.
- 3. Water Demand Forecasting:** For FY2017, water demand forecasting was refined to incorporate more input from participants and to account for dry and wet fluctuations in weather patterns.
- 4. Asset Management:** Along with all of the other operating divisions, the GRP Division will be focused in FY2018 on improving the management of their assets. The Division has embraced the use of the Authority's new Enterprise Asset Management and Computerized Maintenance Management System (EAM/CMMS). The EAM/CMMS system allows for the Division to track assets throughout the asset's lifetime, tracking planned and corrective maintenance, and assisting in determining the appropriate time to replace assets. In FY2018, the GRP Division, in coordination with the G&A Information Technology and Technical Services Departments, is integrating Geographic Information Systems (GIS) with the EAM/CMMS system. This integration will improve the efficiency and effectiveness of the Division's EAM/CMMS system by placing all available information in the hands of staff as the address issues in the field.
- 5. Unplanned Activities:** In FY2017, the GRP Division experienced two significant, unplanned activities that required two budget amendments, December 8, 2016 and March 23, 2017.
 - The 30 inch water line along the southern transmission route to the Woodlands area, ruptured at the intersection of Grogan's Mill and Woodlands Parkway. Emergency repairs were made to place the water line back in service and efforts began to evaluate the cause of the rupture. Permanent repairs were designed and construction was completed in March, 2017.
 - Beginning at the start of FY2017, the GRP Division had two participants refuse to pay the increase in GRP rates from FY2016 to FY2017. SJRA took action to validate the participant contracts based on breaches of contracts, which remains unresolved as of the adoption of this budget.

Capital Improvement and Other Projects Plans: Each year the GRP Division conducts risk assessments and evaluations of their infrastructure. The Division reviews the likelihood and consequences of failure of each asset and then prioritizes projects based on a variety of factors related to reliable, cost-effective service. Projects included within the GRP’s Projects Plan for FY2018 are planned to be funded from existing bonds and/or the O&M budget if adequate funds are available at the time the project is projected to begin, otherwise projects will be delayed to future fiscal years. In FY2018, the GRP Division conducted their assessments and prioritized the following projects for the start of design and/or construction:

GRP - Projects	Stage	Est. FY2018 Cost	Funding Source
Trans. Line Extensions & Flow Control Valves Replacements	Design	\$ 307,000	O&M/Bonds
SW Treatment Plant Re-rating Study	Design	\$ 225,310	O&M/Bonds
SW Treatment Plant - Main Gate Security Improvements	Design/Const	\$ 180,000	Bonds
SW Receiving Facilities - Flow Control Valve Orientation	Design/Const	\$ 240,000	O&M Budget
Granulated Activated Carbon Fines	Design	\$ 150,000	O&M/Bonds
Total		\$ 1,102,310	

Total Indebtedness and Annual Debt Service: At August 31, 2016, the GRP Division currently had \$520,560,000 of total indebtedness, made up of the following bond issuances:

- Series 2009 Special Project Revenue Bonds (Outstanding: \$21,500,000; Matures 10/1/28)
- Series 2011 Special Project Revenue Bonds (Outstanding: \$79,025,000; Matures 10/1/37)
- Series 2011A Special Project Revenue Bonds (Outstanding: \$61,255,000; Matures 10/1/35)
- Series 2012 Special Project Revenue Bonds (Outstanding: \$160,455,000; Matures 10/1/37)
- Series 2012A Special Project Revenue Bonds (Outstanding: \$158,045,000; Matures 10/1/40)
- Series 2013 Special Project Revenue Bonds (Outstanding: \$37,975,000; Matures 10/1/40)
- Series 2016 Special Project Revenue Bonds (Outstanding: \$2,305,000; Matures 10/1/41)

Annual debt service (principal and interest) for FY2018 for the above bond issuances is \$34,519,155. Bond payments are made each year in April (interest only) and October (principal and interest). Monthly accruals of interest are made for October to March, while monthly accruals of principal and interest are made for April to September. Debt Service Reserves for the above bond issuances are fully funded.

Staffing Plans: The GRP Division’s staffing plan for FY2018 includes 29 direct FTE positions, with no part-time, temporary, or intern positions. In addition to the 29 direct GRP Division FTEs, the Division is allocated 18.17 FTEs for FY2018 from G&A Departments. Total FY2018 FTEs associated with the GRP Division, direct and allocated, is 47.17 FTEs.

Revenues: One of the first activities in the budgeting process for the GRP Division is to determine the cumulative total water demand of its participants and then further define the groundwater portion and the surface-water portion. An annual survey of the GRP participants is conducted to estimate water demands for the upcoming fiscal year. Historical data and trends are used to supplement for missing information. The GRP Division typically develops three scenarios: wet, dry, and normal conditions. Normal conditions assume average weather patterns (temperature, precipitation, etc) which would lead

to average water demands. Wet conditions estimate groundwater demands being roughly 10% lower than normal, due to less outside irrigation. Dry conditions estimate groundwater demands being roughly 10% higher than normal, due to greater outside irrigation. The GRP Division typically uses normal weather conditions when forecasting water demands for the next fiscal year. Based on several years of continued wetter than normal conditions and resulting lower water demands, for FY2018 a “damp” estimate of weather conditions was used for determining groundwater demands. The “damp” estimate results in groundwater pumpage reduced by 5% from “normal” estimates, falling roughly halfway between “normal” and “wet” conditions. The surface-water treatment plant is forecasted to operate at an average of 19.7mgd, totaling 7.2 billion gallons for FY2018. Under “damp” conditions, total groundwater production is forecasted to be 39.3mgd, totaling 14.5 billion gallons for FY2018.

For FY2018, the GRP is forecasting a 5.8% increase in total water demand. The GRP Pumping Fee rate to its participants for FY2018 is \$2.64 per 1,000 gallons, resulting in groundwater revenues totaling \$37,903,468. The GRP Surface-Water Fee to its participants for FY2018 is \$2.83, resulting in surface-water revenues totaling \$20,363,371. Also, the LSGCD requires the GRP Division, as the GRP sponsor to collect the LSGCD permit fees for all of its participants. The GRP Division anticipates collecting \$1,435,737 as a LSGCD pass-through fee to its participants, which will be offset with the LSGCD permit fee expense. Other revenues from interest income and office rental total \$65,188. In addition, there is a refund of \$472,943 as a pre-paid reservation fee from the City of Houston to the GRP Division.

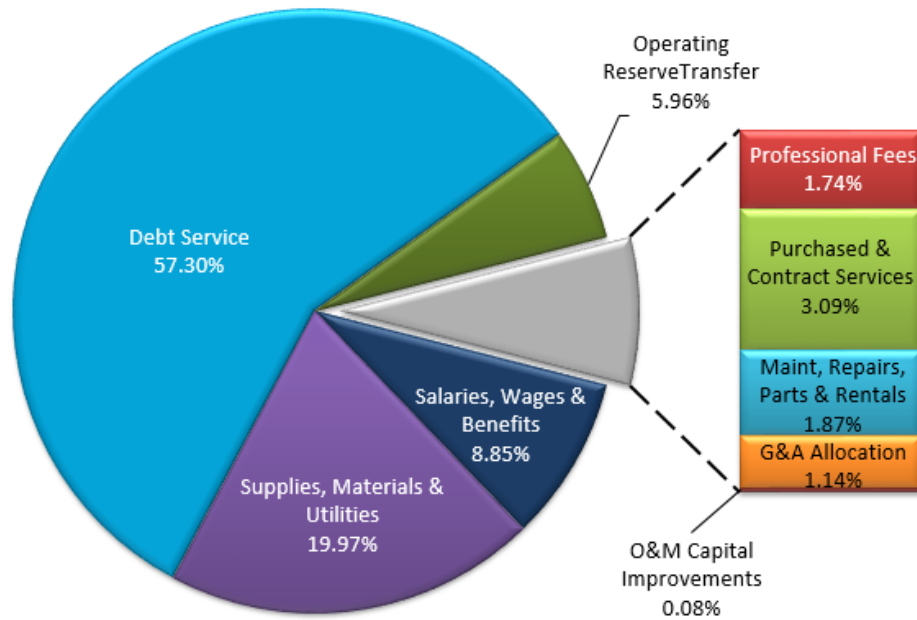
Expected O&M revenues for the GRP Division for FY2018 total \$60,240,707.

Expenditures: The GRP Division for FY2018 contains regular and customary expenses related to the ongoing operation and maintenance of the GRP’s Surface-Water Treatment Plant. Such expenditures include:

- Salaries, Wages, and Benefits
- Professional Fees
- Purchased and Contracted Services
- Supplies, Materials, and Utilities
- Maintenance, Repairs, Parts, and Rentals
- G&A Allocations
- Debt Service (principal and interest)
- O&M Capital Improvements (non-bond related)
- Multi-Purpose Operating Reserve Contributions

Expected total O&M expenditures for the GRP Division for FY2018, including operating, debt service, capital improvements, and any other cash uses, totals \$60,240,707.

**GRP FY2018 Total Operating Expenditures:
Operating, Debt Service, Capital Improvements & Reserve Contributions**



Fund Balance and Reserves: Based upon actual monthly revenues and expenditures for FY2017, along with the forecasted monthly revenues and expenditures for the remaining FY2017 months, the operating fund balance for the GRP Division for the end of FY2017, beginning of FY2018, is projected to well below the six month operating reserve.

As approved by the GRP Review Committee and adopted by the Board of Directors reserve policy, the GRP Division utilizes three reserves: a Multi-Purpose Operating Reserve, a Renewal and Replacement (R&R) Reserve, and a Capital Reserve.

Operating Reserve: The Multi-Purpose Operating Reserve is created for cash flow management, and rate and revenue stabilization. The Operating Reserve target for the GRP Division is set to be an amount equal to six months of operating expenditures. For FY2017, the GRP Division has not met the six-month Operating Reserve target. As of the beginning of FY2017 the Operating Reserve balance was \$5,967,223, roughly three months of operating reserves. For year-end of FY2018, the Operating Reserve is projected to be less than three months of operating expenses.

R&R Reserve: The R&R Reserve is created to establish annual funding for the renewal and/or replacement of GRP assets with an anticipated life expectancy between five and ten years, in order to prevent significant rate fluctuations. R&R Reserve contributions are made only after the Operating Reserve funding target is met. No contributions have been made to the GRP R&R Reserve and no contributions are budgeted for FY2018.

Capital Reserve: The Capital Reserve is created to fund planned long-term capital expenditures. Capital Reserve contributions are made only after the Operating Reserve and R&R Reserve funding

targets are met. No contributions have been made to the GRP Capital Reserve and no contributions are budgeted for FY2018.

For FY2018, the net between revenues and expenditures, including annual debt service and scheduled contributions to any of the three reserves, is \$0.

San Jacinto River Authority - GRP
Actual to Budget Comparison
FY2016 - FY2018

Description	Actuals 8/31/2016	Actuals Sept-March FY2017	Rolling 12		Budget FY2017	PROPOSED Budget FY2018
			Mo. Actuals April 2016- March 2017			
OPERATING REVENUES						
GRP Pumping Fees	\$ 25,390,824	\$ 13,371,905	\$ 25,326,246	\$ 31,198,375	\$ 31,712,076	
GRP Pumping Fees-Woodlands	6,144,283	2,207,908	4,703,012	5,329,000	6,191,392	
LSGCD Revenue	790,667	532,146	860,192	873,555	1,201,215	
LSGCD Revenue-Woodlands	93,966	49,185	143,151	149,212	234,522	
GRP Surface Water Sales	4,839,929	3,929,673	6,646,009	8,051,170	9,058,972	
GRP Surface Water Sales-Woodlands	8,394,738	5,902,118	10,365,177	10,653,073	11,304,399	
Compliance Fee Revenue	750	500	1,000	-	-	
TOTAL OPERATING REVENUES	\$ 45,655,158	\$ 25,993,434	\$ 48,044,788	\$ 56,254,385	\$ 59,702,577	
OTHER REVENUES						
Interest Income	\$ 353,404	\$ 162,278	\$ 307,891	\$ 18,000	\$ 47,500	
Office Rental Revenue	3,075	10,318	13,393	17,688	17,688	
Other Gains & Losses	3,219	2,846	2,846	-	-	
TOTAL OTHER REVENUES	\$ 359,698	\$ 175,442	\$ 324,131	\$ 35,688	\$ 65,188	
OPERATING EXPENSES						
SALARIES, WAGES, & EMPLOYEE BENEFITS						
Salaries & Wages	\$ 1,751,641	\$ 1,045,754	\$ 1,814,441	\$ 1,883,603	\$ 1,945,912	
Salary & Wage Allocation	1,885,455	995,249	1,794,646	1,681,510	1,637,651	
Salaries & Wages-Interns	-	-	-	21,506	-	
Staffing Services	5,142	-	-	-	-	
Compensated Absences	1,797	-	1,797	-	-	
Group Insurance	584,904	409,310	662,946	629,769	899,125	
Group Retirement Expense	443,467	264,884	455,762	430,820	488,895	
Workers Compensation Insurance	69,167	51,379	88,011	71,725	95,912	
Social Security Taxes	256,879	142,151	255,879	261,414	263,023	
TOTAL SALARIES, WAGES, & EMPLOYEE BENEFITS	\$ 4,998,453	\$ 2,908,728	\$ 5,073,483	\$ 4,980,346	\$ 5,330,517	
PROFESSIONAL FEES						
Legal Fees	\$ 196,087	\$ 805,311	\$ 936,258	\$ 1,650,000	\$ 875,000	
Disclosure Filing	-	375	375	500	500	
Annual Financial Audit	21,772	22,792	25,960	35,000	35,000	
Arbitrage Rebate Audit	-	6,700	6,700	7,200	3,600	
Paying Agent Fees	4,500	4,500	5,250	5,250	4,500	
Engineering	197,245	381,325	569,015	1,025,220	125,050	
Safety Inspections & Testing	318	1,069	1,088	5,000	1,500	
Graphic Design	1,705	-	181	3,000	2,000	
TOTAL PROFESSIONAL FEES	\$ 421,627	\$ 1,222,072	\$ 1,544,827	\$ 2,731,170	\$ 1,047,150	
PURCHASED & CONTRACTED SERVICES						
Waste Disposal Services	\$ 2,787	\$ 1,738	\$ 3,076	\$ 3,500	\$ 3,500	
Sludge Removal	207,624	113,954	217,809	211,101	225,219	
Meter Calibration Services	1,500	-	1,500	1,000	3,000	
Commercial Laboratory Fees	62,847	25,675	47,730	67,000	18,200	
Other Services	11,125	35,973	47,098	131,500	84,500	
Groundwater District Fees	840,385	525,625	945,925	1,022,767	1,436,237	
Employee Testing- New	4,004	1,025	1,726	4,200	4,420	
Janitorial Services	59,964	22,706	47,541	63,000	41,000	
Water Quality Testing	-	-	-	15,000	22,200	
Public Relations Expense	4,415	-	2,616	35,000	4,000	
Water Conservation & Public Education	5,000	7,200	7,200	10,000	6,000	
Website Hosting & Maintenance	2,400	-	-	-	-	
Communication Services	410	-	-	1,000	-	
Meeting Expenses	10,615	1,607	6,160	9,100	11,300	
Public Official Liability	4,356	-	4,356	3,500	3,605	
TOTAL PURCHASED & CONTRACTED SERVICES	\$ 1,217,431	\$ 735,502	\$ 1,332,737	\$ 1,577,668	\$ 1,863,181	
SUPPLIES, MATERIALS & UTILITIES						
Office Supplies & Printing	\$ 13,113	\$ 1,071	\$ 4,843	\$ 25,000	\$ 17,500	
Other Office Expense	16,504	5,425	12,008	20,000	15,000	
Travel	6,043	239	2,172	26,000	7,500	

San Jacinto River Authority - GRP
Actual to Budget Comparison
FY2016 - FY2018

Description	Rolling 12			PROPOSED	
	Actuals 8/31/2016	Actuals Sept-March FY2017	Mo. Actuals April 2016- March 2017	Budget FY2017	Budget FY2018
Automobile & Truck Expense	15,702	4,478	9,929	20,000	15,000
Postage	1,868	966	1,891	1,500	4,500
Property Insurance	162,933	95,083	162,980	192,552	198,329
Auto Insurance	10,160	7,785	12,467	20,000	20,600
Liability Insurance	9,012	6,196	9,826	9,688	9,979
Small Tools Purchases	10,653	6,813	16,049	10,000	10,000
Training-External	7,620	4,581	7,225	10,500	12,500
Training-Internal	535	9,922	10,234	1,000	1,000
Training-Employee HR	4,206	2,221	4,302	4,480	4,420
Copper Sulfate	40,422	10,933	21,222	93,313	35,114
Citric Acid	160,974	49,643	115,163	363,516	145,638
Phosphoric Acid	15,710	-	-	-	-
Granulated Activated Carbon	1,737,108	-	1,737,108	2,480,740	2,480,740
Aluminum Chlorohydrate	711,655	364,456	1,076,110	861,438	1,012,268
Sodium Permanganate	58,363	58,483	116,846	58,000	135,060
Sodium Bisulfate	17,039	9,907	19,779	20,582	19,428
Sodium Hydroxide	145,206	82,481	150,362	218,958	181,903
Sodium Hypochlorite	152,321	96,105	195,074	176,473	273,071
Chlorine	-	783	783	-	-
Polymer	71,943	40,825	77,510	92,478	107,285
Calcium Hydroxide	-	-	-	20,000	-
Chemicals - Lab	15,423	5,706	16,686	20,000	-
Other Chemicals	3,296	-	(328,528)	-	-
Managers Expense	860	299	723	8,000	5,000
Employee Relations	4,556	1,059	3,246	7,000	7,000
Alkalinity	55,199	-	-	-	-
Fuel	35,529	14,357	21,943	78,000	45,500
Uniform Services	14,667	587	3,652	13,800	12,600
Maintenance Supplies	35,542	14,076	40,744	15,000	20,000
Supplies - Lab	8,116	2,064	4,514	10,000	25,000
Operations Supplies	27,790	19,345	36,716	30,000	33,000
Other Operating Expenses	31	(4)	(2)	-	-
Memberships & Professional Dues	1,735	431	947	10,000	2,500
Signage	599	11	609	2,500	2,500
Copier, Scanner & Fax	15,056	11,708	18,559	28,000	26,000
Delivery & Freight	1,852	693	1,817	2,500	-
Utilities-Electric	1,087,393	734,127	1,225,591	1,396,686	1,364,346
Utilities-Sewer	271,378	72,155	123,591	182,500	190,500
Reservation Fees-City of Houston	860,828	2,172,129	2,172,129	2,228,039	1,942,184
Reservation Fees-SJRA	219,144	81,081	119,263	108,468	88,442
Supply Use Fee-SJRA	2,152,841	1,491,599	2,625,426	2,825,357	3,067,085
Additional Water Fees	237,500	237,500	237,500	250,000	235,000
Bank Service Charges	30	60	60	-	-
Personal Protective Equipment	2,806	1,100	2,050	5,000	5,000
Safety Equipment & Meetings	5,227	678	4,651	8,000	5,000
Health & Wellness Program	352	54	161	4,200	780
Recruiting Expenses	5,900	1,632	3,238	14,300	10,400
Computer Hardware	17,511	32,544	42,669	21,100	46,753
Software & Support	61,239	31,810	55,912	107,200	96,339
Software Maintenance	37,207	18,856	36,050	57,000	46,000
Network Communications	4,122	2,465	4,183	5,000	5,754
Publications & Subscriptions	461	-	412	2,500	1,000
Wireless Devices & Services	19,472	13,118	23,395	33,200	32,960
Phone System-Install, Maintenance, & Changes	-	-	-	1,200	1,163
Landline Telephone Services	5,303	3,367	5,674	4,700	5,289
TOTAL SUPPLIES, MATERIALS & UTILITIES	\$ 8,578,056	\$ 5,823,002	\$ 10,267,465	\$ 12,205,469	\$ 12,029,930
RENTALS					
Equipment Rentals	\$ 4,236	\$ 891	\$ 4,749	\$ 6,000	\$ 6,000
TOTAL RENTALS	\$ 4,236	\$ 891	\$ 4,749	\$ 6,000	\$ 6,000
MAINTENANCE, REPAIRS & PARTS					

San Jacinto River Authority - GRP
Actual to Budget Comparison
FY2016 - FY2018

Description	Rolling 12			PROPOSED	
	Actuals 8/31/2016	Actuals Sept-March FY2017	Mo. Actuals April 2016- March 2017	Budget FY2017	Budget FY2018
Office, Furniture, & Fixtures	\$ 2,668	\$ 352	\$ 2,552	\$ 6,000	\$ 2,000
Air Conditioner	-	-	-	-	17,400
Mowing	-	-	-	-	51,000
Buildings & Grounds Maintenance	71,398	63,280	117,896	100,000	39,000
Building Repair & Modifications	-	-	-	-	5,000
Plants & Facilities	10,907	28,144	38,562	40,000	55,100
Security System Monitoring	4,893	1,067	5,121	2,400	2,400
Electrical	3,543	20,462	23,670	15,000	199,800
Generators	-	-	-	-	55,000
Pumps & Motors	19,876	4,418	19,732	20,000	50,000
Compressor	-	-	-	-	21,001
Aerators	-	-	-	-	90,000
Machinery, Tools, & Implements	30,841	3,681	26,957	25,000	25,000
Belt Press	-	-	-	-	10,700
Clarifier	-	-	-	-	5,000
Pipeline Transmission System	150,191	1,123,524	1,273,550	1,720,000	308,000
Lines, Valves, & Pipes	-	9,431	9,431	50,000	50,000
Other Maintenance	7,665	4,833	7,608	10,000	10,000
Laboratory Equipment	5,994	1,303	2,802	5,000	5,000
Instrumentation Equipment & Parts	50,186	48,574	85,133	70,000	93,000
Pretreatment	-	-	-	-	12,000
Membrane	-	-	-	-	12,000
TOTAL MAINTENANCE, REPAIRS & PARTS	\$ 358,163	\$ 1,309,070	\$ 1,613,015	\$ 2,063,400	\$ 1,118,401
GENERAL & ADMINISTRATIVE EXPENSES					
General & Administrative Expense Allocated	\$ 584,825	\$ 266,425	\$ 542,246	\$ 711,855	\$ 688,592
TOTAL GENERAL & ADMINISTRATIVE EXPENSES	\$ 584,825	\$ 266,425	\$ 542,246	\$ 711,855	\$ 688,592
NON-OPERATING EXPENSES					
Interest Expense	\$ 21,312,914	\$ 12,392,481	\$ 21,333,084	\$ 21,230,477	\$ 20,914,988
Bond Issuance Costs	107,210	823	108,033	-	-
TOTAL NON-OPERATING EXPENSES	\$ 21,420,124	\$ 12,393,304	\$ 21,441,117	\$ 21,230,477	\$ 20,914,988
TOTAL EXPENSES	\$ 37,582,915	\$ 24,658,994	\$ 41,819,638	\$ 45,506,385	\$ 42,998,760
NET REVENUES OVER EXPENSES	\$ 8,431,940	\$ 1,509,883	\$ 6,549,281	\$ 10,783,688	\$ 16,769,005
CAPITAL IMPROVEMENTS					
Office Buildings	-	-	-	\$ -	\$ 7,000
Maintenance Equipment	-	-	-	7,000	-
Software	-	-	-	21,200	19,444
Computer Equipment	-	-	-	12,800	20,332
TOTAL CAPITAL IMPROVEMENTS	-	-	-	\$ 41,000	\$ 46,777
OTHER USES					
Bond Principal	\$ 10,705,000	\$ 13,025,000	\$ 10,720,000	\$ 13,262,500	\$ 13,604,167
Operating Reserve Fund	-	-	-	-	3,591,006
TOTAL OTHER USES	\$ 10,705,000	\$ 13,025,000	\$ 10,720,000	\$ 13,262,500	\$ 17,195,172
OTHER SOURCES					
Bond Proceeds	-	-	-	\$ 250,000	\$ -
Prepaid Reservation Fee	-	-	-	-	472,943
Operating Reserve Fund	-	-	-	2,269,812	-
TOTAL OTHER SOURCES	-	-	-	\$ 2,519,812	\$ 472,943
NET CASH BASIS SOURCES (USES)	\$ (2,273,060)	\$ (11,515,117)	\$ (4,170,719)	\$ 0	\$ 0

SJRA FY 2018 GRP Risk Management

May 15, 2017

Risk	Probability	Management Method
Revenue		
Revenue from GRP pumpage fee and surface water sales less than projected <ul style="list-style-type: none"> • An extremely cool, wet year could impact groundwater pumpage and thus lower revenue generation than forecasted. • Participant refusal to pay established rate Delayed full funding of reserves <ul style="list-style-type: none"> • May leave inadequate funding for unexpected emergencies • Fails to save for known replacement needs • GRP unable to respond to possible line extension requests 	High	<ul style="list-style-type: none"> • Proposed FY2018 GRP projected water demand is adjusted based on wetter than normal weather. • Proposed rate begins to fund balance to provide for rate and revenue stabilization • Delay capital projects until funds are available • Fund balance triggers will prompt action to reduce spending. • Reduce surface water production to reduce operating costs
Regulatory Violations		
Regulatory violations may result in fines. <ul style="list-style-type: none"> • Treated water quality fails to meet TCEQ standards 	Low	<ul style="list-style-type: none"> • Water treatment process is very effective and reliable and includes processes effective at removing disinfection by-products.
Full Operations		
Chemical usage/cost is greater than expected	Low	<ul style="list-style-type: none"> • Chemical demand and cost estimates are conservative • Chemical supply contracts are being established through competitive bidding
Power demand is greater than expected	Low	<ul style="list-style-type: none"> • Proposed rate begins to fund balance to provide for rate and revenue stabilization
Interruption of operations due to emergency incident (ie. Fire, Storm, Line Break, Power Outage, Terrorist Threat).	Med	<ul style="list-style-type: none"> • GRP Emergency Response Plan is established to provide instruction for responding to emergency incidents.

G & A DIVISION



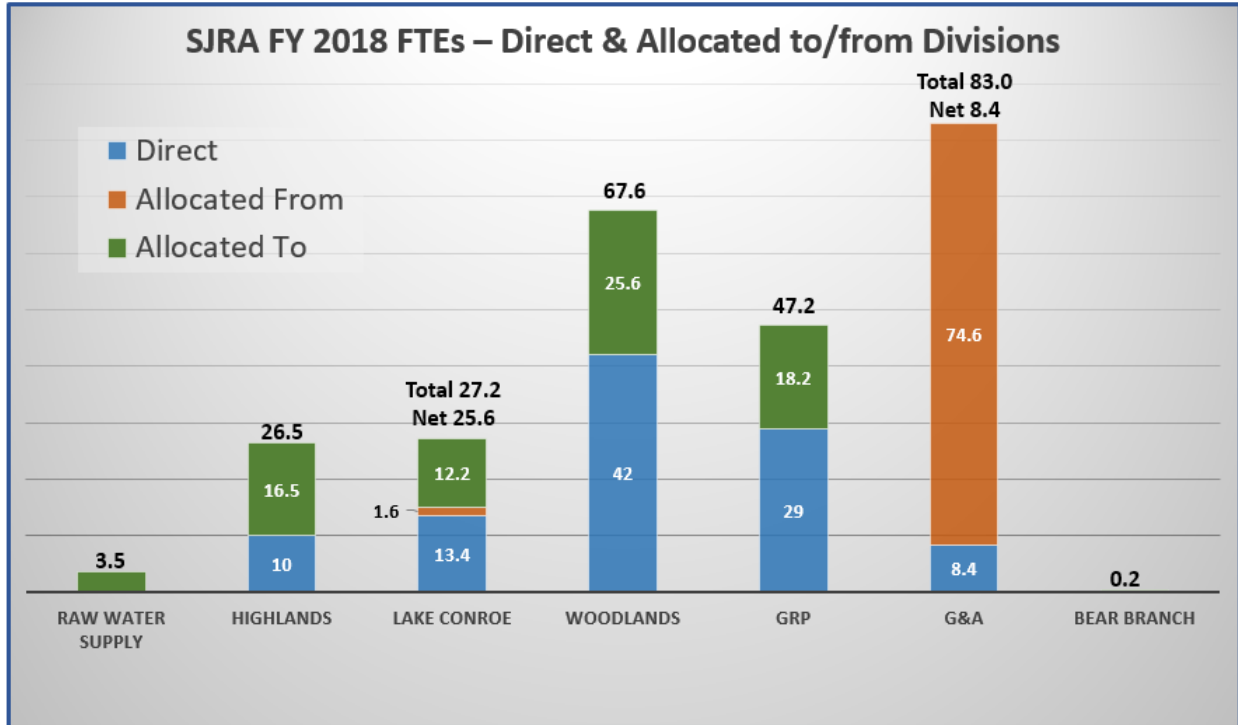
GENERAL AND ADMINISTRATION DIVISION

The general and administrative functions of the Authority are organized into departments within the General and Administration Division (G&A). The G&A consists of Senior Management and the following departments:

Accounting	Public Relations (PR)
Administrative Services	Purchasing
Human Resources (HR)	SCADA/I&C
Information Technology (IT)	Technical Services (TS)

The G&A Departments are largely customer service focused on the operating divisions as internal customers of the services they provide. These departments support the operating divisions with administrative and technical services provided on a daily, monthly, and periodic basis. The Authority's G&A employees are well trained: administratively, technically, and professionally. They cross train within their departments to provide consistent and resilient services and operate with a team mentality within their departments and across the Authority.

Senior Management and the G&A Departments allocate FTEs to the operating divisions based upon appropriate methodologies for their department activities within the terms of existing contracts. Using historical data and projected estimates for the upcoming year, the Administrative Services and Public Relations Departments follow an approach that estimates, where reasonable, individual employee's projected time worked for each operating division. The Accounting, IT, and Purchasing Departments combine the previous approach with the use of specifically dedicated FTEs to certain operating divisions. The HR Department and some of the IT Department FTEs utilize a proportionate allocation of time worked by their employees based on the percentage of operating divisions' direct and allocated FTEs to the 179 total employees of the Authority. The SCADA/I&C Department and Technical Services Department employees work mainly with the operating divisions on the maintenance of certain systems and assist with specific projects, therefore many of those FTEs estimate their allocated time based on specific tasks or the projects proposed for FY2018.



Major Initiatives: During FY2017 and planned for FY2018, the G&A Departments have either completed or started, or will complete or start a number of major initiatives to improve the services they provide to the operating divisions.

Accounting: In FY2017 and continuing in FY2018, the Accounting Department continued to collaborate with the GRP Division to fine-tune the GRP Rate Model utilization for optimum use in the FY2018 budget process. They assisted each operating division throughout the year with monitoring and reporting of revenues and expenditures, allowing the divisions to more efficiently and effectively manage their operations. For FY2018, the Accounting Department is assisting the Raw Water Enterprise and a third part consultant with the development of a robust Raw Water Rate Model.

Administrative Services: In FY2017 and continuing in FY2018, the Administrative Services Department provided records management, records retention, open records, and open meetings training across the Authority. They made substantial progress in scanning and imaging historical physical documents into the Authority’s electronic records retention system. In addition to the progress of converting to electronic documents, the department also completed the relocation of records to the Authority’s Records Storage Center. For FY2018, the Department will begin implementing the Authority’s asset management tool EAM/CMMS for the G&A office building and the G&A fleet of pool vehicles.

HR/Safety: The HR Department has been rapidly improving their processes and systems in FY2017 and will continue to develop and implement several improvements in FY2018. In FY2017, HR coordinated the transition to a new deferred compensation retirement program for employees hired on or after August 1, 2016. HR developed the plan to reduce costs and long-term costs to the Authority, while balancing the needs of employees. The Department is developing a robust new HR Management System that will update job descriptions and improve the evaluation and update process, connect unique job description related competencies to performance evaluations, add

employee and supervisor developed goal tracking, and allow for dramatic improvements in the annual performance evaluation process. As part of efforts to reduce healthcare costs to the Authority, the HR Department is continuing in FY2018 to focus on improving employee health through an Authority-wide health and wellness program. The Department is constantly working to find cost savings within the healthcare benefits that the Authority provides. In addition to employee relations activities, the HR Department also oversees the Authority's safety programs, processes, and activities. In FY2017, HR/Safety increased their coordination with the operating divisions on facility safety audits, identify opportunities for improvements for safe working conditions. Numerous improvements have been identified and implemented through this process. In FY2018, the HR/Safety Department will be collaborating with the operating divisions to redevelop and implement a more effective and efficient safety team program.

IT: The IT Department collaborates with the operating divisions on various projects and also coordinates the many Authority-wide computer systems. The Department provides services that are a combination of unique projects for specific divisions and the development and implementation of uniform business intelligence systems across the Authority. In FY2017, the Department implemented the IT Steering Committee to support Authority-wide prioritization of IT related projects. The Department also added a Business Analyst position to better support internal customer by providing increased two-way project translation and customer advocacy. In FY2017 and continuing in FY2018, the IT Department, in collaboration with the operating divisions and the Technical Services Department, will be expanding the development and use of the Authority's EAM/CMMS system, specifically integrating GIS abilities. The Department in FY2018 will coordinate with the Lake Conroe and Woodlands Divisions, on the implementation of the Authority's billing system for dock licenses and OSSF permits around Lake Conroe, and commercial and industrial users within the Woodlands service area. The IT Department is strengthening cyber-security across their entire computer and communications network throughout the entire Authority.

PR: The Public Relations Department provides public outreach and education for the Authority, significantly increasing the Authority's social media presence. During FY2017, the PR Department rebuilt each operating division's website to provide effective, user-friendly communications of each division's on-going status and most recent data. The PR Department also collaborated with the Lake Conroe Division on the development of educational materials for the SwIM and OSSF programs. In the Woodlands, the PR Department collaborated on the development of a very successful educational materials and outreach to customers related to the Fats-Oils-Grease (FOG) and the Flush (Wipes in the Pipes) campaigns. For FY2018, the PR Department will continue to work with students within Montgomery County to demonstrate the value of water resources and the importance of energy and water conservation. The PR Department intends to expand the Authority's presence on social media and the internet, while continuing to maintain the momentum of the education efforts of the SwIM, OSSF, FOG, and Flush campaigns, while continuing to educate the public about Authority activities and operations.

Purchasing: After a long and successful career, the Authority's Purchasing Department Manager retired in FY2017. A new Purchasing Manager was hired, bringing different perspectives and ideas. For FY2018, the Purchasing Department will be collaborating with the five divisions to better leverage annual contracts for goods and services across the entire Authority. Their goal is to increase savings to the Authority through strategic sourcing and improve tracking and documenting of those savings.

They will be implementing a new “best and final offer” element to the Authority’s procurement processes.

SCADA/I&C: The major initiatives for the SCADA/I&C (SCADA) Department are generally included as collaborative projects with the various operating divisions. In FY2017 and FY2018, the SCADA Department is strengthening cyber-security across all their communications network throughout the entire Authority.

Technical Services: The major initiatives for the Technical Services Department are generally included as collaborative projects with the various operating divisions. However, in FY2017 and FY2018, the Technical Services Department is collaborating with the operating divisions and the IT Department in improving asset management across all divisions. Additionally, the Department has experienced several key changes in staffing and is reassessing staffing needs and reorganizing personnel to continually improve the effectiveness of the services they provide the operating divisions.

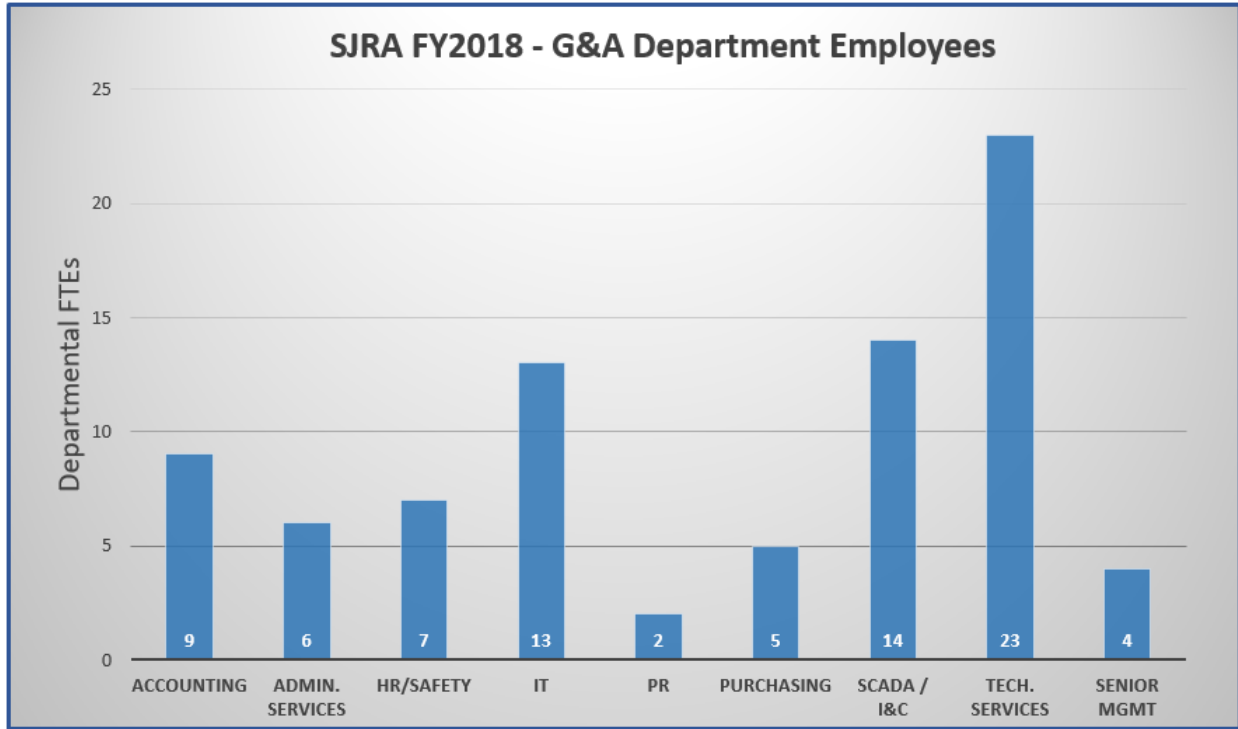
Capital Improvement and Other Projects Plans: Each year the G&A Division conducts risk assessments and evaluations of their limited infrastructure. G&A reviews the likelihood and consequences of failure of each asset and then prioritizes projects based on a variety of factors related to reliable, cost-effective service. The one project included within G&A’s Project Plan for FY2018 is anticipated to be funded from a combination of the O&M budget and the Repair and Replacement Reserve as highlighted below:

General & Administrative - Projects	Stage	Est. FY2018 Cost	Funding Source
G&A/Lake Conroe Campus Water System Improvements	Construction	\$ 117,000	R&R Reserve
Total		\$ 117,000	

Total Indebtedness and Annual Debt Service: As of August 31, 2016, the G&A Division had \$2,597,001 of total indebtedness, made up one bank loan for the construction of the G&A office building.

Annual debt service (principal and interest) for FY2018 for the G&A office building bank loan is \$392,923 through monthly loan payments. The G&A bank loan is unsecured. There are no Annual Debt Service Fund or Debt Service Reserve requirements.

Staffing Plans: The G&A Division’s staffing plan for FY2018 includes 83 direct FTE positions, with no part-time, temporary, or intern positions. Of the 83 direct G&A Division FTEs, 74.57 FTEs are allocated to the various operating divisions. The remaining 8.43 G&A Division FTEs, 10.1%, remain unallocated to the operating divisions.

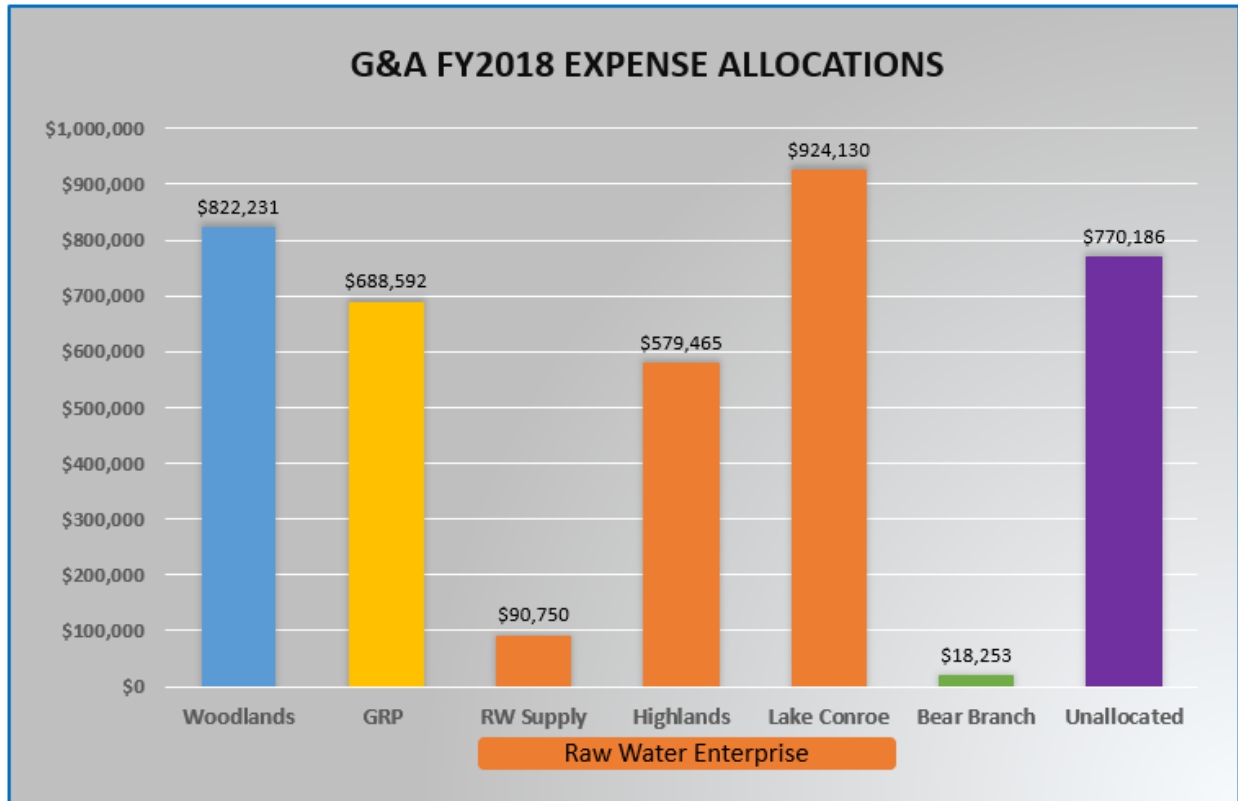


Revenues: The G&A Division has no significant revenues forecast for FY2018 with zero Operating Income and only \$24,234 of Non-Operating Income from interest income and office rental.

Expenditures: The G&A Division for FY2018 contains regular and customary expenses related to the on-going administrative and technical support to the Authority's four operating divisions. Such expenditures include:

- Salaries, Wages, and Benefits
- Professional Fees
- Purchased and Contracted Services
- Supplies, Materials, and Utilities
- Maintenance, Repairs, Parts, and Rentals
- Debt Service (principal and interest)
- O&M Capital Improvements
- Reserve Contributions

G&A Division expenses are allocated to the operating divisions and Bear Branch based on terms stipulated in contracts (Woodlands and Lake Conroe) or by a formula related to a ratio of the division's expenses as compared to the Authority's total expenses (Raw Water Supply, Highlands, GRP, and Bear Branch). For FY2018, G&A expense allocations to the operating divisions and Bear Branch total \$3,123,421. Expected total expenditures, after allocations to the operating divisions and Bear Branch, for FY2018, including operating, debt service, capital improvements, and contributions to reserves, totals \$770,186.



Fund Balance and Reserves: The Authority’s General Fund Balance combines to cover the Raw Water Enterprise, which is made up of the Raw Water Supply, Highlands Division, and Lake Conroe Division, as well as the G&A Division.

As approved by the Board of Directors reserve policy, the G&A Division utilizes three reserves: Operating Reserve, Emergency Reserve, and Capital Repair and Replacement Reserve.

Operating Reserve: The Operating Reserve is created to manage cash flow, and stabilize rates and revenues. The Operating Reserve target beginning in FY2019 for the G&A Division is set to be an amount equal to six months of operating expenditures. Currently the G&A has not yet met the six-month operating reserve. For FY2017, the G&A Operating Reserve is at \$1,170,483, equivalent to four and one-half months of operating expenses. For FY2018, the Operating Reserve is projected to be \$1,682,327, equivalent to five months of operating expenses.

Emergency Reserve: The Emergency Reserve is created to provide for a full or partial source of funds for unplanned or emergency repair or replacement of Authority capital assets, excluding the Woodlands and GRP Divisions. The Emergency Reserve target for the G&A Division is set to be an amount equal to six months of operating expenses. For FY2017, the G&A Emergency Reserve is at \$1,560,644, equivalent to six months of operating expenses. For FY2018, the Emergency Reserve is projected to be \$1,682,327, equivalent to six months of operating expenses.

Capital R&R Reserve: The Capital R&R Reserve target for the G&A Division is to be the year-after-year accumulation of an annual amount equal to that year’s depreciation of the Division’s assets. For

FY2017, the G&A Capital R&R Reserve is at \$935,210. For FY2018, the Capital R&R Reserve contribution is projected to be \$70,114.

For FY2018, the net between revenues and expenditures for the G&A Division, including annual debt service and scheduled contributions to any of the three reserves, is (\$770,186). This amount will be covered by the Raw Water Supply revenues.

San Jacinto River Authority - General and Administration
Actual to Budget Comparison
FY2016 - FY2018

Description	Actuals			Rolling 12		PROPOSED	
	Actuals 8/31/2016	Sept-March FY2017	Mo. Actuals April 2016- March 2017	Budget FY2017	Budget FY2018		
OTHER REVENUES							
Interest Income	\$ 37,068	\$ 35,699	\$ 57,574	\$ 5,000	\$ 5,000		
Office Rental Revenue	19,235	11,220	19,235	19,235	19,235		
Proceeds From Sale Of Assets	9,055	12,265	12,590	-	-		
Other Gains & Losses	8,226	12,545	12,545	-	-		
TOTAL OTHER REVENUES	\$ 73,583	\$ 71,729	\$ 101,944	\$ 24,235	\$ 24,235		
OPERATING EXPENSES							
SALARIES, WAGES, & EMPLOYEE BENEFITS							
Salaries & Wages	\$ 611,258	\$ 317,804	\$ 586,482	\$ 594,508	\$ 590,821		
Staffing Services	23,436	-	22,186	-	-		
Compensated Absences	7,345	-	7,345	-	-		
Group Insurance	99,472	61,812	99,833	106,742	164,341		
Group Insurance - Retirees	15,900	9,563	16,283	16,776	17,417		
Group Insurance - Retiree OPEB	11,994	-	11,994	12,000	13,000		
Group Retirement Expense	29,026	41,082	27,957	76,257	80,690		
Workers Compensation Insurance	2,504	1,846	3,247	2,234	3,278		
Social Security Taxes	50,111	26,071	49,105	42,189	43,578		
Tuition Reimbursement	13,324	6,289	11,903	30,000	30,000		
TOTAL SALARIES, WAGES, & EMPLOYEE BENEFITS	\$ 864,371	\$ 464,467	\$ 836,336	\$ 880,706	\$ 943,124		
PROFESSIONAL FEES							
Legal Fees	\$ 202,306	\$ 70,940	\$ 155,416	\$ 240,000	\$ 295,000		
Disclosure Filing	1,500	(1,500)	(1,500)	-	-		
Annual Financial Audit	35	35	35	-	-		
Management Audit	-	-	-	-	50,000		
Engineering	28,313	14,230	37,543	50,000	50,000		
Other Professional Services	-	-	-	30,000	20,000		
Safety Inspections & Testing	-	713	713	1,200	800		
TOTAL PROFESSIONAL FEES	\$ 232,154	\$ 84,418	\$ 192,207	\$ 321,200	\$ 415,800		
PURCHASED & CONTRACTED SERVICES							
Waste Disposal Services	\$ 3,157	\$ 2,273	\$ 3,788	\$ 3,500	\$ 3,500		
Meter Calibration Services	1,728	595	1,458	4,000	5,900		
State Fees	310	388	388	750	-		
Employee Testing- New	1,613	377	1,195	750	850		
Janitorial Services	15,995	9,072	15,915	18,000	19,000		
Public Relations Expense	54,450	22,613	47,162	50,000	30,000		
Water Conservation & Public Education	30,125	500	14,025	55,000	40,000		
Website Hosting & Maintenance	3,180	1,855	3,180	5,000	5,000		
Directors Fees & Expenses	16,703	10,500	17,628	24,000	24,000		
Meeting Expenses	7,601	3,423	7,387	8,500	8,500		
Directors' Travel Expenses	2,383	4,275	5,943	4,000	8,500		
Document Retention/Destruction	2,283	508	2,791	171,500	171,500		
TOTAL PURCHASED & CONTRACTED SERVICES	\$ 139,527	\$ 56,378	\$ 120,861	\$ 345,000	\$ 316,750		
SUPPLIES, MATERIALS & UTILITIES							
Office Supplies & Printing	\$ 29,713	\$ 9,752	\$ 25,328	\$ 45,130	\$ 40,800		
Travel	56,391	17,531	54,134	83,640	88,329		
Automobile & Truck Expense	42,245	15,382	37,669	53,179	63,500		
Postage	1,642	681	1,400	3,130	3,630		
Property Insurance	12,757	5,015	9,009	17,781	18,314		
Auto Insurance	22,100	12,980	22,398	22,515	23,190		
Liability Insurance	2,136	1,028	2,090	2,111	2,174		
Training-External	102,645	25,095	93,075	175,508	168,140		
Training-Internal	12,403	1,513	9,293	39,500	53,000		
Training-Employee HR	931	692	1,122	800	850		
Managers Expense	52,951	8,490	35,929	59,800	59,540		
Employee Relations	40,656	18,526	41,986	57,000	57,000		
Fuel	20,527	10,661	23,688	70,194	73,023		
Uniform Services	4,564	1,351	4,735	4,870	4,871		
Operations Supplies	1,227	1,013	1,986	8,511	8,511		

San Jacinto River Authority - General and Administration
Actual to Budget Comparison
FY2016 - FY2018

Description	Rolling 12			PROPOSED	
	Actuals 8/31/2016	Actuals Sept-March FY2017	Mo. Actuals April 2016- March 2017	Budget FY2017	Budget FY2018
Memberships & Professional Dues	31,790	16,464	26,677	46,100	45,048
Janitorial Supplies	5,715	3,194	5,647	7,000	7,000
Copier, Scanner & Fax	673	1,175	1,175	11,700	9,700
Delivery & Freight	1,702	462	1,097	3,700	3,200
Utilities-Electric	38,829	20,343	36,148	45,000	45,000
Utilities-Natural Gas	509	249	521	1,000	1,000
Bank Service Charges	60	90	90	200	200
Bank Account Analysis Fee	127	544	622	1,000	1,000
Personal Protective Equipment	3,451	2,872	5,071	16,600	11,300
Safety Equipment & Meetings	1,891	948	1,809	2,825	4,525
Health & Wellness Program	73	10	32	750	150
Recruiting Expenses	4,588	904	2,399	2,500	2,000
Computer Hardware	78,640	12,172	64,484	135,700	138,930
Software & Support	164,021	122,134	217,552	255,900	215,956
Software Maintenance	6,111	4,011	7,173	6,500	4,000
Network Communications	15,004	8,753	15,004	14,700	16,469
Publications & Subscriptions	5,796	4,088	5,858	18,450	17,250
Wireless Devices & Services	86,414	30,945	68,846	115,000	78,310
Phone System-Install, Maintenance, & Changes	-	-	-	7,900	7,539
Emergency Operations Communications	2,438	1,417	2,564	2,000	2,880
Landline Telephone Services	13,224	7,798	13,534	13,500	15,136
TOTAL SUPPLIES, MATERIALS & UTILITIES	\$ 863,943	\$ 368,281	\$ 840,147	\$ 1,351,694	\$ 1,291,466
RENTALS					
Equipment Rentals	\$ -	\$ -	\$ -	\$ 2,000	\$ -
Office Rent	4,078	10,784	14,833	17,688	17,688
Office Equipment Rentals	20,546	15,300	24,761	21,000	21,000
TOTAL RENTALS	\$ 24,624	\$ 26,083	\$ 39,594	\$ 40,688	\$ 38,688
MAINTENANCE, REPAIRS & PARTS					
Office, Furniture, & Fixtures	\$ 7,402	\$ 282	\$ 4,822	\$ 20,000	\$ 9,300
Buildings & Grounds Maintenance	102,164	41,204	86,463	147,000	147,000
Security System Monitoring	1,018	484	857	1,500	1,500
Machinery, Tools, & Implements	8,126	6,895	9,856	13,500	15,000
Instrumentation Equipment & Parts	-	42	42	-	-
TOTAL MAINTENANCE, REPAIRS & PARTS	\$ 118,710	\$ 48,907	\$ 102,041	\$ 182,000	\$ 172,800
GENERAL & ADMINISTRATIVE EXPENSES					
General & Administrative Expense Allocated to Lake Conroe	\$ (469,415)	\$ (351,897)	\$ (567,780)	\$ (974,181)	\$ (924,130)
General & Administrative Expense Allocated to Bear Branch	(14,962)	(5,921)	(14,583)	(24,654)	(18,253)
General & Administrative Expense Allocated to Highlands	(540,104)	(207,010)	(445,283)	(654,693)	(579,465)
General & Administrative Expense Allocated to Raw Water	-	(15,611)	(15,611)	-	(90,750)
General & Administrative Expense Allocated to Woodlands	(739,877)	(438,181)	(757,381)	(771,685)	(822,231)
General & Administrative Expense Allocated to GRP Division	(584,825)	(266,425)	(542,246)	(711,855)	(688,592)
TOTAL GENERAL & ADMINISTRATIVE EXPENSES	\$ (2,349,182)	\$ (1,285,045)	\$ (2,342,884)	\$ (3,137,068)	\$ (3,123,421)
NON-OPERATING EXPENSES					
Interest Expense	\$ 119,619	\$ 63,822	\$ 112,722	\$ 104,965	\$ 93,013
TOTAL NON-OPERATING EXPENSES	\$ 119,619	\$ 63,822	\$ 112,722	\$ 104,965	\$ 93,013
TOTAL EXPENSES	\$ 13,766	\$ (172,688)	\$ (98,977)	\$ 89,185	\$ 148,221
NET REVENUES OVER EXPENSES	\$ 59,817	\$ 244,417	\$ 200,921	\$ (64,950)	\$ (123,986)
CAPITAL IMPROVEMENTS					
Capital Improvements				\$ -	\$ 117,000
Transportation Equipment				35,000	57,500
Software				40,900	5,564
Computer Equipment				133,000	58,193

San Jacinto River Authority - General and Administration
Actual to Budget Comparison
FY2016 - FY2018

Description	Actuals 8/31/2016	Actuals Sept-March FY2017	Rolling 12 Mo. Actuals April 2016- March 2017	PROPOSED	
				Budget FY2017	Budget FY2018
Electronic Test Equipment				27,500	36,500
TOTAL CAPITAL IMPROVEMENTS				\$ 236,400	\$ 274,757
OTHER USES					
Loan Principal	\$ 273,881	\$ 165,719	\$ 280,778	\$ 286,894	\$ 300,486
Capital Repair/Replacement Reserve Fund				458,335	70,957
TOTAL OTHER USES	\$ 273,881	\$ 165,719	\$ 280,778	\$ 745,229	\$ 371,443
OTHER SOURCES					
Operating Reserve Fund				\$ 150,000	\$ -
TOTAL OTHER USES				\$ 150,000	\$ -
NET CASH BASIS SOURCES (USES)	\$ (214,064)	\$ 78,698	\$ (79,857)	\$ (896,579)	\$ (770,186)

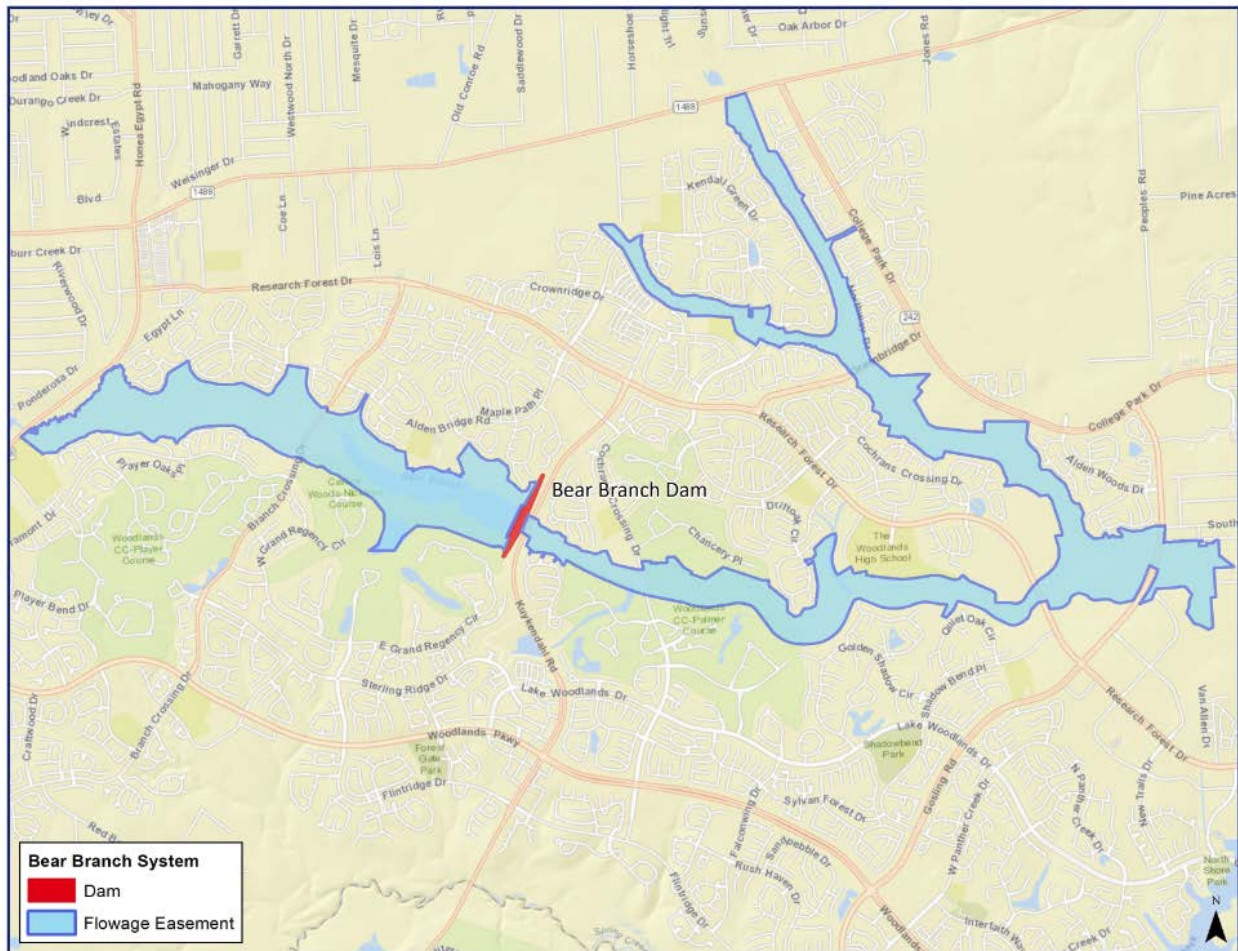
BEAR BRANCH



BEAR BRANCH

The Authority contracted with five Woodlands MUDs to operate and maintain the Bear Branch Reservoir and drainage system (Bear Branch) for stormwater detention. The Lake Conroe Division provides the O&M services for Bear Branch. The participating MUDs make annual contributions to cover the budgeted O&M expenses and any capital improvements based on a ratio of the number of lots in each MUD compared to the total number of lots within the overall drainage area.

MAP OF BEAR BRANCH RESERVOIR AND STORMWATER DRAINAGE SYSTEM



Capital Improvements and Other Projects Plans: The Bear Branch system has no capital improvements or other major projects planned for FY2018.

Total Indebtedness and Annual Debt Service: The Bear Branch system does not have any indebtedness as of FY2017 and no plans for future indebtedness in FY2018 or beyond.

Staffing Plan: For FY2018, the Lake Conroe Division projects 0.07 FTEs and the G&A Departments project 0.15 FTEs to Bear Branch.

Revenues: Revenues for FY2018 for Bear Branch combine contributions from the five participating MUDs totaling \$99,537 with \$100 in interest income for total revenues of \$99,637. Additionally, Bear Branch also plans to use \$101,145 of remaining cash balances.

Expenses: Expenses for FY2018 for Bear Branch contains regular and customary expenses related to the on-going operation and maintenance of the Bear Branch reservoir and drainage system. Such expenditures include:

- Salaries, Wages, and Benefits
- Professional Fees
- Purchased and Contracted Services
- Supplies, Materials, and Utilities
- Maintenance, Repairs, and Parts

Expected operating expenditures including operating and any for the Bear Branch System for FY2018 total \$200,782.

Fund Balance and Reserves: The Bear Branch System does not maintain any fund balance or Operating, Emergency, or Capital R&R Reserves. For FY2018, the net between revenues and expenditures for Bear Branch is \$0.

San Jacinto River Authority - Bear Branch
Actual to Budget Comparison
FY2016 - FY2018

Description	Actuals			Rolling 12		PROPOSED	
	Actuals 8/31/2016	Sept-March FY2017	Mo. Actuals April 2016- March 2017	Budget FY2017	Budget FY2018	Budget FY2018	Budget FY2018
OTHER REVENUES							
Interest Income	\$ 422	\$ 292	\$ 511	\$ 100	\$ 100	\$ 100	\$ 100
TOTAL OTHER REVENUES	\$ 422	\$ 292	\$ 511	\$ 100	\$ 100	\$ 100	\$ 100
OPERATING EXPENSES							
SALARIES, WAGES, & EMPLOYEE BENEFITS							
Salary & Wage Allocation	\$ 19,115	\$ 12,137	\$ 22,814	\$ 47,748	\$ 16,153	\$ 16,153	\$ 16,153
Group Insurance	3,551	2,757	4,603	7,927	4,329	4,329	4,329
Group Retirement Expense	2,235	1,576	2,799	5,870	2,228	2,228	2,228
Workers Compensation Insurance	330	210	416	630	190	190	190
Social Security Taxes	1,390	857	1,635	3,506	1,236	1,236	1,236
TOTAL SALARIES, WAGES, & EMPLOYEE BENEFITS	\$ 26,621	\$ 17,537	\$ 32,267	\$ 65,681	\$ 24,136	\$ 24,136	\$ 24,136
PROFESSIONAL FEES							
Legal Fees	\$ 1,024	\$ -	\$ 1,024	\$ 30,000	\$ 10,000	\$ 10,000	\$ 10,000
Engineering	21,217	-	1,061	2,500	10,000	10,000	10,000
TOTAL PROFESSIONAL FEES	\$ 22,241	\$ -	\$ 2,085	\$ 32,500	\$ 20,000	\$ 20,000	\$ 20,000
SUPPLIES, MATERIALS & UTILITIES							
Operating Supplies & Expenses	\$ 73	\$ 49	\$ 106	\$ 500	\$ 500	\$ 500	\$ 500
Office Supplies & Printing	250	-	250	250	250	250	250
Automobile & Truck Expense	-	-	-	500	-	-	-
Liability Insurance	1,935	1,487	2,144	2,300	2,369	2,369	2,369
Managers Expense	38	-	38	250	250	250	250
Fuel	473	41	334	563	625	625	625
Signage	1,029	970	2,000	1,000	2,000	2,000	2,000
TOTAL SUPPLIES, MATERIALS & UTILITIES	\$ 3,798	\$ 2,547	\$ 4,872	\$ 5,363	\$ 5,994	\$ 5,994	\$ 5,994
RENTALS							
Equipment Rentals	\$ 1,750	\$ -	\$ 1,750	\$ 1,500	\$ -	\$ -	\$ -
TOTAL RENTALS	\$ 1,750	\$ -	\$ 1,750	\$ 1,500	\$ -	\$ -	\$ -
MAINTENANCE, REPAIRS & PARTS							
Mowing	\$ 76,832	\$ 26,204	\$ 78,613	\$ 80,000	\$ 82,400	\$ 82,400	\$ 82,400
Channel Desilting & Desnagging	7,220	-	2,800	10,000	10,000	10,000	10,000
Canals, Levees, & Dams-Maintenance & Repairs	3,000	3,500	6,500	10,000	10,000	10,000	10,000
Clearing	1,400	500	1,300	5,000	5,000	5,000	5,000
Invasive Species Management	9,163	7,750	16,913	20,000	20,000	20,000	20,000
Streets & Roads	13,874	-	13,874	15,000	-	-	-
Fencing & Security Repairs	6,027	2,100	8,097	1,500	5,000	5,000	5,000
TOTAL MAINTENANCE, REPAIRS & PARTS	\$ 117,516	\$ 40,054	\$ 128,097	\$ 141,500	\$ 132,400	\$ 132,400	\$ 132,400
GENERAL & ADMINISTRATIVE EXPENSES							
General & Administrative Expense Allocated	\$ 14,962	\$ 5,921	\$ 14,583	\$ 24,654	\$ 18,253	\$ 18,253	\$ 18,253
TOTAL GENERAL & ADMINISTRATIVE EXPENSES	\$ 14,962	\$ 5,921	\$ 14,583	\$ 24,654	\$ 18,253	\$ 18,253	\$ 18,253
TOTAL EXPENSES	\$ 186,888	\$ 66,059	\$ 183,654	\$ 271,198	\$ 200,783	\$ 200,783	\$ 200,783
NET REVENUES OVER EXPENSES	\$ (186,466)	\$ (65,767)	\$ (183,143)	\$ (271,098)	\$ (200,683)	\$ (200,683)	\$ (200,683)
OTHER SOURCES							
Cash Sources				\$ 100,436	\$ 101,145	\$ 101,145	\$ 101,145
Capacity Contributions	158,179	170,662	170,662	170,662	99,537	99,537	99,537
TOTAL OTHER SOURCES	\$ 158,179	\$ 170,662	\$ 170,662	\$ 271,098	\$ 200,682	\$ 200,682	\$ 200,682
NET CASH BASIS SOURCES (USES)	\$ (28,287)	\$ 104,895	\$ (12,481)	\$ -	\$ (1)	\$ (1)	\$ (1)



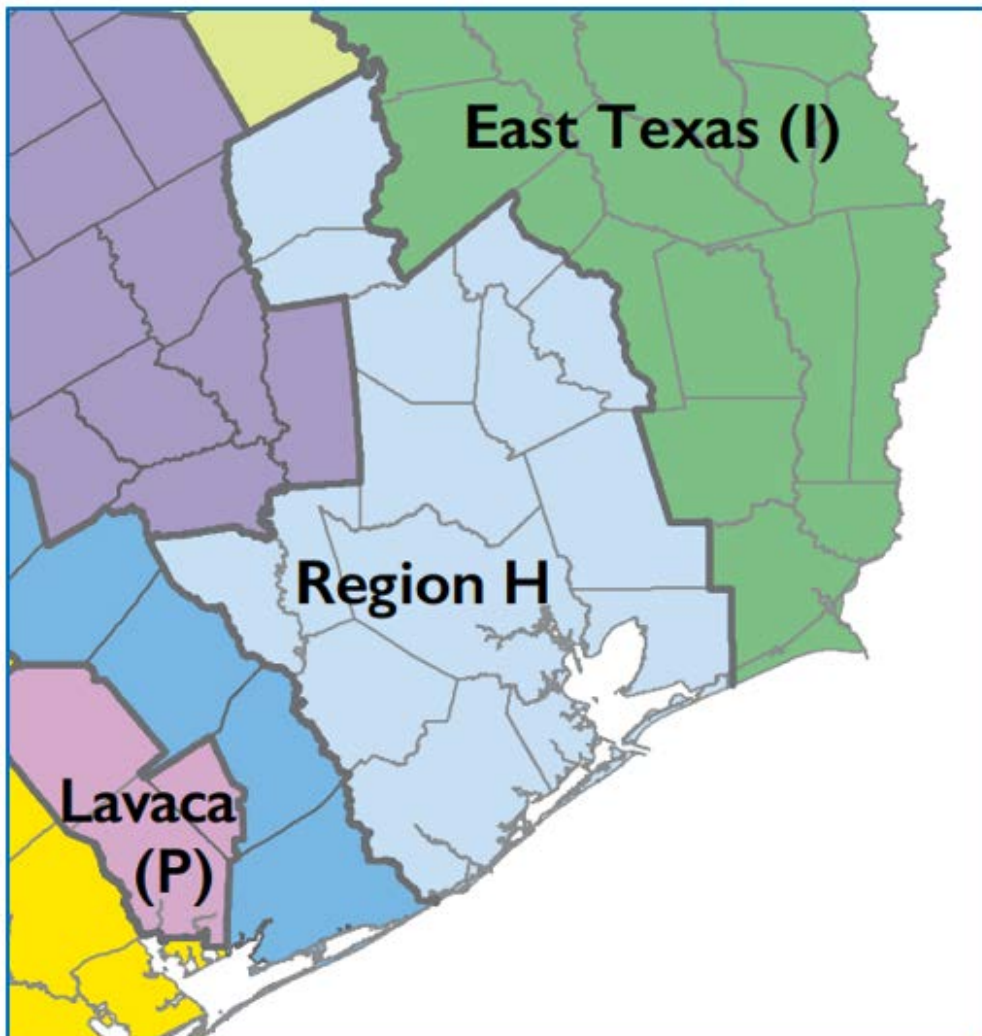
REGION H



REGION H

The Authority serves as the administrative agent for the Region H Water Planning Group (Region H). Region H is one of sixteen regional planning groups created by the Texas Legislature in 1997 with the adoption of Senate Bill 1, with 26 voting members and ten non-voting members. Region H's efforts are directed at creating a 50-year regional water plan every five years for all or parts of fifteen counties, including Montgomery County, identifying projected water shortages when forecasted water demands outpace existing water supplies. The State of Texas provides funding for the vast majority of Region H through TWDB grants, with local entities contributing a small amount of funds to cover small miscellaneous expenses. Region H completed its latest plan in 2016 and submitted it to the TWDB for inclusion in the 2017 State Water Plan. Region H is beginning the five-year planning process, working towards the development of the 2021 Region H Plan and resulting 2022 State Water Plan.

MAP OF REGION H WATER PLANNING AREA



Capital Improvements and Other Projects Plans: Region H has no capital improvements or other major projects planned for FY2018.

Total Indebtedness and Annual Debt Service: Region H does not have any indebtedness as of FY2017 and no plans for future indebtedness in FY2018 or beyond.

Staffing Plan: The Authority does not allocate any staff time to Region H.

Revenues: Revenues for FY2018 for Region H combine an anticipated TWDB grant of \$453,303 with \$500 in interest income for total revenues of \$453,803.

Expenses: Expenses for FY2018 for Region H contain professional fees and miscellaneous purchased and contracted services related to the early stages in the development of the 2021 Region H Water Plan.

Expected expenditures for Region H for FY2018 total \$453,803.

Fund Balance and Reserves: Region H does not maintain any fund balance or Operating, Emergency, or Capital R&R Reserves. For FY2018, the net between revenues and expenditures for Region H is \$0.

San Jacinto River Authority - Region H
Actual to Budget Comparison
FY2016 - FY2018

Description	Actuals			Rolling 12		PROPOSED	
	Actuals 8/31/2016	Sept-March FY2017	Mo. Actuals April 2016- March 2017	Budget FY2017	Budget FY2018		
OTHER REVENUES							
Interest Income	\$ 102	\$ 278	\$ 288	\$ -	\$ -		\$ -
Interest Income- Region H - General Fund	342	359	553	50	500		500
Grant Revenue	359,110	30,921	67,471	200,500	453,303		453,303
TOTAL OTHER REVENUES	\$ 359,554	\$ 31,558	\$ 68,312	\$ 200,550	\$ 453,803		
OPERATING EXPENSES							
PROFESSIONAL FEES							
Annual Financial Audit	\$ -	\$ -	\$ -	\$ 5,000	\$ -		\$ -
Engineering	408,680	30,921	91,292	200,000	450,000		450,000
TOTAL PROFESSIONAL FEES	\$ 408,680	\$ 30,921	\$ 91,292	\$ 205,000	\$ 450,000		
PURCHASED & CONTRACTED SERVICES							
Meeting Expenses	\$ 319	\$ 300	\$ 300	\$ 1,000	\$ 1,000		\$ 1,000
Posting Notice Expenses	16,129	8	9	500	500		500
Public Official Liability	1,429	1,422	1,422	1,750	1,803		1,803
TOTAL PURCHASED & CONTRACTED SERVICES	\$ 17,877	\$ 1,730	\$ 1,731	\$ 3,250	\$ 3,303		
SUPPLIES, MATERIALS & UTILITIES							
Automobile & Truck Expense	\$ -	\$ -	\$ -	\$ 500	\$ 500		\$ 500
TOTAL SUPPLIES, MATERIALS & UTILITIES	\$ -	\$ -	\$ -	\$ 500	\$ 500		
TOTAL EXPENSES	\$ 426,558	\$ 32,651	\$ 93,023	\$ 208,750	\$ 453,803		
NET REVENUES OVER EXPENSES	\$ (67,004)	\$ (1,093)	\$ (24,711)	\$ (8,200)	\$ -		
OTHER SOURCES							
Cash Sources				\$ 5,000	\$ -		\$ -
TOTAL OTHER SOURCES				\$ 5,000	\$ -		
NET CASH BASIS SOURCES (USES)	\$ (67,004)	\$ (1,093)	\$ (24,711)	\$ (3,200)	\$ -		