

SAN JACINTO RIVER AUTHORITY 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



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**

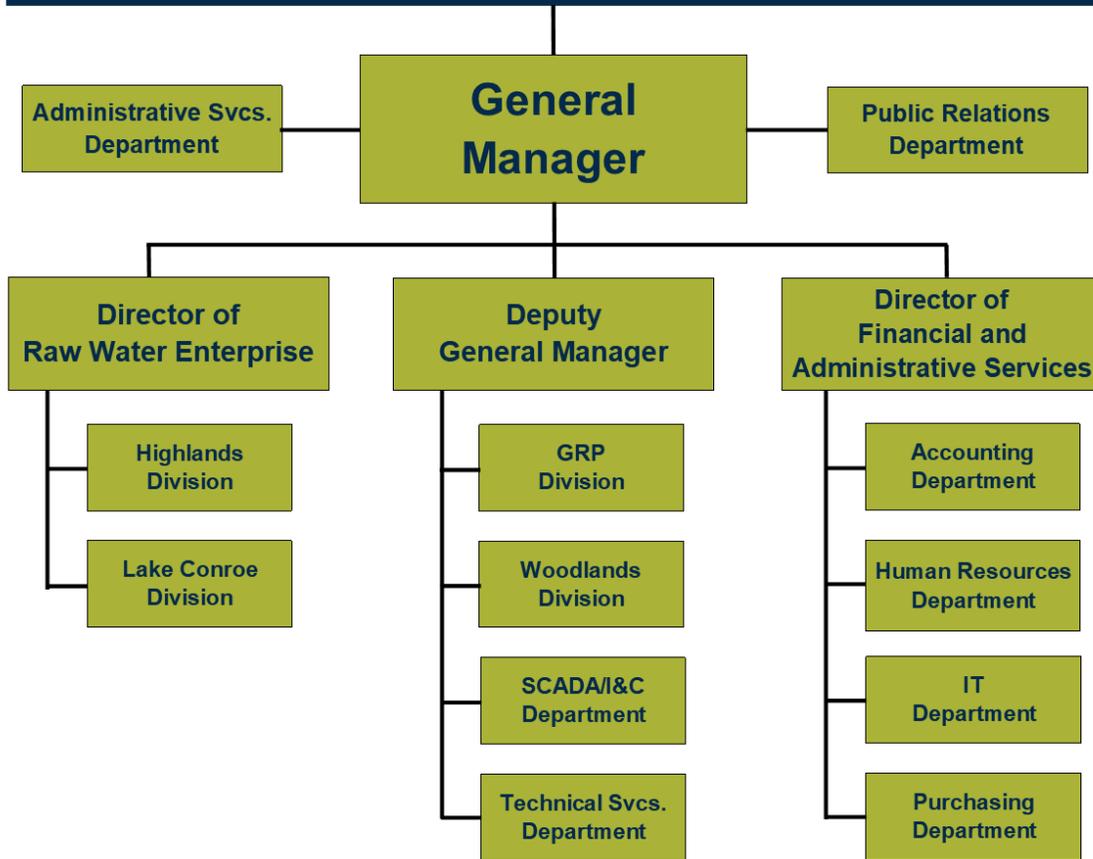
**Vacant
Position**

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.



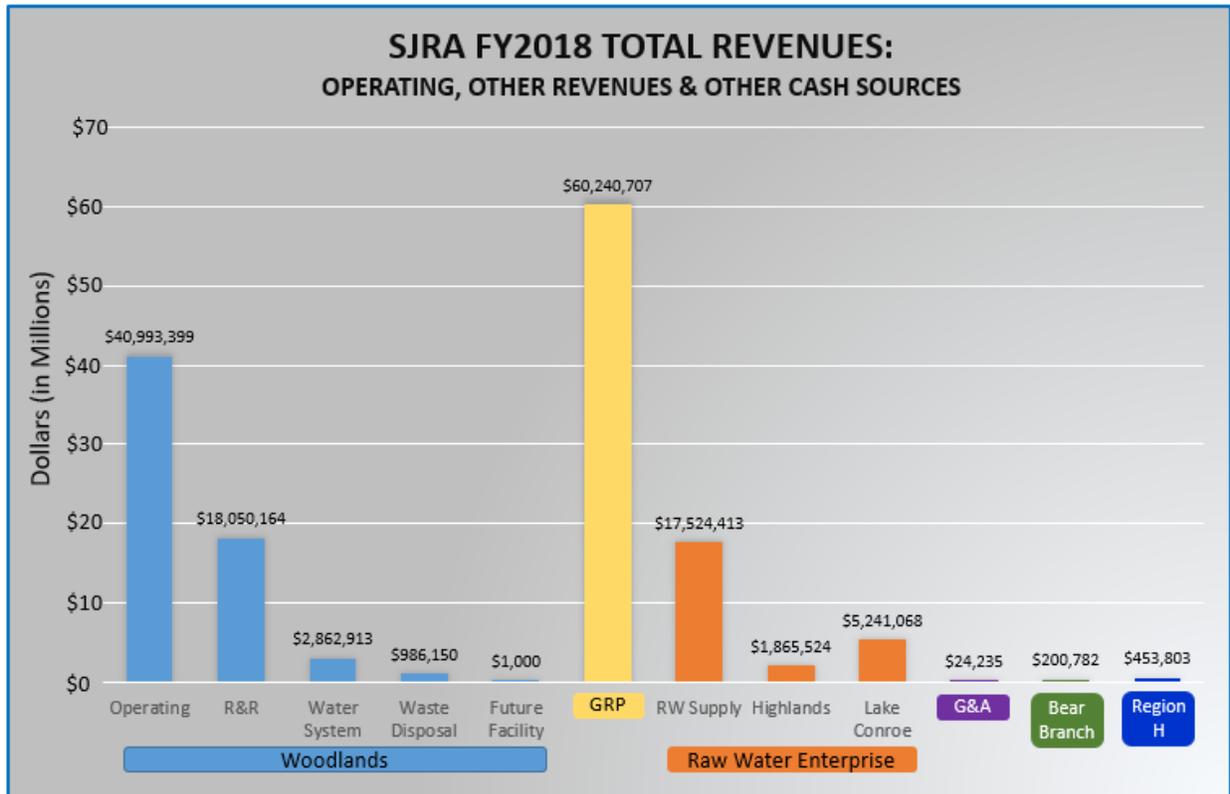
GENERAL BUDGETARY ASSUMPTIONS

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

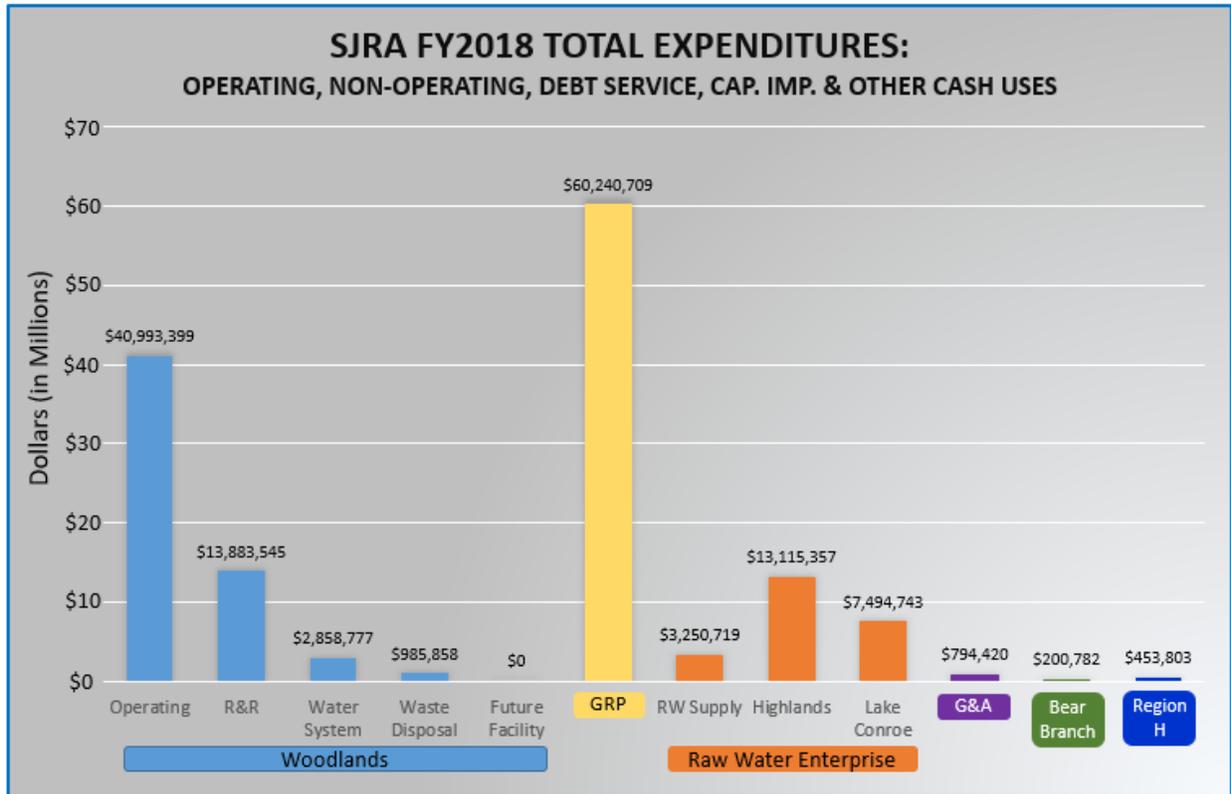
SUMMARY OF FISCAL YEAR 2018 OVERALL BUDGET

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 | | | | |
|---|-----------------------|---------------------------------|--|-----------------------|-----------------------|
| | 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 | | | Budget FY2017 | Budget FY2018 |
|--|----------------------|---------------------------------|--|----------------------|----------------------|
| | Actuals 8/31/2016 | Actuals Sept-March FY2017 | Mo. Actuals April 2016- March 2017 | | |
| 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 | Rolling 12 | | | Budget FY2017 | Budget FY2018 |
|--|----------------------|---------------------------------|--|----------------------|----------------------|
| | Actuals 8/31/2016 | Actuals Sept-March FY2017 | Mo. Actuals April 2016- March 2017 | | |
| 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 | | | | |
|--|----------------------|---------------------------------|--|---------------------|----------------------|
| | Actuals 8/31/2016 | Actuals Sept-March FY2017 | Mo. Actuals April 2016- March 2017 | Budget FY2017 | Budget FY2018 |
| 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 | | Budget FY2017 | Budget FY2018 |
|---|----------------------|---------------------------------|--|--|----------------------|-----------------------|
| | | | Mo. Actuals April 2016- March 2017 | | | |
| 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
Budget Summary
FY2018**

Woodlands

Raw Water Enterprise

| Description | Total | Woodlands | | | | | Raw Water Enterprise | | | | | | |
|---|----------------------|----------------------|------------------|---------------------|----------------------|-----------------|----------------------|----------------------|---------------------|---------------------|-------------------|------------------|-------------------|
| | | Operating | R&R | Water System Bonds | Waste Disposal Bonds | Future Facility | GRP Division | Raw Water | Highlands | Lake Conroe | G&A | Bear Branch | Region H |
| 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 | - | - | 2,861,313 | 985,150 | - | - | - | - | - | - | - | - |
| TOTAL OPERATING REVENUES | \$126,447,918 | \$ 40,985,398 | \$ - | \$ 2,861,313 | \$ 985,150 | \$ - | \$ 59,702,577 | \$ 17,524,413 | \$ - | \$ 4,389,068 | \$ - | \$ - | \$ - |
| OTHER REVENUES | | | | | | | | | | | | | |
| Interest Income | \$ 97,950 | \$ 8,000 | \$ 20,000 | \$ 100 | \$ 250 | \$ 1,000 | \$ 47,500 | \$ - | \$ 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 | - | - | - | - | - | - | - | - | 636,000 | - | - | 453,303 |
| TOTAL OTHER REVENUES | \$ 1,224,676 | \$ 8,000 | \$ 20,000 | \$ 100 | \$ 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 | 314,163 | 1,381,539 | 1,045,214 | - | 16,153 | - |
| Group Insurance | 3,490,586 | 1,284,266 | - | - | - | - | 899,125 | 81,554 | 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 | 42,026 | 273,036 | 253,820 | 80,690 | 2,228 | - |
| Workers Compensation Insurance | 332,533 | 135,070 | - | - | - | - | 95,912 | 6,696 | 53,222 | 38,165 | 3,278 | 190 | - |
| Social Security Taxes | 963,855 | 352,213 | - | - | - | - | 263,023 | 22,355 | 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 | \$ 466,794 | \$ 3,071,345 | \$ 2,834,220 | \$ 943,124 | \$ 24,135 | \$ - |
| PROFESSIONAL FEES | | | | | | | | | | | | | |
| Legal Fees | \$ 1,574,500 | \$ 78,500 | \$ - | \$ - | \$ - | \$ - | \$ 875,000 | \$ 225,000 | \$ 20,000 | \$ 71,000 | \$ 295,000 | \$ 10,000 | \$ - |
| Disclosure Filing | 2,000 | - | - | 250 | 250 | - | 500 | 500 | 500 | - | - | - | - |

San Jacinto River Authority

Budget Summary

FY2018

| Description | Woodlands | | | | | | Raw Water Enterprise | | | | | | |
|--|----------------------|----------------------|-------------|--------------------|----------------------|-----------------|----------------------|-------------------|-------------------|-------------------|-------------------|------------------|-------------------|
| | Total | Operating | R&R | Water System Bonds | Waste Disposal Bonds | Future Facility | GRP Division | Raw Water | Highlands | Lake Conroe | G&A | Bear Branch | Region H |
| Legal Fees-Enforcement | 35,000 | - | - | - | - | - | - | - | - | 35,000 | - | - | - |
| Annual Financial Audit | 73,750 | 27,400 | - | - | - | - | 35,000 | - | 10,000 | 1,350 | - | - | - |
| Arbitrage Rebate Audit | 7,350 | - | - | - | - | - | 3,600 | - | 3,750 | - | - | - | - |
| Management Audit | 50,000 | - | - | - | - | - | - | - | - | - | 50,000 | - | - |
| Paying Agent Fees | 11,265 | - | - | 1,500 | 750 | - | 4,500 | 1,250 | 3,265 | - | - | - | - |
| Engineering | 2,164,450 | 75,400 | - | - | - | - | 125,050 | 741,000 | 90,000 | 623,000 | 50,000 | 10,000 | 450,000 |
| Crane Inspections | 6,100 | - | - | - | - | - | - | - | 1,100 | 5,000 | - | - | - |
| Other Professional Services | 20,000 | - | - | - | - | - | - | - | - | - | 20,000 | - | - |
| Safety Inspections & Testing | 11,600 | 4,000 | - | - | - | - | 1,500 | - | 3,000 | 2,300 | 800 | - | - |
| Graphic Design | 11,500 | 2,500 | - | - | - | - | 2,000 | - | 5,000 | 2,000 | - | - | - |
| TOTAL PROFESSIONAL FEES | \$ 3,967,515 | \$ 187,800 | \$ - | \$ 1,750 | \$ 1,000 | \$ - | \$ 1,047,150 | \$ 967,750 | \$ 136,615 | \$ 739,650 | \$ 415,800 | \$ 20,000 | \$ 450,000 |
| PURCHASED & CONTRACTED SERVICES | | | | | | | | | | | | | |
| Waste Disposal Services | \$ 130,969 | \$ 106,969 | \$ - | \$ - | \$ - | \$ - | \$ 3,500 | \$ - | \$ 10,000 | \$ 7,000 | \$ 3,500 | \$ - | \$ - |
| Sampling-Reimbursible | 18,000 | 18,000 | - | - | - | - | - | - | - | - | - | - | - |
| Sludge Removal | 638,159 | 412,940 | - | - | - | - | 225,219 | - | - | - | - | - | - |
| Meter Calibration Services | 15,550 | 6,650 | - | - | - | - | 3,000 | - | - | - | 5,900 | - | - |
| Commercial Laboratory Fees | 231,363 | 213,163 | - | - | - | - | 18,200 | - | - | - | - | - | - |
| Other Services | 84,500 | - | - | - | - | - | 84,500 | - | - | - | - | - | - |
| State Fees | 111,880 | 94,500 | - | - | - | - | - | 16,000 | - | 1,380 | - | - | - |
| Groundwater District Fees | 1,436,237 | - | - | - | - | - | 1,436,237 | - | - | - | - | - | - |
| Groundwater District Fees-GRP | 234,522 | 234,522 | - | - | - | - | - | - | - | - | - | - | - |
| Patrolling & Security Services | 338,900 | - | - | - | - | - | - | - | 68,900 | 270,000 | - | - | - |
| Employee Testing- New | 18,000 | 7,460 | - | - | - | - | 4,420 | 2,550 | 340 | 2,380 | 850 | - | - |
| GRP Pumpage Fees | 6,191,392 | 6,191,392 | - | - | - | - | - | - | - | - | - | - | - |
| GRP Surface Water Fees | 11,304,399 | 11,304,399 | - | - | - | - | - | - | - | - | - | - | - |
| Janitorial Services | 102,051 | 28,500 | - | - | - | - | 41,000 | - | 7,500 | 6,051 | 19,000 | - | - |
| Stream Gauging & Water Quality-USGS | 178,470 | 79,200 | - | - | - | - | - | - | 17,115 | 82,155 | - | - | - |
| South Canal CWA Water Conveyance | 145,000 | - | - | - | - | - | - | - | 145,000 | - | - | - | - |
| East Canal CWA Water Conveyance | 119,625 | - | - | - | - | - | - | - | 119,625 | - | - | - | - |
| Trucking | 5,400 | - | - | - | - | - | - | - | 5,400 | - | - | - | - |
| Water Quality Testing | 22,200 | - | - | - | - | - | 22,200 | - | - | - | - | - | - |
| Public Relations Expense | 47,500 | 3,000 | - | - | - | - | 4,000 | - | 2,500 | 8,000 | 30,000 | - | - |
| Water Conservation & Public Education | 65,000 | 7,000 | - | - | - | - | 6,000 | - | 6,000 | 6,000 | 40,000 | - | - |
| Website Hosting & Maintenance | 5,000 | - | - | - | - | - | - | - | - | - | 5,000 | - | - |
| Directors Fees & Expenses | 24,000 | - | - | - | - | - | - | - | - | - | 24,000 | - | - |
| Meeting Expenses | 22,800 | - | - | - | - | - | 11,300 | - | 2,000 | - | 8,500 | - | 1,000 |
| Directors' Travel Expenses | 8,500 | - | - | - | - | - | - | - | - | - | 8,500 | - | - |
| Posting Notice Expenses | 500 | - | - | - | - | - | - | - | - | - | - | - | 500 |
| Document Retention/Destruction | 174,200 | 2,700 | - | - | - | - | - | - | - | - | 171,500 | - | - |
| Public Official Liability | 5,408 | - | - | - | - | - | 3,605 | - | - | - | - | - | 1,803 |
| TOTAL PURCHASED & CONTRACTED SERVICES | \$ 21,679,526 | \$ 18,710,396 | \$ - | \$ - | \$ - | \$ - | \$ 1,863,181 | \$ 18,550 | \$ 384,380 | \$ 382,966 | \$ 316,750 | \$ - | \$ 3,303 |
| SUPPLIES, MATERIALS & UTILITIES | | | | | | | | | | | | | |
| Operating Supplies & Expenses | \$ 500 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 500 | \$ - |
| Office Supplies & Printing | 94,550 | 21,000 | - | - | - | - | 17,500 | - | 6,000 | 9,000 | 40,800 | 250 | - |
| Other Office Expense | 19,500 | - | - | - | - | - | 15,000 | - | 1,000 | 3,500 | - | - | - |
| Travel | 133,829 | 19,000 | - | - | - | - | 7,500 | - | 4,000 | 15,000 | 88,329 | - | - |
| Automobile & Truck Expense | 192,900 | 80,500 | - | - | - | - | 15,000 | - | 13,400 | 20,000 | 63,500 | - | 500 |
| Postage | 36,630 | 13,000 | - | - | - | - | 4,500 | - | 1,000 | 14,500 | 3,630 | - | - |

**San Jacinto River Authority
Budget Summary**

Woodlands FY2018

Raw Water Enterprise

| Description | Woodlands | | | | Raw Water Enterprise | | | | Region H | | | | |
|---|-----------|-----------|-----|--------------------|----------------------|-----------------|--------------|-----------|----------|-----------|-------------|-------|-------------|
| | Total | Operating | R&R | Water System Bonds | Waste Disposal Bonds | Future Facility | GRP Division | Raw Water | | Highlands | Lake Conroe | G&A | Bear Branch |
| 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 | 340 | 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 | - | - | - | - | 107,285 | - | - | - | - | - | - |
| Sulfur Dioxide | 51,675 | 51,675 | - | - | - | - | - | - | - | - | - | - | - |
| Other Chemicals | 57,913 | 57,913 | - | - | - | - | - | - | - | - | - | - | - |
| Managers Expense | 71,940 | - | - | - | - | - | 5,000 | - | 2,000 | 5,150 | 59,540 | 250 | - |
| Employee Relations | 66,100 | - | - | - | - | - | 7,000 | - | 2,100 | - | 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
Budget Summary
FY2018**

Woodlands

Raw Water Enterprise

| Description | Woodlands | | | Raw Water Enterprise | | | | | | | | | |
|--|----------------------|---------------------|-------------|----------------------|----------------------|-----------------|----------------------|-----------------|-------------------|-------------------|---------------------|-----------------|---------------|
| | Total | Operating | R&R | Water System Bonds | Waste Disposal Bonds | Future Facility | GRP Division | Raw Water | Highlands | Lake Conroe | G&A | Bear Branch | Region H |
| Health & Wellness Program | 3,000 | 1,140 | - | - | - | - | 780 | 60 | 450 | 420 | 150 | - | - |
| Recruiting Expenses | 40,000 | 15,200 | - | - | - | - | 10,400 | 800 | 6,000 | 5,600 | 2,000 | - | - |
| Computer Hardware | 318,595 | 87,593 | - | - | - | - | 46,753 | - | 19,970 | 25,350 | 138,930 | - | - |
| Software & Support | 551,839 | 123,232 | - | - | - | - | 96,339 | - | 22,231 | 94,080 | 215,956 | - | - |
| Software Maintenance | 127,100 | 65,000 | - | - | - | - | 46,000 | - | 11,000 | 1,100 | 4,000 | - | - |
| Network Communications | 53,160 | 22,860 | - | - | - | - | 5,754 | - | 5,100 | 2,976 | 16,469 | - | - |
| Publications & Subscriptions | 18,750 | - | - | - | - | - | 1,000 | - | 500 | - | 17,250 | - | - |
| Wireless Devices & Services | 185,521 | 47,490 | - | - | - | - | 32,960 | - | 13,980 | 12,781 | 78,310 | - | - |
| Phone System-Install, Maintenance, & Changes | 12,525 | 2,100 | - | - | - | - | 1,163 | - | 500 | 1,223 | 7,539 | - | - |
| Emergency Operations Communications | 3,564 | - | - | - | - | - | - | - | 684 | - | 2,880 | - | - |
| Landline Telephone Services | 90,960 | 65,400 | - | - | - | - | 5,289 | - | 2,400 | 2,735 | 15,136 | - | - |
| TOTAL SUPPLIES, MATERIALS & UTILITIES | \$ 18,444,393 | \$ 4,293,501 | \$ - | \$ - | \$ - | \$ - | \$ 12,029,930 | \$ 1,200 | \$ 467,347 | \$ 354,454 | \$ 1,291,466 | \$ 5,994 | \$ 500 |
| RENTALS | | | | | | | | | | | | | |
| Equipment Rentals | \$ 49,800 | \$ 18,800 | \$ - | \$ - | \$ - | \$ - | \$ 6,000 | \$ - | \$ 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 | \$ - | \$ - | \$ - | \$ - | \$ 6,000 | \$ - | \$ 5,000 | \$ 56,235 | \$ 38,688 | \$ - | \$ - |
| MAINTENANCE, REPAIRS & PARTS | | | | | | | | | | | | | |
| Instrumentation | \$ 17,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 17,000 | \$ - | \$ - | \$ - |
| Office, Furniture, & Fixtures | 32,300 | 6,000 | - | - | - | - | 2,000 | - | 13,000 | 2,000 | 9,300 | - | - |
| Air Conditioner | 74,900 | 57,500 | - | - | - | - | 17,400 | - | - | - | - | - | - |
| Sidewalks & Driveways | 35,000 | 35,000 | - | - | - | - | - | - | - | - | - | - | - |
| Mowing | 345,088 | 211,688 | - | - | - | - | 51,000 | - | - | - | - | 82,400 | - |
| Buildings & Grounds Maintenance | 528,720 | 92,720 | - | - | - | - | 39,000 | - | 50,000 | 200,000 | 147,000 | - | - |
| Building Repair & Modifications | 5,000 | - | - | - | - | - | 5,000 | - | - | - | - | - | - |
| Plants & Facilities | 195,100 | 140,000 | - | - | - | - | 55,100 | - | - | - | - | - | - |
| Security System Monitoring | 8,024 | 3,624 | - | - | - | - | 2,400 | - | 500 | - | 1,500 | - | - |
| Wells | 29,500 | 29,500 | - | - | - | - | - | - | - | - | - | - | - |
| Tanks | 2,863,200 | 114,200 | 2,749,000 | - | - | - | - | - | - | - | - | - | - |
| Electrical | 385,600 | 185,800 | - | - | - | - | 199,800 | - | - | - | - | - | - |
| Generators | 227,000 | 162,000 | - | - | - | - | 55,000 | - | - | 10,000 | - | - | - |
| Pumps & Motors | 283,000 | 233,000 | - | - | - | - | 50,000 | - | - | - | - | - | - |
| Compressor | 22,501 | 1,500 | - | - | - | - | 21,001 | - | - | - | - | - | - |
| Aerators | 100,000 | 10,000 | - | - | - | - | 90,000 | - | - | - | - | - | - |
| Machinery, Tools, & Implements | 116,750 | - | - | - | - | - | 25,000 | - | 56,500 | 20,250 | 15,000 | - | - |
| Boat Maintenance & Repairs | 13,000 | - | - | - | - | - | - | - | - | 13,000 | - | - | - |
| Belt Press | 33,050 | 22,350 | - | - | - | - | 10,700 | - | - | - | - | - | - |
| Clarifier | 12,400 | 7,400 | - | - | - | - | 5,000 | - | - | - | - | - | - |
| UV Equipment | 10,000 | 10,000 | - | - | - | - | - | - | - | - | - | - | - |
| Pipeline Transmission System | 308,000 | - | - | - | - | - | 308,000 | - | - | - | - | - | - |
| Lines, Valves, & Pipes | 1,678,000 | 340,000 | 1,288,000 | - | - | - | 50,000 | - | - | - | - | - | - |
| Other Maintenance | 10,000 | - | - | - | - | - | 10,000 | - | - | - | - | - | - |
| Laboratory Equipment | 6,600 | 1,600 | - | - | - | - | 5,000 | - | - | - | - | - | - |
| Instrumentation Equipment & Parts | 346,900 | 216,000 | - | - | - | - | 93,000 | - | 26,000 | 11,900 | - | - | - |
| Bar Screens | 109,500 | 109,500 | - | - | - | - | - | - | - | - | - | - | - |
| Chlorinator | 49,500 | 49,500 | - | - | - | - | - | - | - | - | - | - | - |

**San Jacinto River Authority
Budget Summary
FY2018**

| Description | Woodlands | | | | | | Raw Water Enterprise | | | | | | |
|--|----------------------|----------------------|-----------------------|---------------------|----------------------|-----------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|---------------------|-------------------|
| | Total | Operating | R&R | Water System Bonds | Waste Disposal Bonds | Future Facility | GRP Division | Raw Water | Highlands | Lake Conroe | G&A | Bear Branch | Region H |
| Low Head Filters | 19,500 | 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 | \$ 2,058,382 | \$ 4,037,000 | \$ - | \$ - | \$ - | \$ 1,118,401 | \$ - | \$ 1,441,704 | \$ 1,279,550 | \$ 172,800 | \$ 132,400 | \$ - |
| GENERAL & ADMINISTRATIVE EXPENSES | | | | | | | | | | | | | |
| General & Administrative Expense Allocated | \$ 3,123,421 | \$ 822,231 | \$ - | \$ - | \$ - | \$ - | \$ 688,592 | \$ 90,750 | \$ 579,465 | \$ 924,130 | \$ - | \$ 18,253 | \$ - |
| General & Administrative Expense Allocated to Lake Conroe | (924,130) | - | - | - | - | - | - | - | - | - | (924,130) | - | - |
| General & Administrative Expense Allocated to Bear Branch | (18,253) | - | - | - | - | - | - | - | - | - | (18,253) | - | - |
| General & Administrative Expense Allocated to Highlands | (579,465) | - | - | - | - | - | - | - | - | - | (579,465) | - | - |
| General & Administrative Expense Allocated to Raw Water | (90,750) | - | - | - | - | - | - | - | - | - | (90,750) | - | - |
| General & Administrative Expense Allocated to Woodlands | (822,231) | - | - | - | - | - | - | - | - | - | (822,231) | - | - |
| General & Administrative Expense Allocated to GRP Division | (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 | | | | | | | | | | | | | |
| Interest Expense | \$ 25,630,731 | \$ 479,319 | \$ - | \$ 1,091,194 | \$ 426,525 | \$ - | \$ 20,914,988 | \$ 384,008 | \$ 2,241,684 | \$ - | \$ 93,013 | \$ - | \$ - |
| Bond Issuance Costs | 660,050 | 660,050 | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL NON-OPERATING EXPENSES | \$ 26,290,781 | \$ 1,139,369 | \$ - | \$ 1,091,194 | \$ 426,525 | \$ - | \$ 20,914,988 | \$ 384,008 | \$ 2,241,684 | \$ - | \$ 93,013 | \$ - | \$ - |
| TOTAL EXPENSES | \$100,626,450 | \$ 34,439,619 | \$ 4,037,000 | \$ 1,092,944 | \$ 427,525 | \$ - | \$ 42,998,760 | \$ 1,929,053 | \$ 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) | \$ 1,768,469 | \$ 557,875 | \$ 1,000 | \$ 16,769,005 | \$ 15,595,360 | \$ (8,311,540) | \$ (1,546,137) | \$ (123,986) | \$ (200,682) | \$ - |
| CAPITAL IMPROVEMENTS | | | | | | | | | | | | | |
| Property Acquisition | \$ 10,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 10,000 | \$ - | \$ - | \$ - |
| Capital Improvements | 583,000 | - | - | - | - | - | - | - | - | 466,000 | 117,000 | - | - |
| Office Buildings | 174,000 | - | - | - | - | - | 7,000 | - | - | 167,000 | - | - | - |
| Dam Rehabilitation | 503,194 | - | - | - | - | - | - | - | - | 503,194 | - | - | - |
| Highlands Improvements | 1,651,279 | - | - | - | - | - | - | - | 1,651,279 | - | - | - | - |
| Water Treatment Plant & Facilities | 1,419,000 | - | 1,419,000 | - | - | - | - | - | - | - | - | - | - |
| Sewage Treatment Plant & Facilities | 1,459,000 | - | 1,459,000 | - | - | - | - | - | - | - | - | - | - |
| Maintenance Equipment | 280,000 | - | - | - | - | - | - | - | 240,000 | 40,000 | - | - | - |
| Transportation Equipment | 247,500 | 75,000 | - | - | - | - | - | - | 75,000 | 40,000 | 57,500 | - | - |
| Software | 47,000 | 10,316 | - | - | - | - | 19,444 | - | 670 | 11,006 | 5,564 | - | - |
| Computer Equipment | 208,500 | 112,447 | - | - | - | - | 20,332 | - | 7,011 | 10,517 | 58,193 | - | - |
| Electronic Test Equipment | 36,500 | - | - | - | - | - | - | - | - | - | 36,500 | - | - |
| Radio Communications Equipment | 40,000 | 10,000 | - | - | - | - | - | - | - | 30,000 | - | - | - |
| COH 2/3 | (541,144) | - | - | - | - | - | - | - | - | (541,144) | - | - | - |
| TOTAL CAPITAL IMPROVEMENTS | \$ 6,117,830 | \$ 207,763 | \$ 2,878,000 | \$ - | \$ - | \$ - | \$ 46,777 | \$ - | \$ 1,973,961 | \$ 736,573 | \$ 274,757 | \$ - | \$ - |

**San Jacinto River Authority
Budget Summary
FY2018**

| Description | Total | Woodlands | | | | | Raw Water Enterprise | | | | | | |
|---|----------------------|---------------------|----------------------|---------------------|----------------------|-----------------|----------------------|----------------------|------------------------|-----------------------|---------------------|-------------------|-------------|
| | | Operating | R&R | Water System Bonds | Waste Disposal Bonds | Future Facility | GRP Division | Raw Water | Highlands | Lake Conroe | G&A | Bear Branch | Region H |
| OTHER USES | | | | | | | | | | | | | |
| Bond Principal | \$ 19,275,833 | \$ - | \$ - | \$ 1,765,833 | \$ 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 | \$ 6,346,017 | \$ 6,968,545 | \$ 1,765,833 | \$ 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 | 1,500 | 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 | \$ 1,500 | \$ 750 | \$ - | \$ 472,943 | \$ - | \$ 1,849,524 | \$ 216,000 | \$ - | \$ 200,682 | \$ - |
| NET CASH BASIS SOURCES (USES) | \$ 4,172,045 | \$ (0) | \$ 4,166,619 | \$ 4,135 | \$ 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:

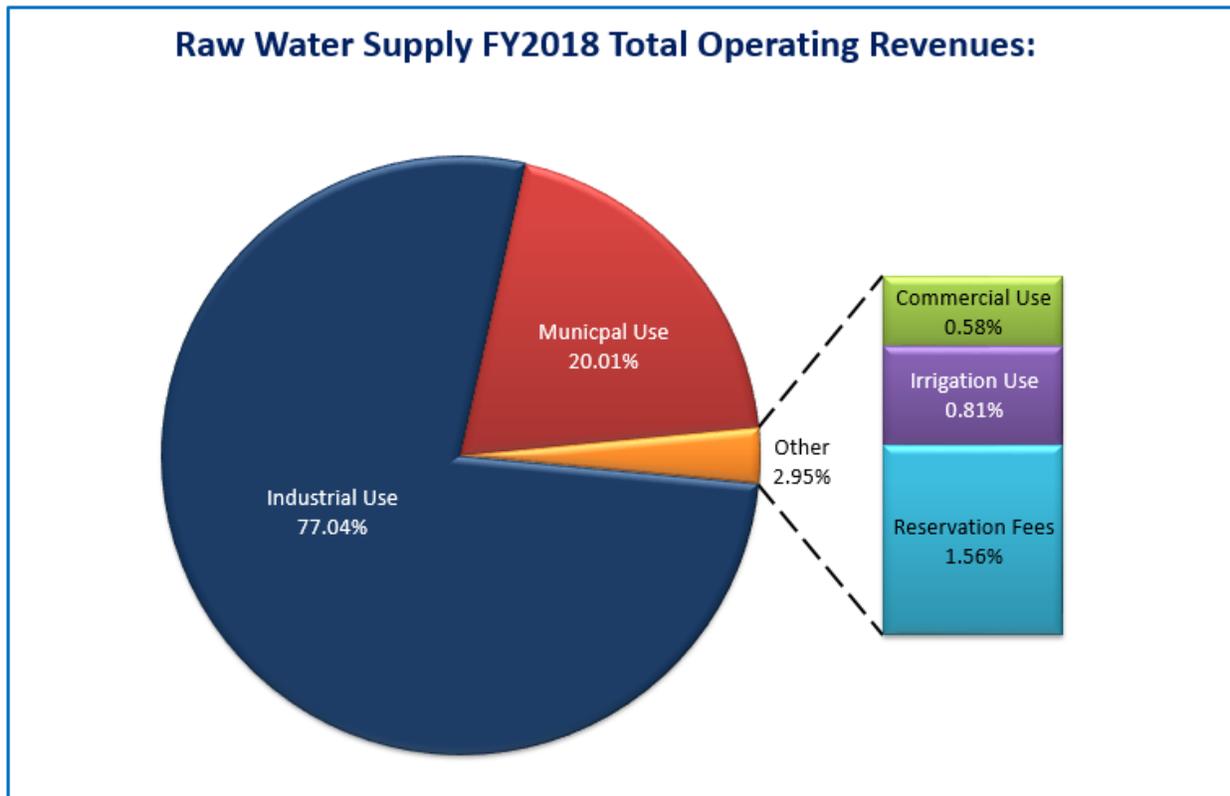
- Series 2010 Water Revenue Refunding Bonds (Outstanding: \$9,650,000; Matures 10/1/25)
- Series 2012 Water Revenue Refunding Bonds (Outstanding: \$2,925,000; Matures 10/1/36)

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.

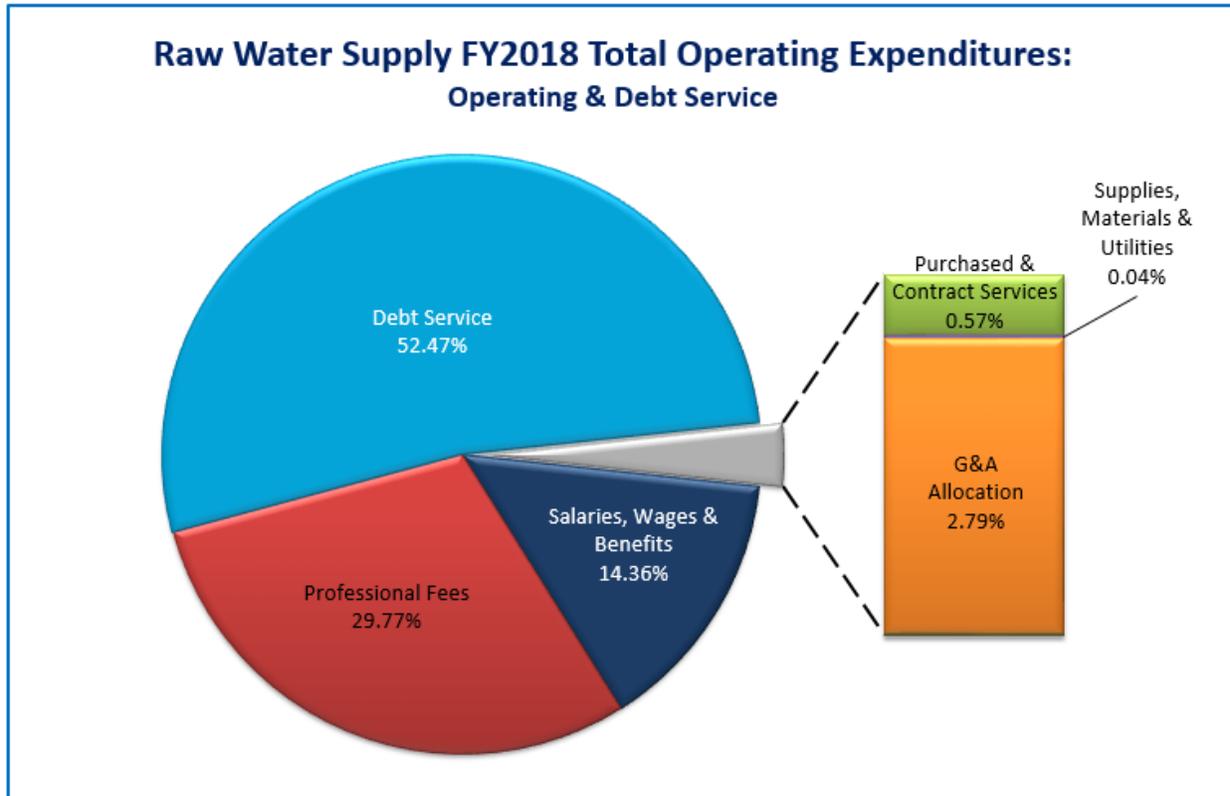
Revenues: The Raw Water Rate contained within the FY2018 budget and the Raw Water Rate Order passed by the Board of Directors are consistent with the existing 2014 rate study at \$0.43 per 1,000 gallons for calendar year 2018. Beginning January 1, 2018, through December 31, 2018, the Raw Water Rate is 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 | Actuals | | Rolling 12 | Budget | Budget |
|---|----------------------|----------------------|--|----------------------|----------------------|
| | Actuals 8/31/2016 | Sept-March FY2017 | Mo. Actuals April 2016- March 2017 | FY2017 | 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 | |
|--|----------------------|----------------------|---------------------------|-------------------|-------------------|
| | Actuals 8/31/2016 | Sept-March FY2017 | April 2016- March 2017 | Budget FY2017 | Budget FY2018 |
| Trucking | 455 | 910 | 910 | 5,400 | 5,400 |
| Public Relations Expense | 6,186 | - | 5,936 | 8,000 | 10,500 |
| Water Conservation & Public Education | 10,000 | 9,400 | 9,400 | 10,000 | 12,000 |
| Meeting Expenses | - | 1,386 | 1,386 | - | 2,000 |
| TOTAL PURCHASED & CONTRACTED SERVICES | \$ 555,410 | \$ 298,203 | \$ 546,980 | \$ 731,732 | \$ 785,896 |
| SUPPLIES, MATERIALS & UTILITIES | | | | | |
| Office Supplies & Printing | \$ 9,119 | \$ 4,717 | \$ 10,224 | \$ 14,000 | \$ 15,000 |
| Other Office Expense | 2,809 | 1,392 | 2,846 | 3,500 | 4,500 |
| Travel | 5,241 | 3,064 | 5,711 | 12,500 | 19,000 |
| Automobile & Truck Expense | 17,038 | 9,128 | 19,172 | 31,000 | 33,400 |
| Miscellaneous | 48 | - | - | - | - |
| Postage | 7,320 | 6,514 | 9,466 | 9,500 | 15,500 |
| Property Insurance | 20,777 | 13,234 | 21,730 | 25,085 | 25,837 |
| Auto Insurance | 23,824 | 14,643 | 23,592 | 27,338 | 28,158 |
| Liability Insurance | 14,271 | 11,825 | 17,622 | 17,073 | 17,585 |
| Small Tools Purchases | 4,654 | 193 | 4,136 | 6,000 | 6,000 |
| Training-External | 9,288 | 2,495 | 8,088 | 15,000 | 23,500 |
| Training-Internal | 1,340 | 75 | 876 | 1,000 | 1,500 |
| Training-Employee HR | 3,819 | 2,331 | 4,196 | 4,640 | 5,270 |
| Chemicals | 38 | - | 38 | 1,000 | 3,000 |
| Managers Expense | 4,088 | 2,191 | 4,027 | 10,000 | 7,150 |
| Employee Relations | - | 629 | 629 | - | 2,100 |
| Fuel | 39,374 | 26,756 | 45,747 | 58,925 | 65,750 |
| Uniform Services | 4,659 | 3,393 | 6,168 | 8,350 | 8,350 |
| Supplies - Lab | 832 | 266 | 854 | 2,000 | 4,500 |
| Operations Supplies | 10,426 | 7,531 | 15,201 | 17,800 | 22,500 |
| Memberships & Professional Dues | 1,033 | 1,027 | 1,590 | 1,500 | 3,225 |
| Signage | 1,807 | 5,226 | 7,033 | 1,000 | 4,000 |
| Janitorial Supplies | 1,387 | 606 | 1,292 | 2,167 | 2,200 |
| Copier, Scanner & Fax | 8,818 | 5,912 | 9,527 | 8,665 | 14,425 |
| Delivery & Freight | 2,276 | 3,020 | 3,874 | 4,500 | - |
| Utilities-Electric | 31,538 | 13,372 | 29,162 | 42,000 | 38,400 |
| Utilities-Natural Gas | 4,377 | 2,009 | 4,622 | 9,750 | 9,750 |
| 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 | 5,721 | 2,896 | 5,527 | 10,000 | 10,000 |
| Safety Equipment & Meetings | 8,793 | 3,990 | 9,896 | 11,100 | 14,000 |
| Health & Wellness Program | 316 | 56 | 152 | 4,350 | 930 |
| Recruiting Expenses | 594 | 182 | 584 | 16,400 | 12,400 |
| Computer Hardware | 7,691 | 789 | 5,992 | 30,700 | 45,320 |
| Software & Support | 73,212 | 50,360 | 85,206 | 95,700 | 116,312 |
| Software Maintenance | - | - | - | 12,000 | 12,100 |
| Network Communications | 3,028 | 4,571 | 5,601 | 7,400 | 8,076 |
| Publications & Subscriptions | - | - | - | - | 500 |
| Wireless Devices & Services | 22,444 | 10,440 | 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 | 4,700 | 5,135 |
| TOTAL SUPPLIES, MATERIALS & UTILITIES | \$ 503,438 | \$ 277,937 | \$ 542,499 | \$ 741,803 | \$ 823,001 |
| RENTALS | | | | | |
| Equipment Rentals | \$ 8,931 | \$ 5,017 | \$ 11,934 | \$ 23,500 | \$ 25,000 |
| 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 | \$ 44,863 | \$ 25,977 | \$ 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 | Budget | Budget |
|--|----------------------|----------------------|--|----------------------|----------------------|
| | Actuals 8/31/2016 | Sept-March FY2017 | Mo. Actuals April 2016- March 2017 | FY2017 | 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 8/31/2016 | Actuals Sept-March FY2017 | Rolling 12 | | Budget FY2017 | Budget FY2018 |
|---|----------------------|---------------------------------|--|--|----------------------|----------------------|
| | | | Mo. Actuals April 2016- March 2017 | | | |
| 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 |
| 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 |
| TOTAL OPERATING REVENUES | \$ 15,253,673 | \$ 9,456,992 | \$ 16,222,109 | | \$ 16,294,170 | \$ 17,524,413 |
| OPERATING EXPENSES | | | | | | |
| SALARIES, WAGES, & EMPLOYEE BENEFITS | | | | | | |
| Salary & Wage Allocation | \$ - | \$ 39,845 | \$ 39,845 | | \$ 190,452 | \$ 314,163 |
| Group Insurance | - | 7,325 | 7,325 | | 39,372 | 81,554 |
| Group Retirement Expense | - | 5,402 | 5,402 | | 24,158 | 42,026 |
| Workers Compensation Insurance | - | 985 | 985 | | 4,857 | 6,696 |
| Social Security Taxes | - | 2,733 | 2,733 | | 14,570 | 22,355 |
| TOTAL SALARIES, WAGES, & EMPLOYEE BENEFITS | \$ - | \$ 56,291 | \$ 56,291 | | \$ 273,409 | \$ 466,794 |
| PROFESSIONAL FEES | | | | | | |
| Legal Fees | \$ 175,012 | \$ 131,956 | \$ 231,057 | | \$ 225,000 | \$ 225,000 |
| Disclosure Filing | - | 375 | 375 | | 500 | 500 |
| Arbitrage Rebate Audit | 3,450 | - | - | | 3,600 | - |
| Paying Agent Fees | 1,250 | 1,250 | 1,250 | | 1,500 | 1,250 |
| Engineering | 199,407 | 10,979 | 131,771 | | 225,000 | 741,000 |
| TOTAL PROFESSIONAL FEES | \$ 379,119 | \$ 144,560 | \$ 364,453 | | \$ 455,600 | \$ 967,750 |
| PURCHASED & CONTRACTED SERVICES | | | | | | |
| State Fees | \$ - | \$ 15,034 | \$ 15,034 | | \$ - | \$ 16,000 |
| Employee Testing- New | - | - | - | | - | 2,550 |
| TOTAL PURCHASED & CONTRACTED SERVICES | \$ - | \$ 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 | | \$ - | \$ 90,750 |
| TOTAL GENERAL & ADMINISTRATIVE EXPENSES | \$ - | \$ 15,611 | \$ 15,611 | | \$ - | \$ 90,750 |
| NON-OPERATING EXPENSES | | | | | | |
| Interest Expense | \$ 472,175 | \$ 251,931 | \$ 447,525 | | \$ 429,275 | \$ 384,008 |
| TOTAL NON-OPERATING EXPENSES | \$ 472,175 | \$ 251,931 | \$ 447,525 | | \$ 429,275 | \$ 384,008 |
| TOTAL EXPENSES | \$ 851,294 | \$ 483,427 | \$ 898,914 | | \$ 1,158,284 | \$ 1,929,053 |
| NET REVENUES OVER EXPENSES | \$ 14,402,379 | \$ 8,973,564 | \$ 15,323,194 | | \$ 15,135,887 | \$ 15,595,360 |
| OTHER USES | | | | | | |
| Bond Principal | \$ 1,190,000 | \$ 1,235,000 | \$ 1,235,000 | | \$ 1,272,500 | \$ 1,321,667 |
| TOTAL OTHER USES | \$ 1,190,000 | \$ 1,235,000 | \$ 1,235,000 | | \$ 1,272,500 | \$ 1,321,667 |
| NET CASH BASIS SOURCES (USES) | \$ 13,212,379 | \$ 7,738,564 | \$ 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. |

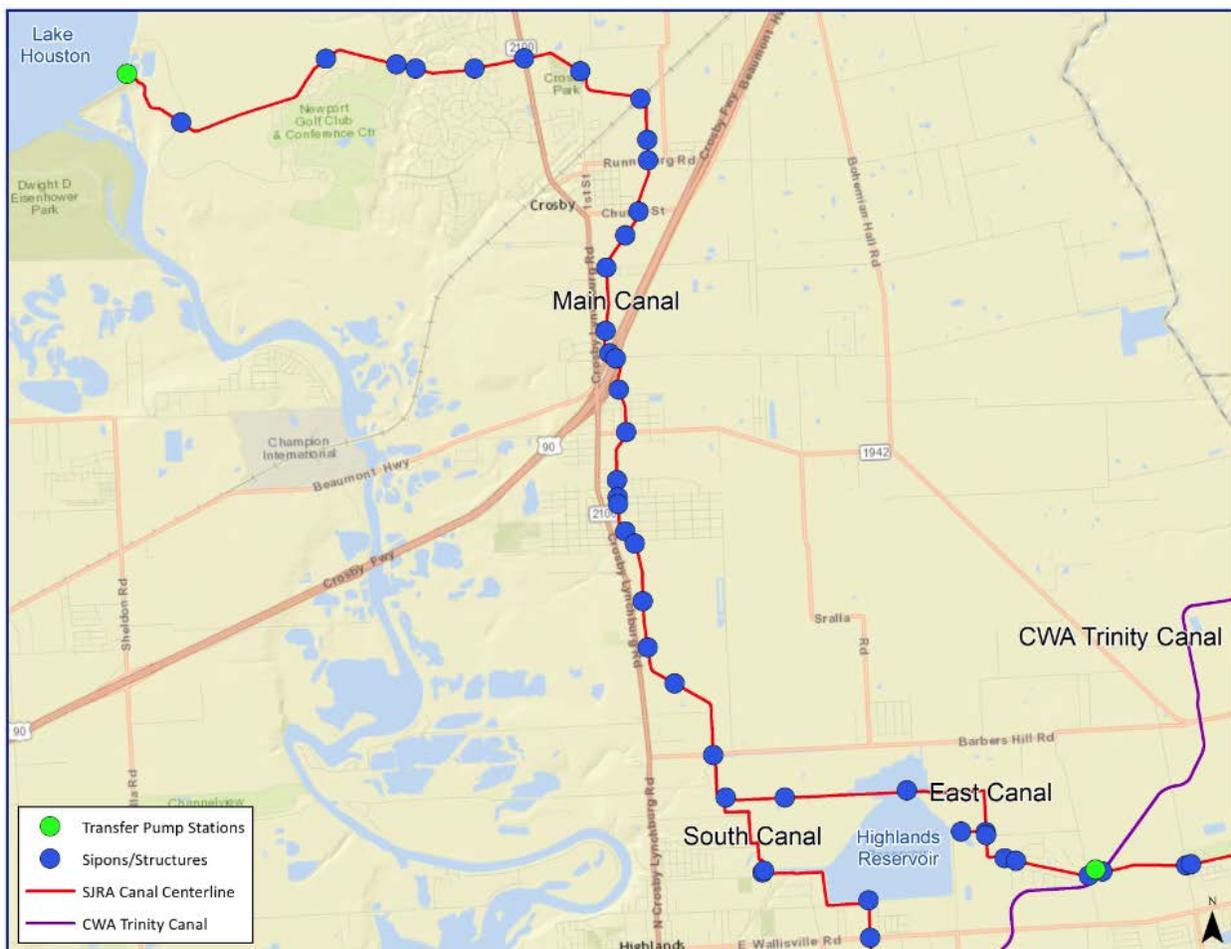
HIGHLANDS DIVISION



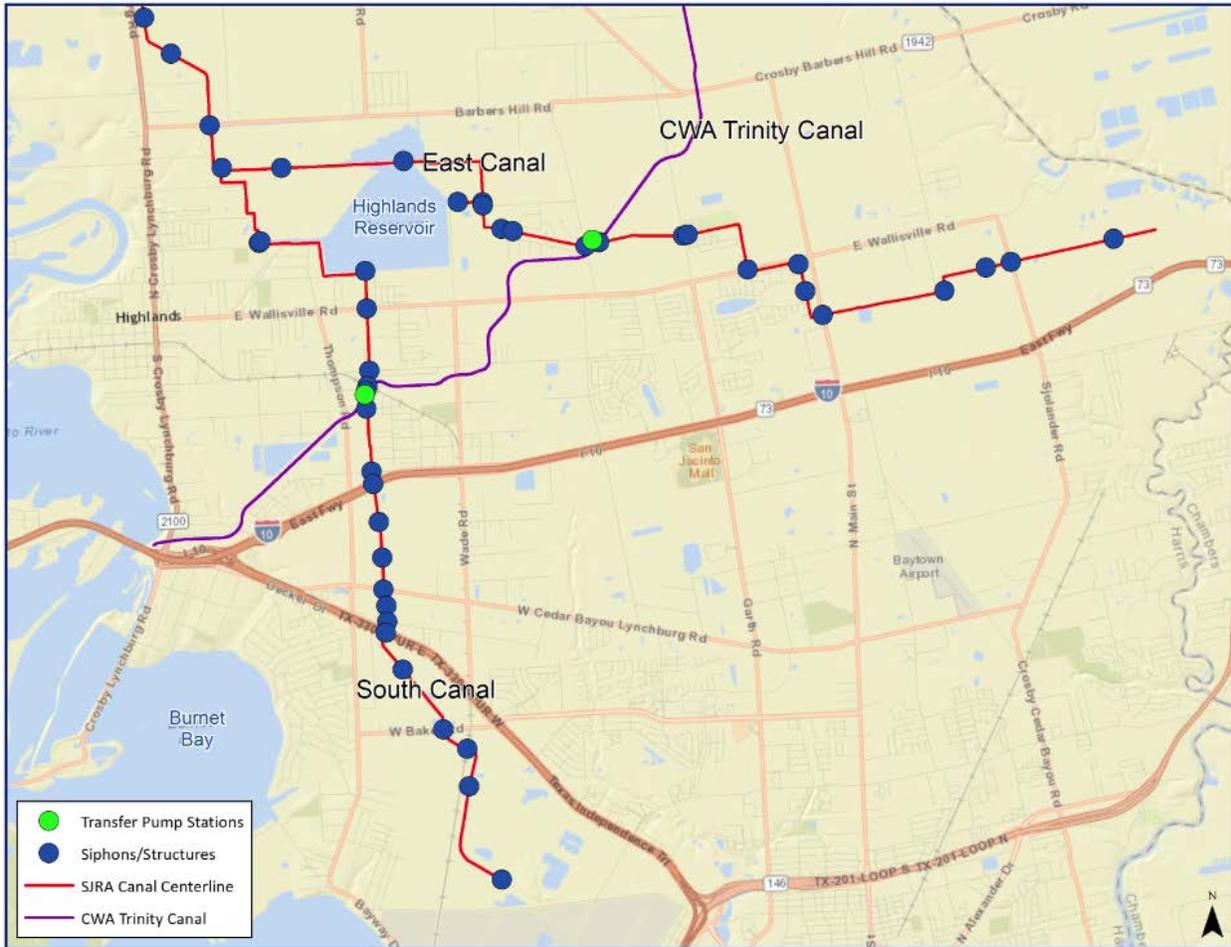
HIGHLANDS DIVISION

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.

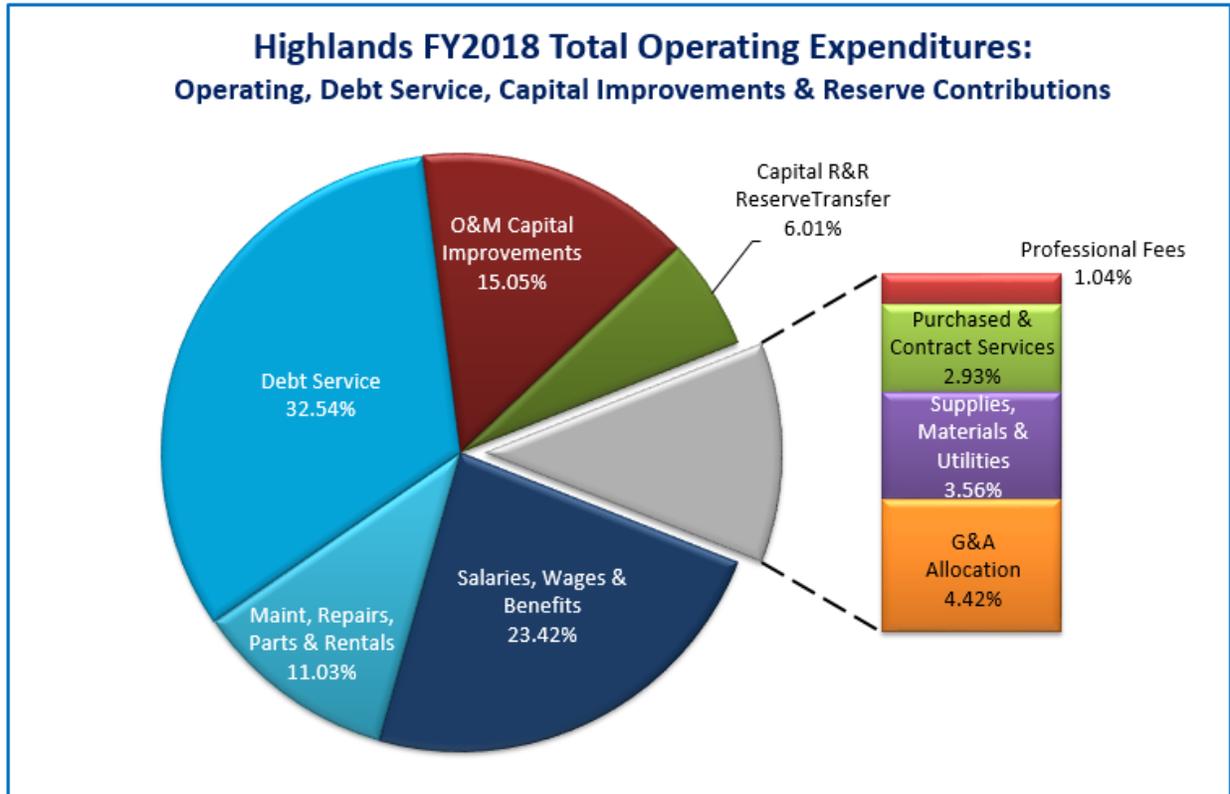
Staffing Plans: The Highlands Division's staffing plan for FY2018 includes ten direct FTE positions, with no part-time, temporary, or intern positions. In addition to the ten direct Highlands FTEs, the Highlands is allocated 16.5 FTEs for FY2018 from G&A Departments. Total staff in FY2018 associated 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 | Budget | |
|---|----------------------|----------------------|--|---------------------|---------------------|
| | Actuals 8/31/2016 | Sept-March FY2017 | Mo. Actuals April 2016- March 2017 | 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 | |
|--|-----------------------|-----------------------|--|-----------------------|-----------------------|
| | 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 | Budget | Budget |
|---|-----------------------|-----------------------|---------------------------|-------------|------------------------|------------------------|
| | Actuals 8/31/2016 | Sept-March FY2017 | April 2016- March 2017 | Mo. Actuals | FY2017 | 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



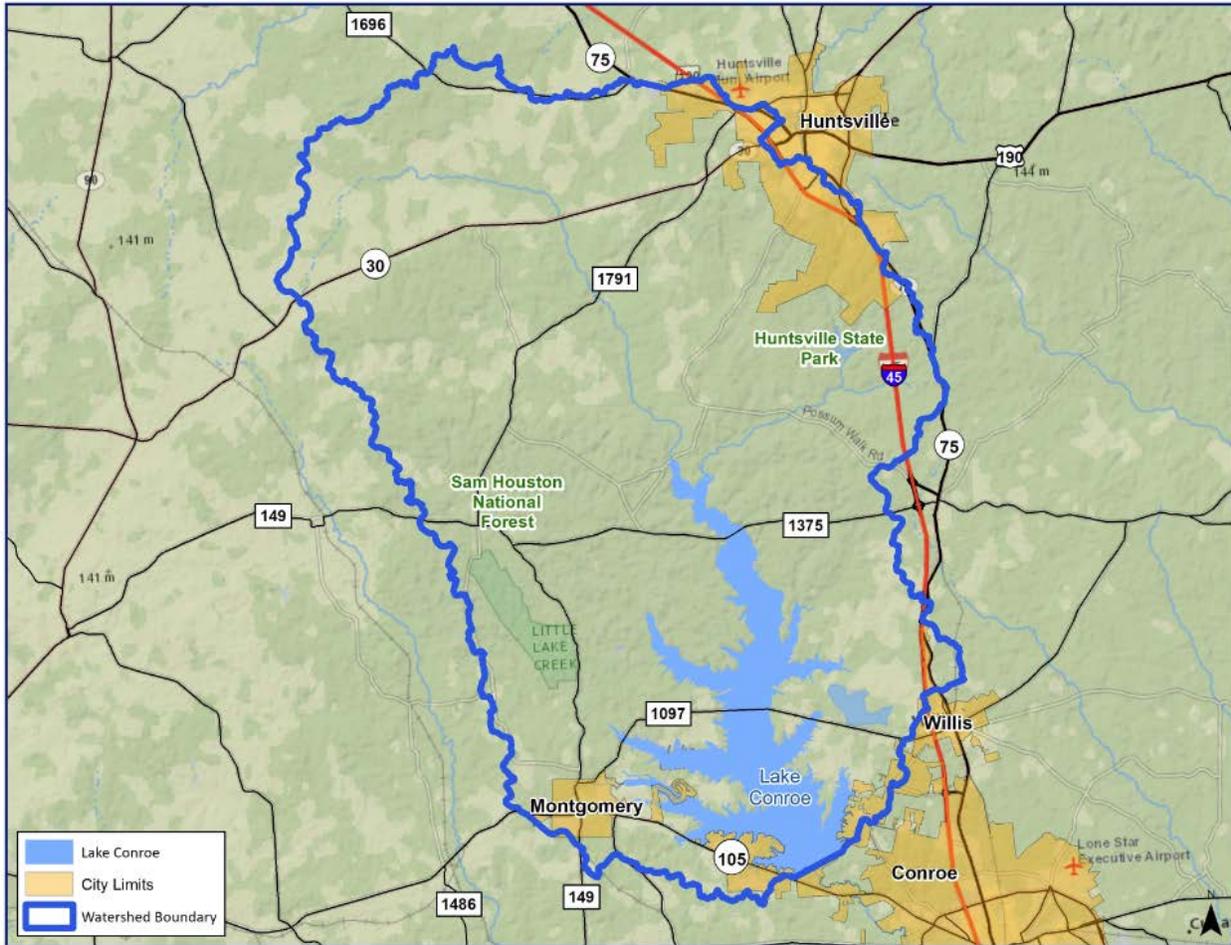
LAKE CONROE DIVISION

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.

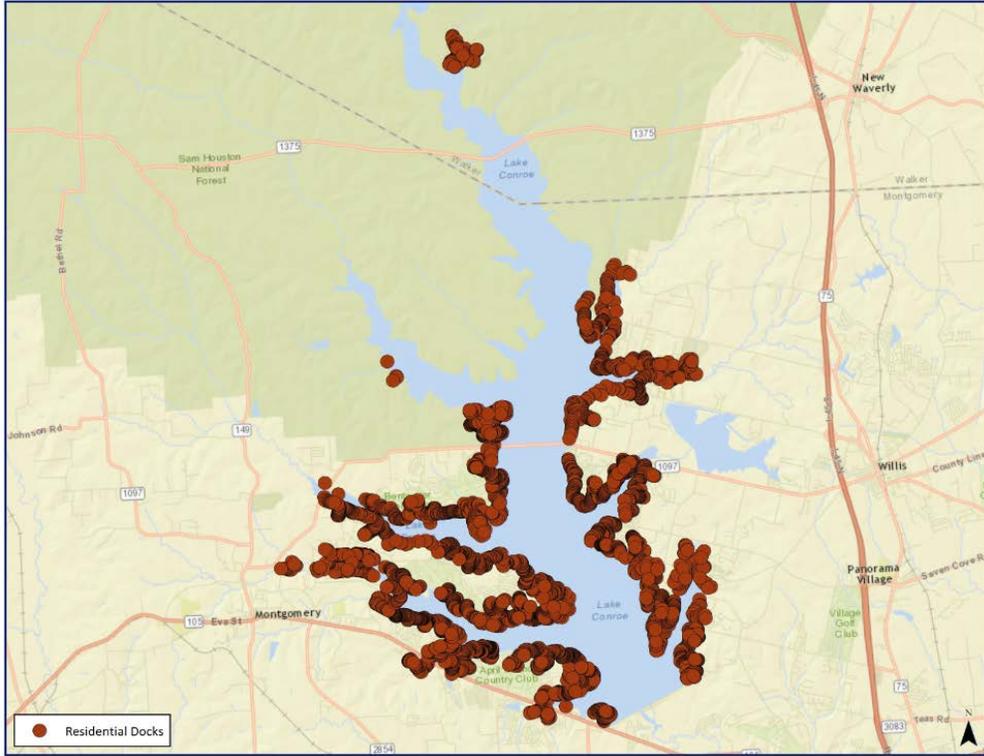


MAP OF LAKE CONROE WATERSHED

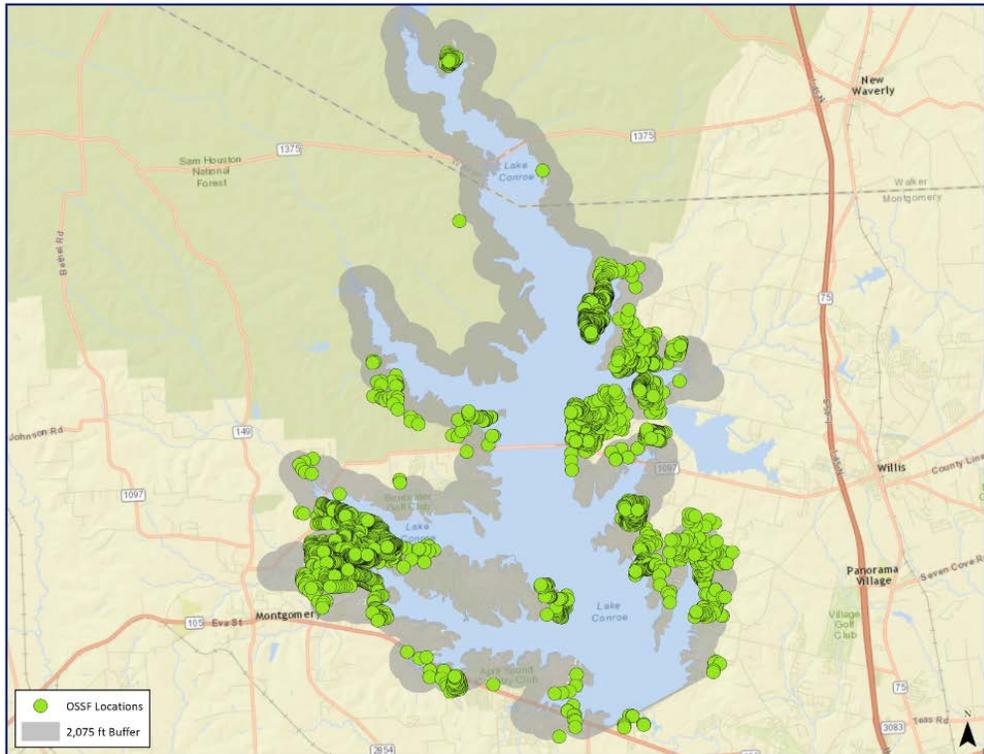


As permitted by the State of Texas, the annual yield of Lake Conroe is 99,999 acre-feet, with the Authority's portion being 33,333 acre-feet (ac-ft) and the City of Houston's portion being 66,667 ac-ft. Lake Conroe was formed by the creation of a 2.2 mile long earthen dam and gated spillway on the West 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.

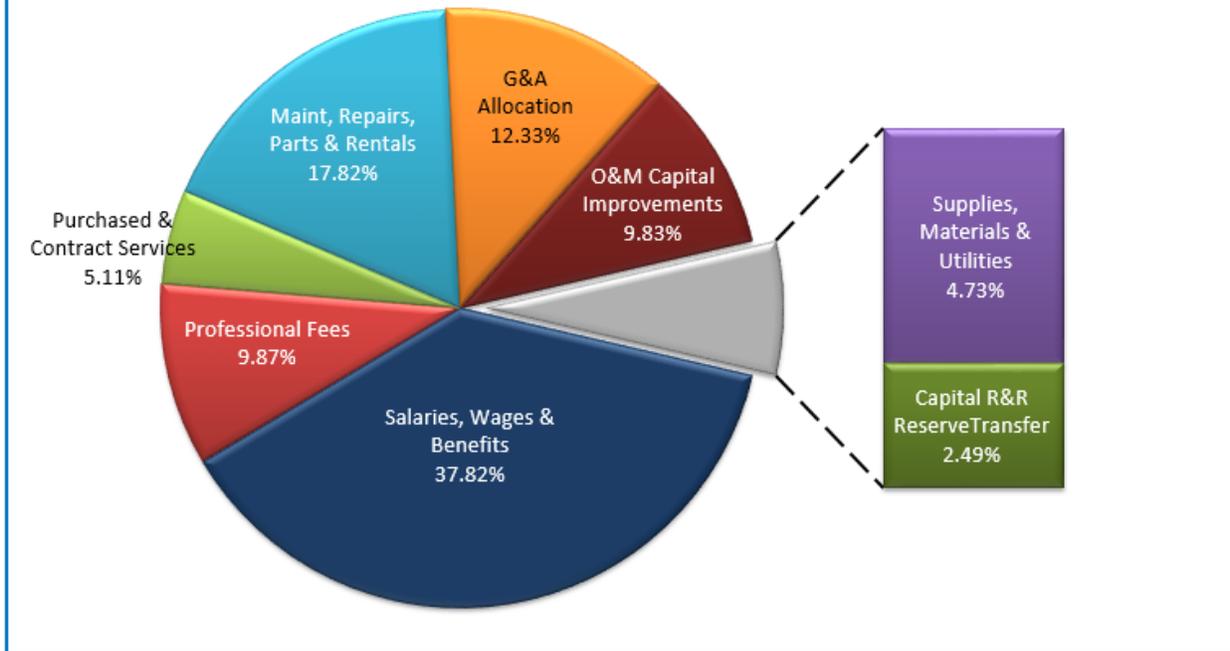
Expected total revenues for the Lake Conroe Division for FY2018 totals \$5,241,068.

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 | 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 Mo. Actuals | |
|--|----------------------|----------------------|---------------------------|------------------------|-----------------------|
| | Actuals 8/31/2016 | Sept-March FY2017 | April 2016- 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 | Budget FY2018 |
|---|------------------------------|--|---|--------------------------|--------------------------|
| | | | Mo. Actuals April 2016- March 2017 | | |
| 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) |

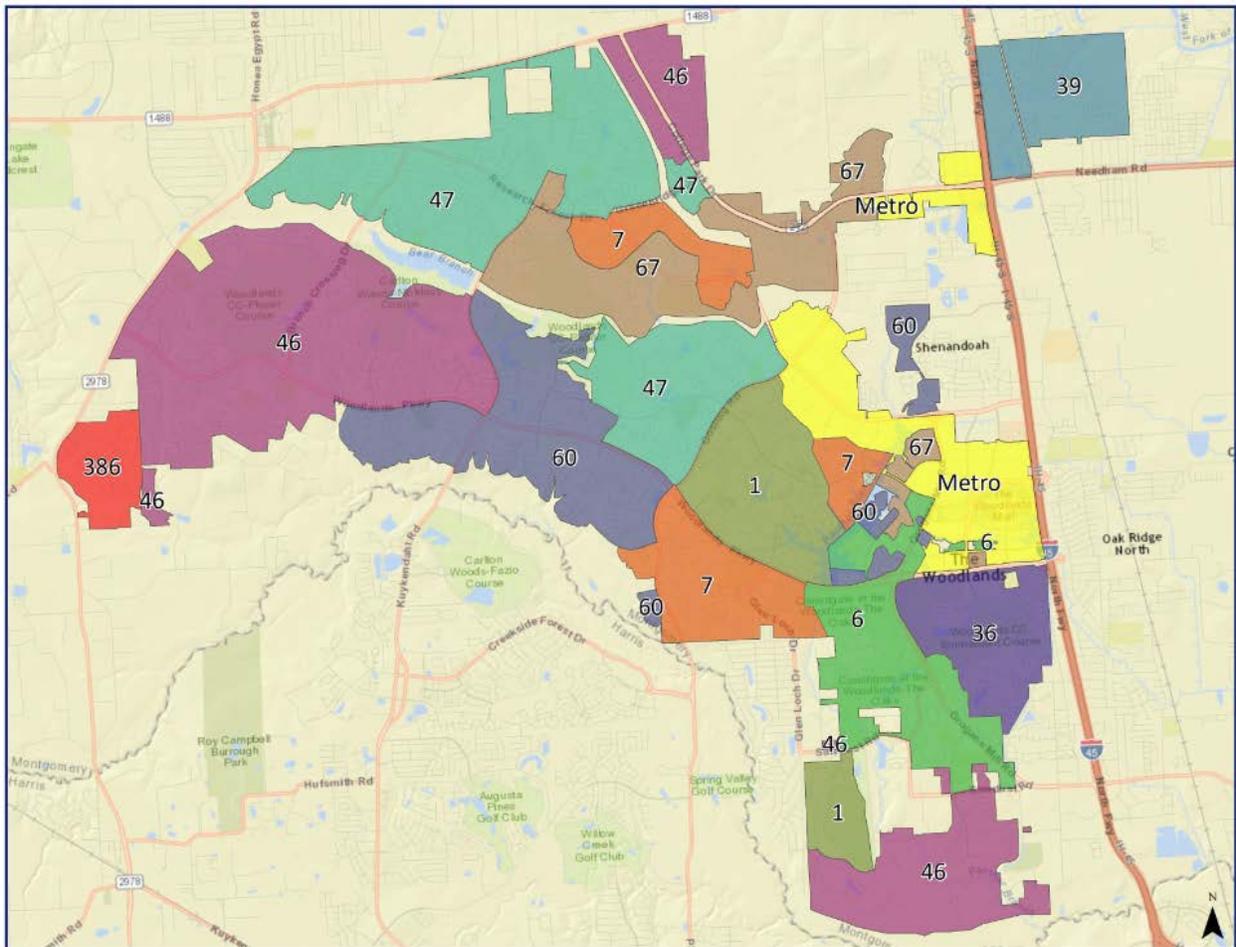
WOODLANDS DIVISION



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.

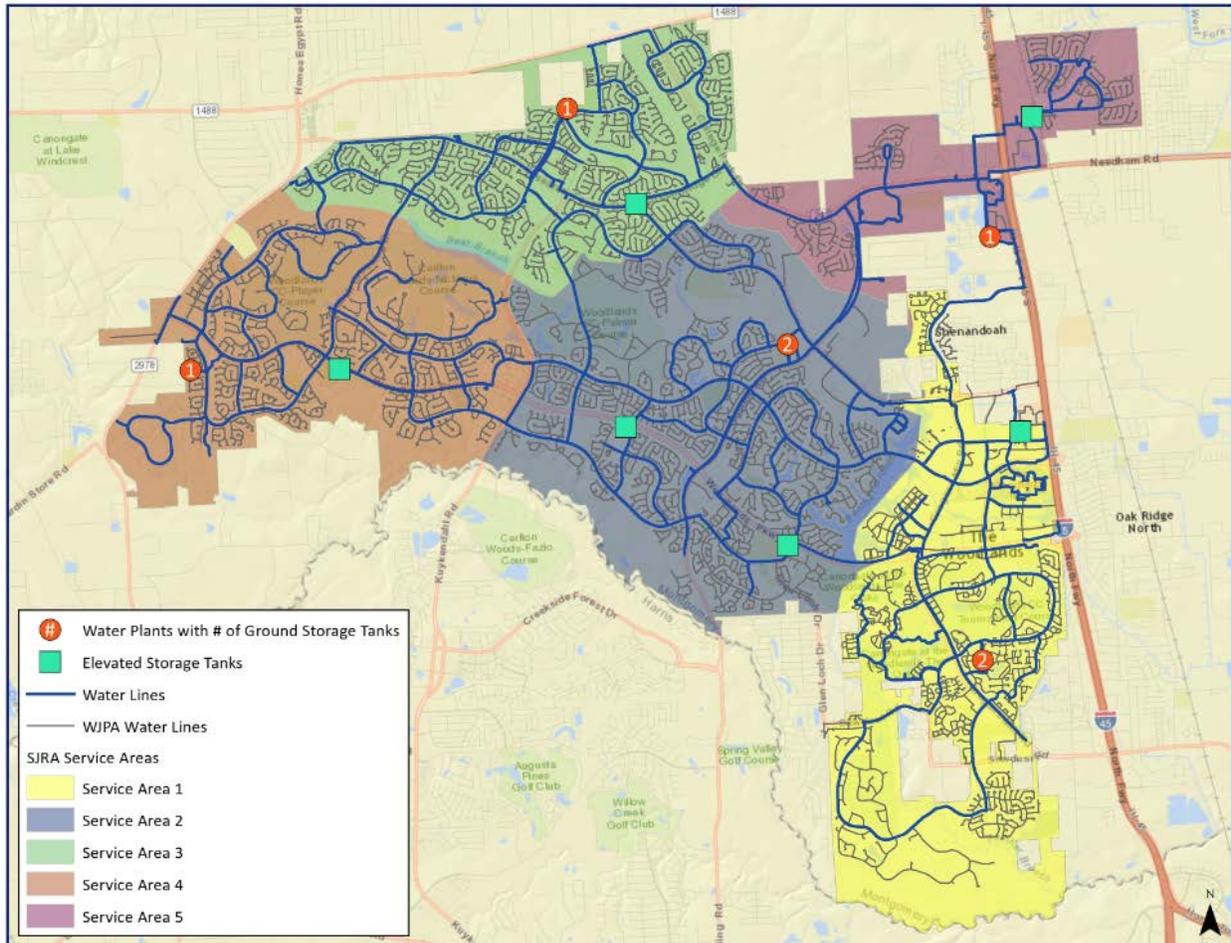
MAP OF WOODLANDS MUDS



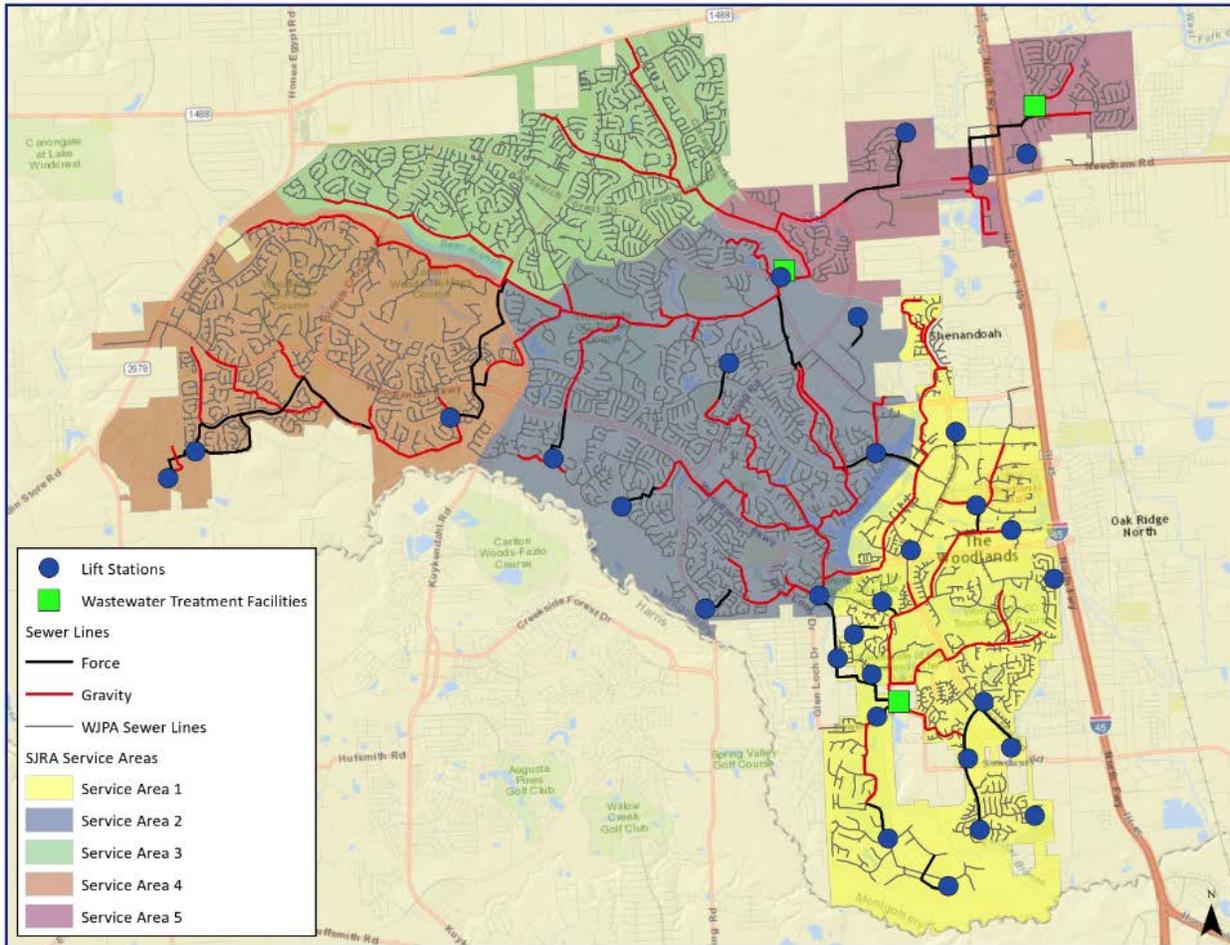
The Woodlands' wholesale water system consists of thirty-eight water wells drilled into the Evangeline and Jasper aquifers, five water plants, six elevated storage tanks, eight ground storage tanks, and 120 miles of potable water transmission lines of ten inches or greater. The Woodlands' wholesale wastewater 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.

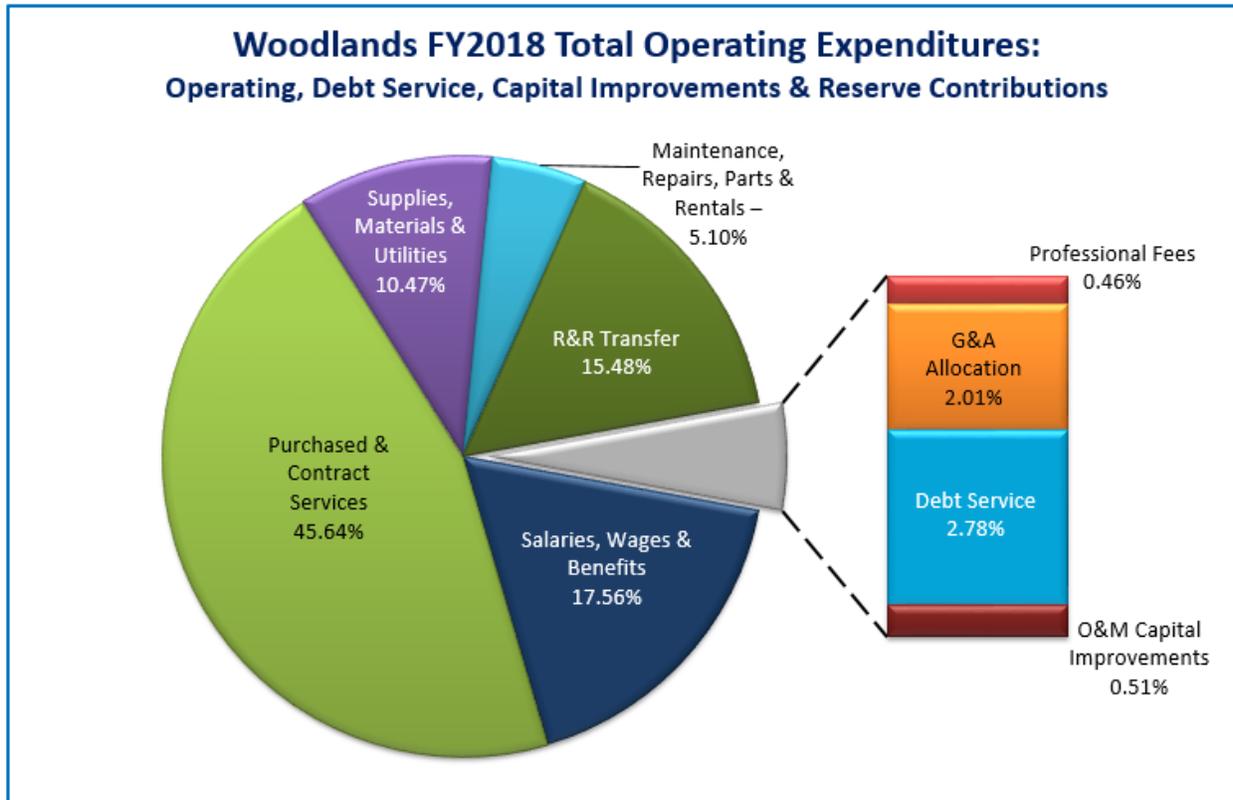
Expected O&M Operating and Other Revenues for the Woodlands Division for FY2018 total \$40,993,399. Woodlands expected Operating, Other Revenues, and Other Cash Sources for the R&R Fund total \$18,050,164: \$20,000 from interest income, \$11,684,147 from cash sources, and 6,346,017 from inter-division 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 | Actuals | | | Rolling 12 Mo. Actuals | |
|---|----------------------|----------------------|---------------------------|------------------------|----------------------|
| | Actuals 8/31/2016 | Sept-March FY2017 | April 2016- March 2017 | Budget FY2017 | Budget FY2018 |
| 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 | | | | |
|--|----------------------|---------------------------------|--|---------------------|---------------------|
| | 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 | | Rolling 12 | Budget | Budget |
|--|----------------------|----------------------|--|----------------------|----------------------|
| | Actuals 8/31/2016 | Sept-March FY2017 | Mo. Actuals April 2016- March 2017 | FY2017 | 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 Mo. Actuals | | Budget FY2017 | Budget FY2018 |
|---|-----------------------|---------------------------------|---------------------------|--|-----------------------|-----------------------|
| | | | 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 | | Rolling 12 | Budget | |
|--------------------------------------|----------------------|----------------------|--|-------------------|-------------------|
| | Actuals 8/31/2016 | Sept-March FY2017 | Mo. Actuals April 2016- March 2017 | Budget FY2017 | 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 Mo. Actuals | | Budget FY2017 | Budget FY2018 |
|--------------------------------------|----------------------|---------------------------------|---------------------------|---------------------|---------------------|------------------|
| | | | 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 Mo. Actuals | | Budget | |
|--------------------------------------|----------------------|----------------------|---------------------------|---------------------------|-----------------|------------------|
| | Actuals 8/31/2016 | Sept-March FY2017 | April 2016- March 2017 | April 2016- March 2017 | FY2017 | Budget FY2018 |
| OTHER REVENUES | | | | | | |
| Interest Income | \$ 9,171 | \$ 4,465 | \$ 8,892 | \$ 1,000 | \$ 1,000 | \$ 1,000 |
| TOTAL OTHER REVENUES | \$ 9,171 | \$ 4,465 | \$ 8,892 | \$ 1,000 | \$ 1,000 | \$ 1,000 |
| NET REVENUES OVER EXPENSES | \$ 9,171 | \$ 4,465 | \$ 8,892 | \$ 1,000 | \$ 1,000 | \$ 1,000 |
| NET CASH BASIS SOURCES (USES) | \$ 9,171 | \$ 4,465 | \$ 8,892 | \$ 1,000 | \$ 1,000 | \$ 1,000 |

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 |

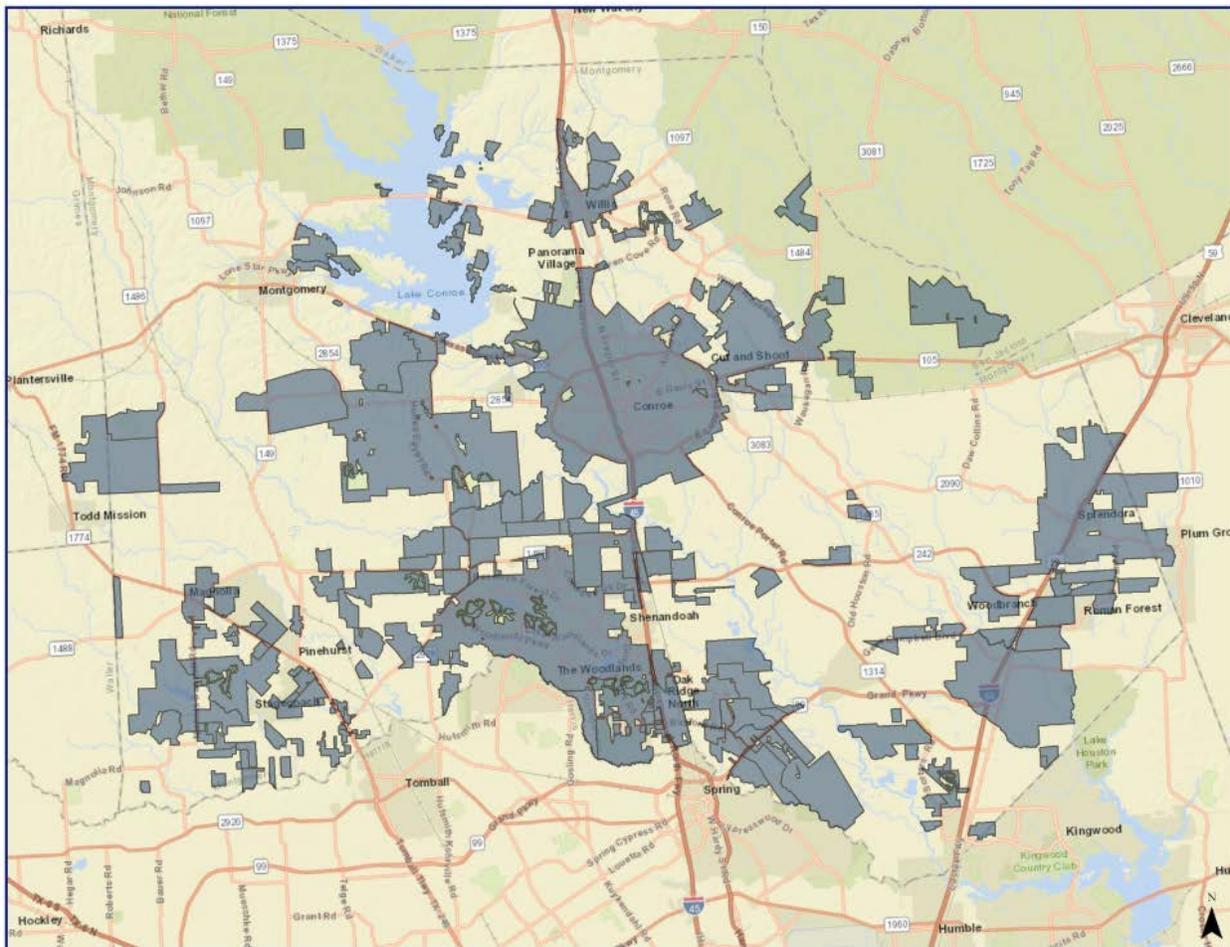
GRP DIVISION



GRP DIVISION

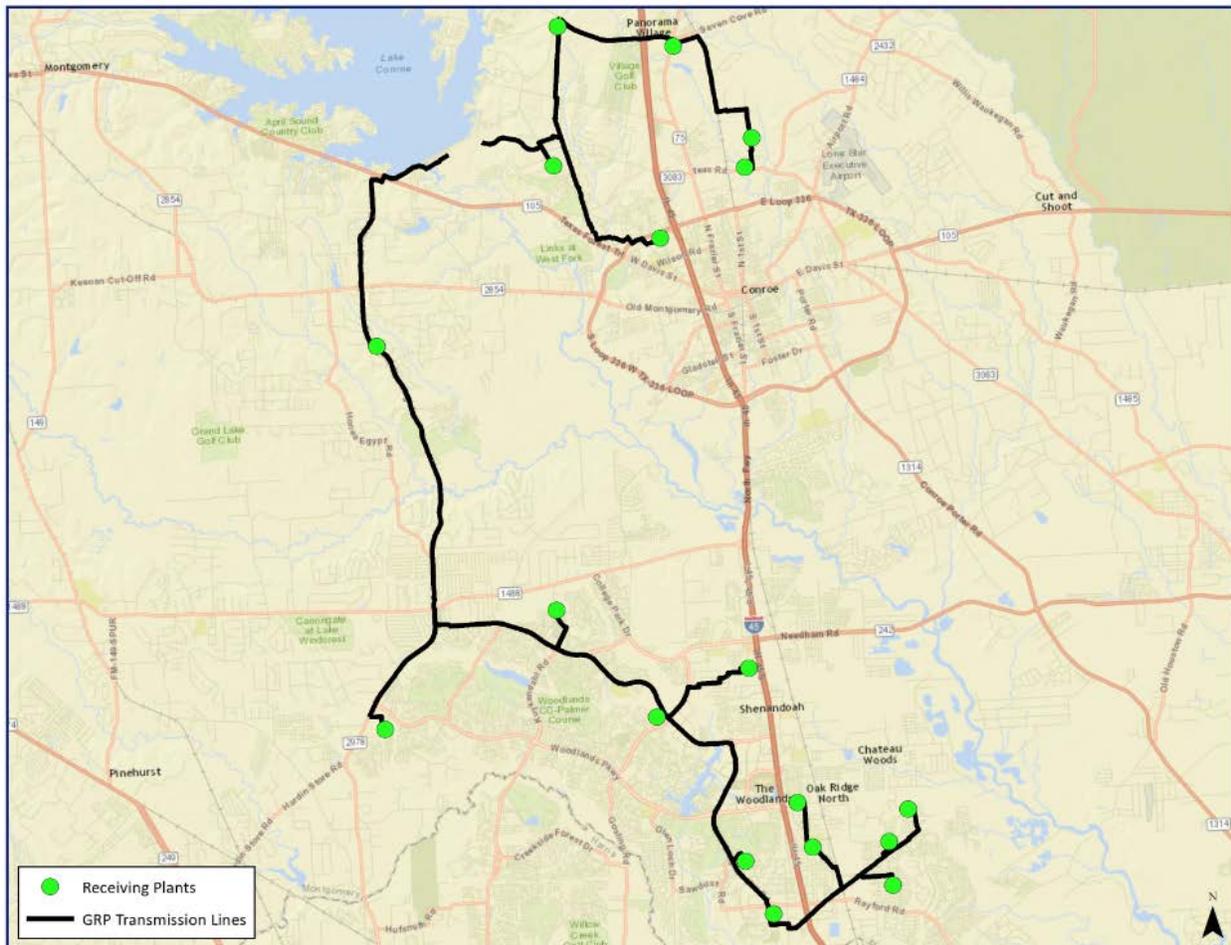
The Lone Star Groundwater Conservation District (LSGCD) issued its District Regulatory Plan Phase IIB Rules on August 20, 2009. These rules require large volume groundwater users within Montgomery County to reduce the amount of groundwater pumped by 30% for the calendar year 2016 via a Groundwater Reduction 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.

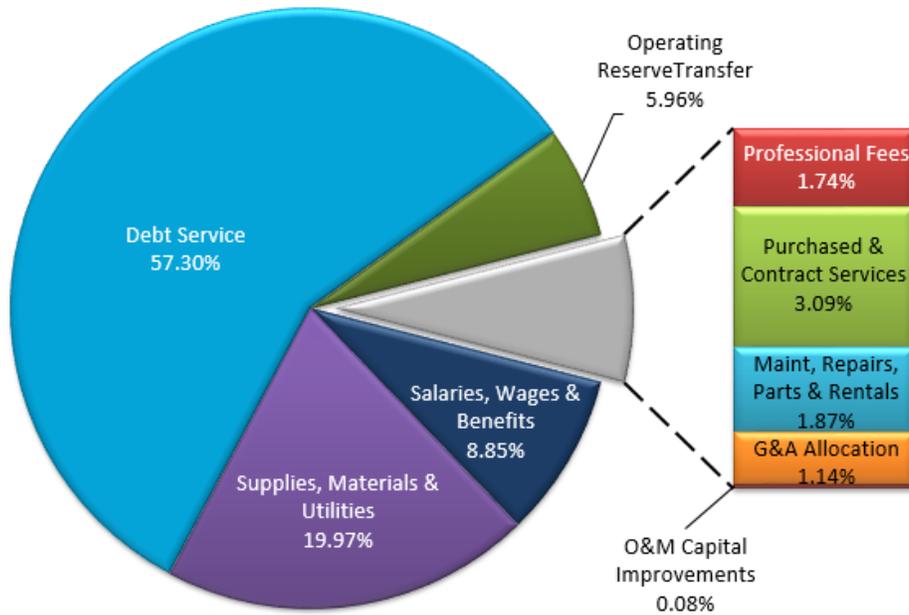
Expected O&M revenues for the GRP Division for FY2018 total \$60,240,707.

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 | | | Rolling 12 | |
|---|----------------------|----------------------|--|----------------------|----------------------|
| | Actuals 8/31/2016 | Sept-March FY2017 | Mo. Actuals April 2016- March 2017 | Budget FY2017 | Budget FY2018 |
| 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 | | | Budget FY2017 | Budget FY2018 |
|--|----------------------|---------------------------------|--|----------------------|----------------------|
| | Actuals 8/31/2016 | Actuals Sept-March FY2017 | Mo. Actuals April 2016- March 2017 | | |
| 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 | Actuals | | Rolling 12 | Budget | Budget |
|--|-----------------------|------------------------|--|----------------------|----------------------|
| | Actuals 8/31/2016 | Sept-March FY2017 | Mo. Actuals April 2016- March 2017 | FY2017 | 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



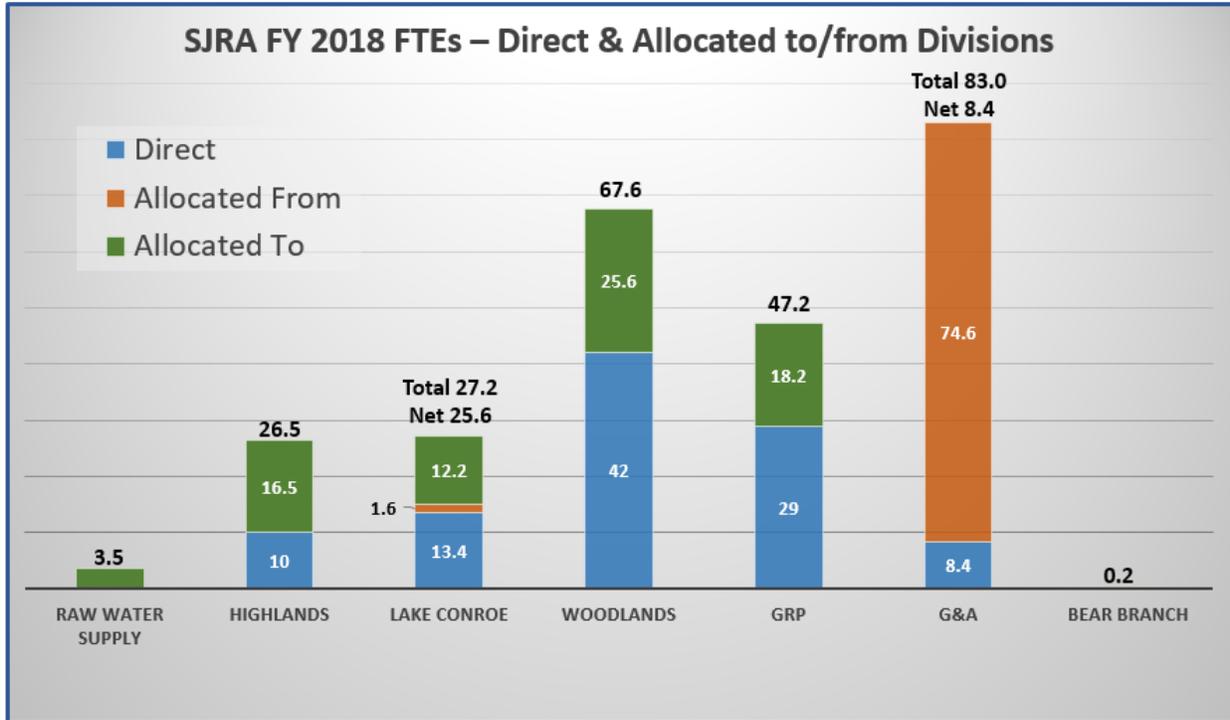
GENERAL AND ADMINISTRATION DIVISION

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.

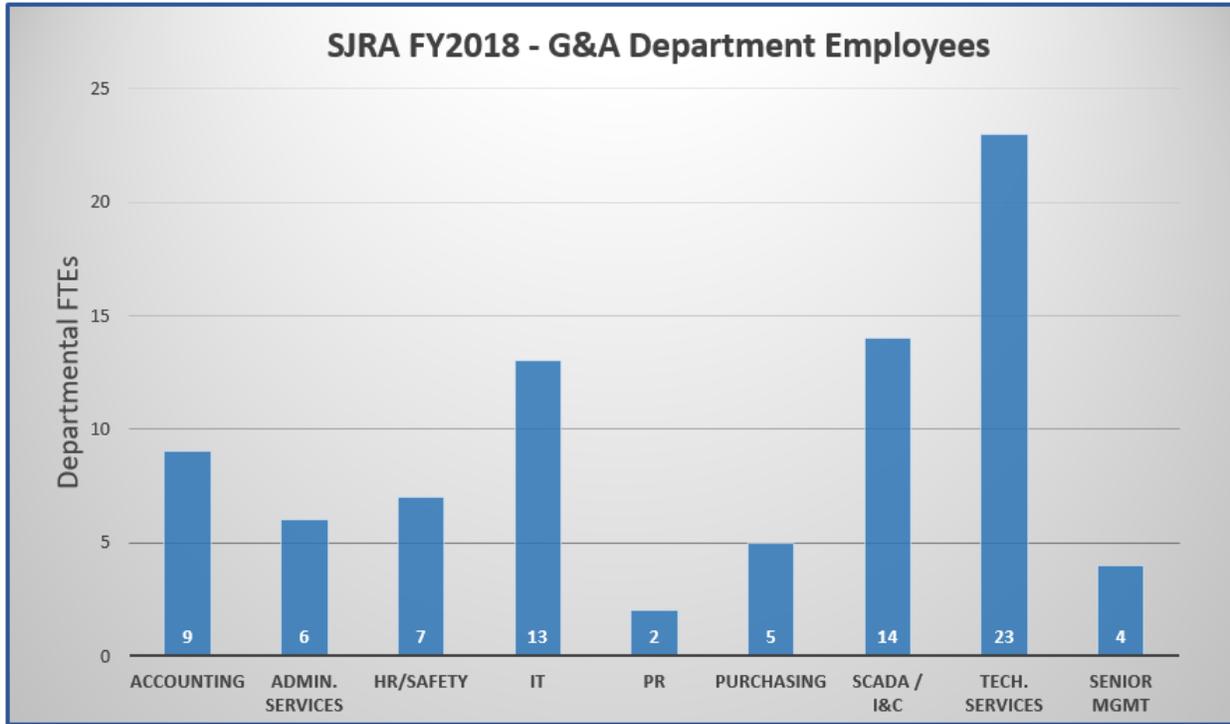
Capital Improvement and Other Projects Plans: Each year the G&A Division conducts risk assessments and evaluations of their limited infrastructure. G&A reviews the likelihood and consequences of failure of each asset and then prioritizes projects based on a variety of factors related to reliable, cost-effective 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.

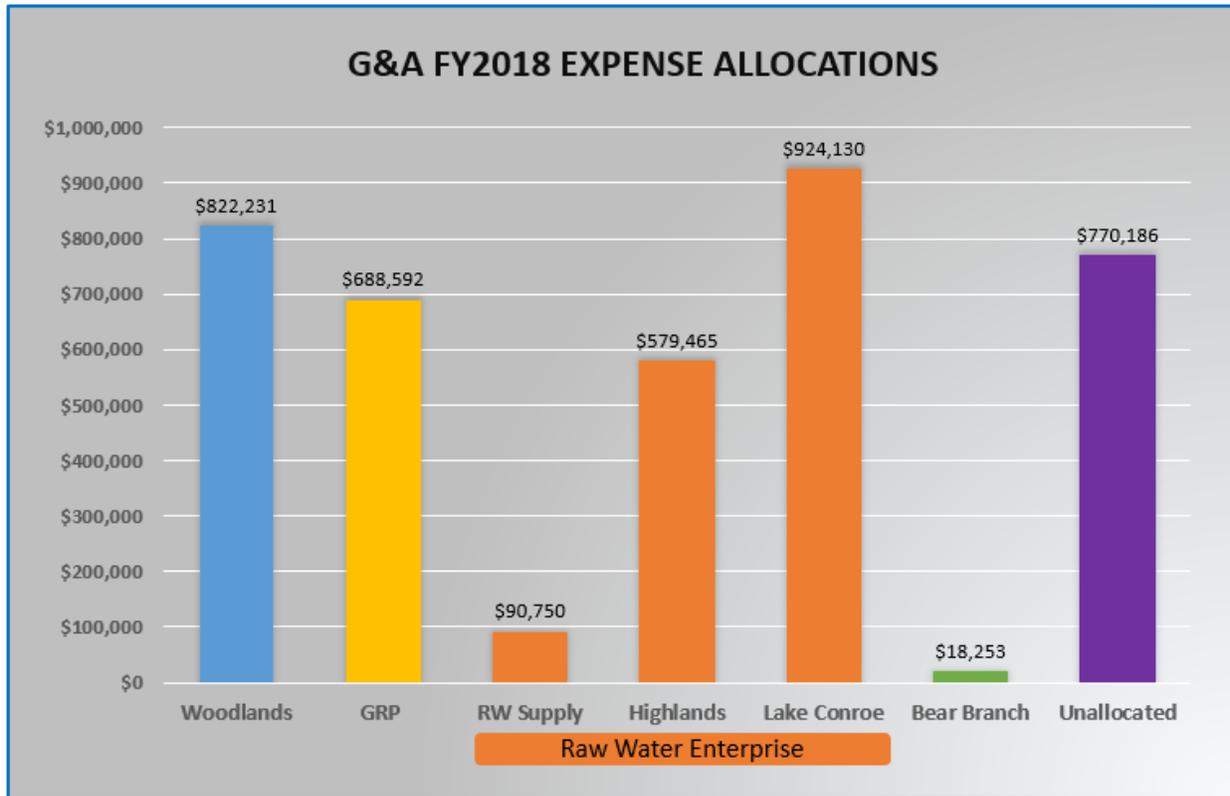


Revenues: The G&A Division has no significant revenues forecast for FY2018 with zero Operating Income and only \$24,234 of Non-Operating Income from interest income and office rental.

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 | Rolling 12 | | | | |
|---|----------------------|---------------------------------|--|-------------------|-------------------|
| | Actuals 8/31/2016 | Actuals 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 | | | Budget FY2017 | Budget FY2018 |
|--|-----------------------|---------------------------------|--|-----------------------|-----------------------|
| | Actuals 8/31/2016 | Actuals Sept-March FY2017 | Mo. Actuals April 2016- March 2017 | | |
| 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 | | | Rolling 12 Mo. Actuals | | Budget | |
|---|----------------------|----------------------|---------------------------|------------------------|---------------------|--------|--|
| | Actuals 8/31/2016 | Sept-March FY2017 | April 2016- March 2017 | 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) | | |

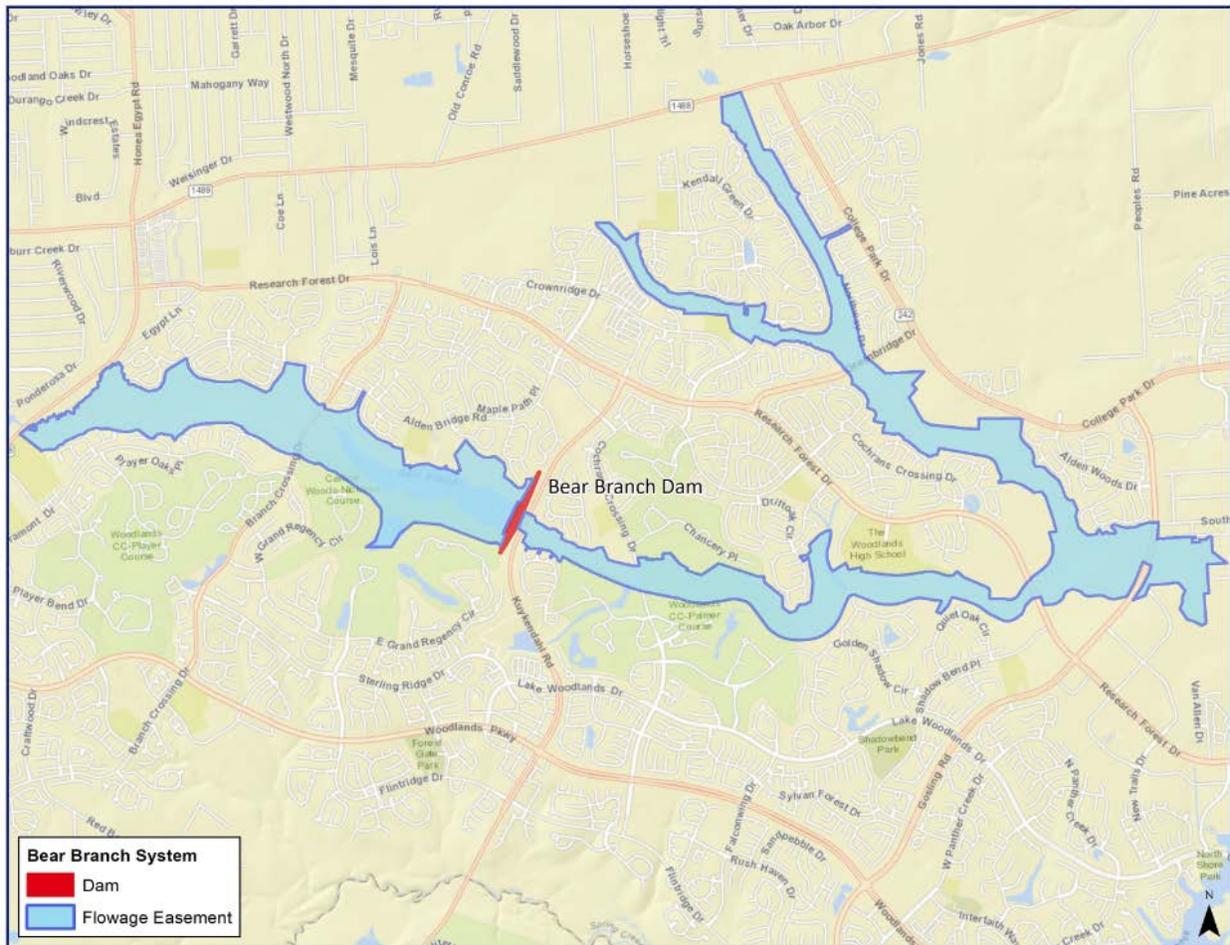
BEAR BRANCH



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



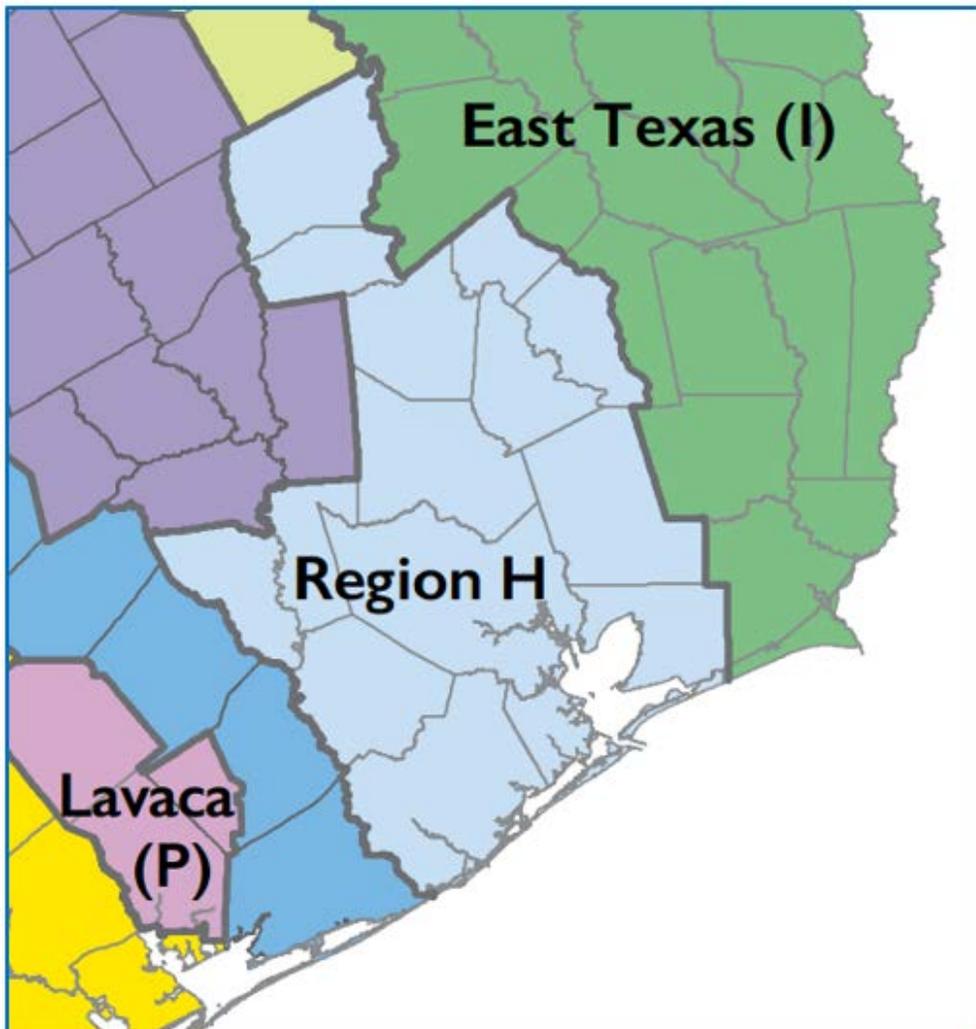
REGION H



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 | Budget FY2017 | Budget FY2018 |
|--|----------------------|----------------------|--|-------------------|-------------------|
| | Actuals 8/31/2016 | Sept-March FY2017 | Mo. Actuals April 2016- March 2017 | | |
| OTHER REVENUES | | | | | |
| Interest Income | \$ 102 | \$ 278 | \$ 288 | \$ - | \$ - |
| Interest Income- Region H - General Fund | 342 | 359 | 553 | 50 | 500 |
| Grant Revenue | 359,110 | 30,921 | 67,471 | 200,500 | 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 |
| 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 |
| Posting Notice Expenses | 16,129 | 8 | 9 | 500 | 500 |
| Public Official Liability | 1,429 | 1,422 | 1,422 | 1,750 | 1,803 |
| TOTAL PURCHASED & CONTRACTED SERVICES | \$ 17,877 | \$ 1,730 | \$ 1,731 | \$ 3,250 | \$ 3,303 |
| SUPPLIES, MATERIALS & UTILITIES | | | | | |
| Automobile & Truck Expense | \$ - | \$ - | \$ - | \$ 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) | \$ - |