



Comprehensive Annual Financial Report
for the Fiscal Years Ended August 31, 2017 and 2016





SABINE RIVER AUTHORITY OF TEXAS

Comprehensive Annual Financial Report for Fiscal Years Ended August 31, 2017 and 2016

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THIS REPORT PREPARED BY THE AUTHORITY GENERAL OFFICE

The cover features the Dallas Lake Fork intake structure which withdraws water from Lake Fork Reservoir under the new Lake Fork water supply contract with the City of Dallas.

(For more information about the new Lake Fork Dallas contract, see page 14)



SABINE RIVER AUTHORITY of Texas

P.O. BOX 579
ORANGE, TEXAS
77631

February 1, 2018

President Stan Mathews
and Members of the Board of Directors
Sabine River Authority of Texas

Board Members:

It is our pleasure to submit the Comprehensive Annual Financial Report of the Sabine River Authority of Texas for the fiscal year ended August 31, 2017. The material aspect of the data is accurate in our opinion and the report discloses results of operations and the financial position of the Authority as recorded by the activity of the eight divisions within the Authority. Necessary information to assist the reader in understanding the financial position of the Authority is included. Narratives applicable to each division, along with financial statements are enclosed to provide complete details concerning the Authority's fiscal year activities and related costs.

Management is responsible for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that have been established for this purpose. Because the cost of internal controls should not exceed the anticipated benefit, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

The Comprehensive Annual Financial Report includes the management's discussion and analysis which can be found in the financial section immediately following the auditors' opinion letter. The management's discussion and analysis provides an overview of the Authority's financial activities and should be read in conjunction with the financial statements. The Statistical Section includes selected financial and demographic information.

The Authority was created in 1949, pursuant to Vernon's Ann. Civ. Stat. Art. 8280-133, as a conservation and reclamation district. The Authority was determined to be necessary in accomplishing the provisions of Article XVI, Section 59, of the Texas Constitution and for the conservation, protection and development of the waters of the Sabine River. The Authority is governed by a nine-member Board of Directors appointed by the Governor and the Board is vested with the management and control of the Authority. Responsibilities of the Authority include municipal, industrial, mining and agricultural raw water supply; hydroelectric generation; water and wastewater treatment; water quality and pollution control activities; management of three major reservoirs and recreation facilities; and an initiative to enhance economic growth in the Sabine River Basin.

LONG-TERM FINANCIAL PLANNING

The Authority continues to pursue planning for meeting future water supply needs of the Basin and plays a major part in the State's regional water planning process. In October of 2017, the Lake Fork Water Supply Contract with the City of Dallas was signed and includes additional compensation for the transfer of water resources outside the Basin. This contract ensures that the City of Dallas will pay their fair share of future development in the Sabine River Basin. Management of the Authority's resources also includes negotiations with Entergy and CLECO on renewal of the Toledo Bend Hydroelectric Power Sales Agreement. As authorized by the Board, the Authority is proceeding with the development of a new Gulf Coast Division Pump Station and Pipeline Project and in the fall of 2017 received the first round of funding through the Texas Water Development Board's (TWDB) State Water Implementation Fund for Texas (SWIFT) program. The new 85 million gallons per day raw water pump station will provide a modernized pumping facility located along the main stem of the Sabine River and will ensure a more reliable water supply for the Authority's customers in the lower basin.



FINANCIAL INFORMATION

The Authority accounting system consists of two enterprise funds where all financial activities are recorded. Management of the Authority is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Authority are protected. Through an ongoing review process the Authority assures that internal controls are adequate. Implementation of the new accounting software system began in FY2016 and was completed in FY2017.

Enterprise Operations. Total revenues for all funds for the fiscal year were \$32,128,729 compared to \$25,431,295 for FY2016.

Budget Controls. A budget is prepared annually in accordance with the Water Code Chapter 49, Subchapter G, Sec. 49.199 and, after approval by the Board of Directors, is used in planning and controlling costs. During the year, necessary budget amendments are submitted and approved by the Board prior to implementation.

Debt Administration. Outstanding revenue bonds at August 31, 2017 totaled \$18,835,846. The various bond indentures, resolutions and agreements provide for the establishment of separate restricted accounts for debt service.

OTHER INFORMATION

Independent Auditor. V.T.C.A., Water Code Sec. 49.191 requires an annual audit of the Authority's records by the State Auditor or by an independent accountant. The Board of Directors engaged Pattillo, Brown & Hill, LLP to perform this audit. This report will be filed with the Texas Commission on Environmental Quality, the Orange County Clerk and the Pension Review Board.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Sabine River Authority of Texas for its comprehensive annual financial report for the fiscal year ended August 31, 2016. This was the seventeenth consecutive year that the Authority has achieved this prestigious award. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

On behalf of the Executive Staff, we would like to sincerely thank the Board of Directors, Employees and Consultants for their cooperation and commitment to the projects undertaken by the Authority. The preparation of the Comprehensive Annual Financial Report was achieved through cooperative efforts and dedicated service of the Authority's General Office Staff.

Sincerely yours,

SABINE RIVER AUTHORITY OF TEXAS

David Montagne
Executive Vice President
and General Manager

Debra Stagner
Chief Administrative Officer
and Treasurer

Holly Smith
Chief Financial Officer

BOARD OF DIRECTORS - 2017



Stanley N. (Stan) Mathews
President

Pinehurst, Texas

Mr. Mathews owns and operates Mathews Jewelers, Inc., established in Orange, Texas in 1984 and expanded to Beaumont in 2002. Born and raised in Orange as the son of J. L. and Laverne Mathews, he is very active in his community. He has served as Board Member, VP of Economic Development and Life Ambassador for the Greater Orange Area Chamber of Commerce. Mr. Mathews was named 1997 "Small Business Person of the Year." He previously served as a school board member of Little Cypress Mauriceville ISD and as an advisory board member for Memorial Hermann Baptist Orange Hospital. He is a member of the Texas Jewelers Association, a member of the Beaumont Chamber of Commerce, a member of the Lamar University Cardinal Club Board of Directors and a 30-year member of the Orange Rotary Club. In his leisure time, he enjoys golf, fishing and travel. Stan and his wife, Linda, have two children and five grandchildren and reside in Pinehurst, Texas.



Earl Williams, Orange, Texas
Vice President

Mr. Williams is CEO of Tool Tech Machining in Beaumont, Texas, partner of Cypress Bayou Industrial Painting, and President of Cypress Bayou, Inc. in Orange, Texas. He received a Bachelor of Science degree from Howard Payne University, a Master's degree from Stephen F.

Austin State University and completed post graduate work at Texas A&M University. Mr. Williams was appointed to SRA's Board of Directors by Governor Rick Perry in 2001. He previously served on SRA's Board from 1994 to 1999. Mr.

Williams and his wife, Suzanne, have two children and live in the Orange area.



David Koonce, Center, Texas
Secretary/Treasurer

Mr. Koonce is president/CEO of General Shelters of Texas Ltd., president/CEO of Campbell Portable Buildings, Ltd. and also has partnership interests in three small businesses. He is past president of the Shelby County Chamber of Commerce, past president and treasurer of the Shelby County Bass Anglers, Director for the Houston Livestock Show and Rodeo, member of Shelby County Area Go Texan Committee, member of Shelby County Cookers, past vice chairperson for the Shelby County Historical Commission, and past board member for Center Crime Stoppers. Mr. Koonce received a bachelor's degree from Stephen F. Austin State University. In his spare time he enjoys hunting, fishing, travel and spending time with his grandson. He and wife, Angela, are members of the First Baptist Church, where he serves as deacon, and reside in Center.



Cliff Todd, Carthage, Texas
Secretary Pro-Tem

Mr. Todd is semi-retired and is currently doing consulting and contract work with an emphasis in working with rural communities and also for the oil and gas industry in several areas. He was formerly with C & J Energy Services. Previously, he was the executive director of the Marshall Economic Development Corporation. He is a past member of the Austin and Carthage Rotary clubs and a past president of the Carthage Rotary Club. He retired after nearly 30 years with the Texas Department of Agriculture, serving in Austin and later with the TDA Rural Economic Division for the entire East Texas region. He is involved in overseeing the management of his family-owned farm and ranch in Panola County. He has served as a longtime adult and college Sunday school teacher for over 25 years. He currently serves as a deacon for Central Baptist Church. He enjoys being a pilot and spending time outdoors on weekends on their farm. His wife, Denise, is a retired kindergarten teacher. They have one daughter, Sara Roth of Dallas and two grandchildren. Mr. Todd received a bachelor's degree from Stephen F. Austin State University.

BOARD OF DIRECTORS



J.D. Jacobs, Jr., *Rockwall, Texas*
Past President

Mr. Jacobs is the former President and CEO of Jacobs Transportation, Inc. He resides in Rockwall County where he farms 4,000 acres of cotton, corn, milo and wheat and runs a 100-225 head cow/calf operation. Mr. Jacobs is a current member of the Farm Service Agency County Committee, the Rockwall County Extension Service Advisory Board and serves as VP for the Rockwall County Farm Bureau Insurance Board. He formerly served on the Rockwall Housing Development Corporation Board. He received the "2001 Agricultural Excellence Award" from the Texas Department of Agriculture. Mr. Jacobs and his wife, Ollie Marian, have three children and four grandchildren and he is a member of the Lake Pointe Baptist Church of Rockwall.



Cary "Mac" Abney,
Marshall, Texas

Mr. Abney is a certified public accountant and president of Abney and Company, PLLC. He is a member of the American Institute of Certified Public Accountants, Texas Society of Certified Public Accountants, and Texas Forestry Association, and a board member of the Marshall Harrison County Joint Airport Zoning Board, the Harrison County Soil and Water Conservation District, USDA, and is in the TSTC Foundation representing East Texas and the Texas Parks and Wildlife Foundation as Co-chair of Region III. Mr. Abney is also past president of the Harrison County Housing Finance Corporation and Harrison County Airport Advisory Committee, director and secretary of the Turney Foundation and the Slaughter Foundation, and secretary of the Fern Lake Club. He received a bachelor's degree from Southern Methodist University and is a graduate of the College of Financial Planning. Mr. Abney and his wife Claudia have two children and five grandchildren and reside in Marshall.



Sharon Newcomer,
Mauriceville, Texas

Sharon Newcomer is a past education certification instructor at Lamar State College-Orange and a former educator in the state of Alaska. Ms. Newcomer is also past president of the Alaska School Counseling Association, and a past member of the National Middle School Association, National Education Association, Matanuska Susitna Agency Partnership, Alaska Extended Learning Advisory Board, and LifeQuest Mental Health

Executive Board. Ms. Newcomer received a bachelor's degree from Sam Houston State University, a master's degree in elementary education from Stephen F. Austin State University, and a master's degree in education counseling from Oregon State University. Ms. Newcomer has a daughter and son-in-law and four grandchildren. She and her husband, Ed, reside in Mauriceville and she is a member of the choir at First Baptist Church of Orange.



Jeanette Sterner,
Holly Lake Ranch, Texas

Col. Jeanette Sterner was honorably discharged from the United States Army and Texas Army National Guard after 30 years of service. While serving in the Texas Army National Guard, she worked for the Veteran Administration Medical Center in Dallas as a vocational rehabilitation counselor and clinical coordinator for the Veterans Homeless Program. She is an active member of the Military Officers Association of America, VFW Mineola, and the Women's Service Guild Holly Lake Ranch. She is vice president of Greater Hawkins Veterans Memorial Association and president of Holly Lake Ranch Veterans Association and the Women's Auxiliary to Greater Hawkins Memorial Association. Civillian awards include Who's Who in America, Who's Who in the South and Southwest, and Biography of the Directory of Distinguished Americans. Col. Sterner received a Bachelor of Arts from Oklahoma City University, Masters of Science from Trinity University and a master's degree in Strategic Planning for Global Situations from the Army War College.



Laurie Woloszyn,
Longview, Texas

Ms. Woloszyn is currently the Gregg County Auditor appointed in 2003. She is the Co-Investment Officer for Gregg County and is a member of the Texas County Auditors Association. Prior to serving as auditor, Ms. Woloszyn served as the elected Gregg County Clerk from 1995-2003. She has worked for Gregg County for over 28 years. Prior to this she worked in both private and public sector positions when the love for public service was first recognized. Ms. Woloszyn graduated from Kilgore College and received a Bachelor of Business Administration from The University of Texas at Tyler in 1982. She has lived in Longview 42 years and has two adult sons. Her hobbies include travel, reading and spending time with her family.

BOARD OFFICERS - 2017



Earl Williams

Cliff Todd
Stan Mathews

David Koonce

Sabine River Authority

Board Officers 2017

President
Stan Mathews

Vice President
Earl Williams

Secretary/Treasurer
David Koonce

Secretary Pro-Tem
Cliff Todd



Board of Directors 2017

Clockwise from bottom left:
Stan Mathews, Sharon Newcomer, Cliff Todd, J.D. Jacobs, Jr., Jeanette Sterner, Laurie Woloszyn, Mac Abney, David Koonce, and Earl Williams

BOARD HIGHLIGHTS

The Sabine River Authority of Texas is governed by a nine-member Board of Directors. Each board member serves a six-year term. The Governor of Texas appoints three board members every two years. Directors are required to reside within a county situated wholly or partially within the watershed of the Sabine River. The members of the Board of Directors are leaders in their communities. They are dedicated citizens who are active participants in the water issues being addressed by the Sabine River Authority of Texas.



Stan Mathews (second from right) and Earl Williams (far right) present Community Assistance grant to the City of Bridge City.



Jeanette Sterner (left center) and Laurie Woloszyn (right center) present Community Assistance grant to the City of Lone Oak.



Cliff Todd (left), Mac Abney (second left), and David Koonce (right) present Community Assistance grant to the City of Huxley.



Cliff Todd, Jeanette Sterner, Laurie Woloszyn, and Mac Abney present the Macbee SUD with a Community Assistance grant.

EXECUTIVE STAFF



Bill Hughes, P. E.
*Lower Basin
Regional Manager*

Travis Williams, P. E.
*Water Resources
Manager*

David Montagne
*Executive Vice President
and General Manager*

Clayton Henderson
*Asst. General Manager,
Operations*

Troy Henry
*Upper Basin
Regional Manager*

Holly Smith
Chief Financial Officer

Ann Galassi
*Asst. General Manager,
Administration*

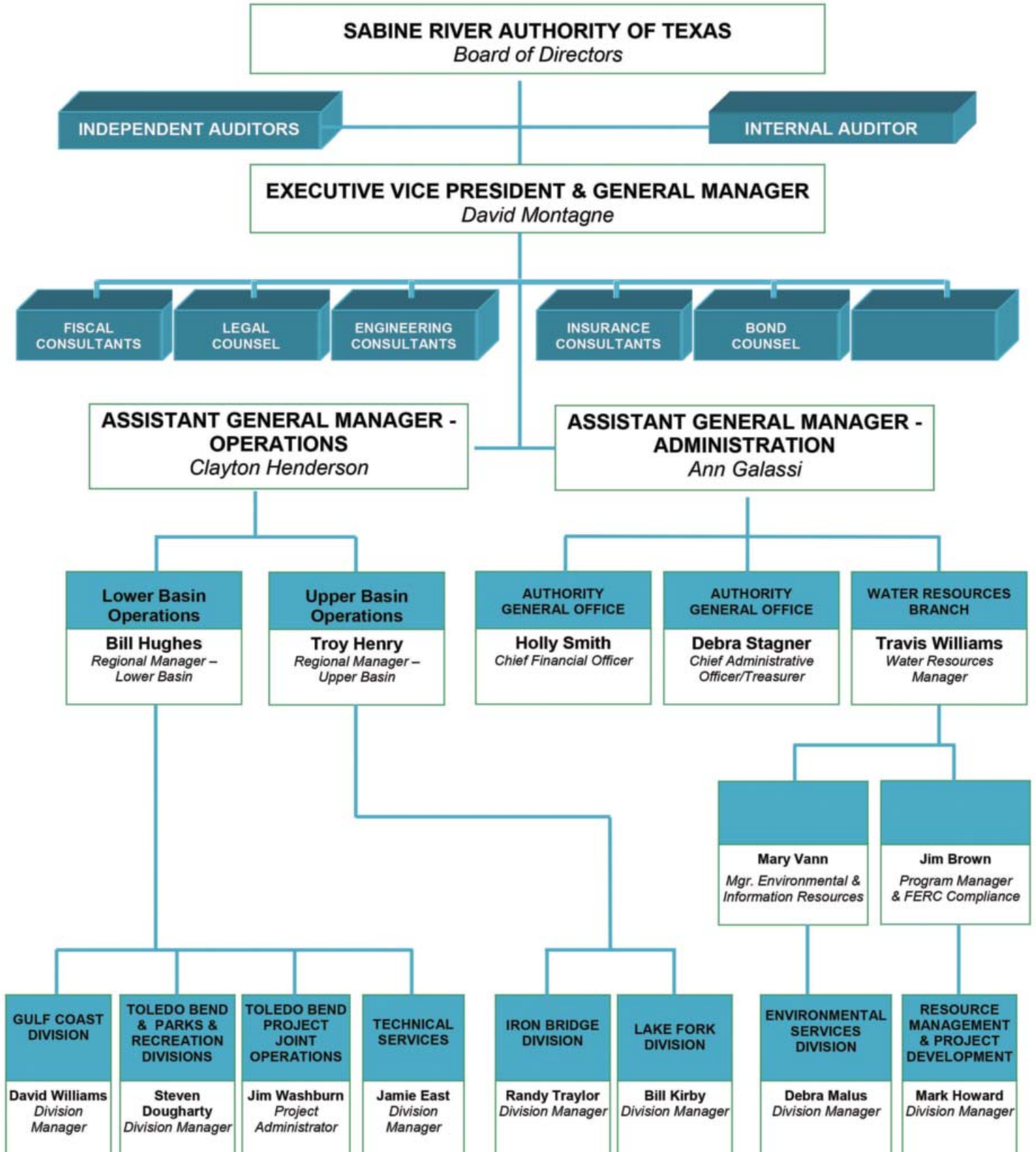
Debra Stagner
*Chief Administrative
Officer/Treasurer*



For nearly 70 years, the Board of Directors and Staff of the Sabine River Authority have taken the lead in managing the resources of the Sabine River Basin to meet the long-term water supply needs of the Basin and protect the value of the resources. As the demand for water grows due to increasing population in the State of Texas, SRA will continue to balance and prioritize the use of the water resources in accordance with State Laws.

MANAGEMENT STAFF

Effective September 1, 2017





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Sabine River Authority of Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2016

Christopher P. Morill

Executive Director/CEO



The Sabine River Authority of Texas was created by the Legislature in 1949 as an official agency of the State of Texas. The Authority was created as a conservation and reclamation district with responsibilities to control, store, preserve, and distribute the waters of the Sabine River and its tributary system for useful purposes. The boundaries established by the Act of the Legislature comprise all of the area lying within the watershed of the Sabine River and its tributary streams within the State of Texas. The watershed area in Texas includes all or parts of twenty-one counties.

MANAGING EAST TEXAS WATER

AS A POLITICAL SUBDIVISION created by the State Legislature, the Sabine River Authority of Texas (SRA) has the responsibility to manage the long-term water supply needs of the Basin. SRA plays a major part in state and regional water planning issues. Taking the lead in managing the Basin's water resources, SRA's overall plan is to ensure that water rights are maintained in the Basin and the value of the resource is protected.

David Montagne became Executive Vice President and General Manager of SRA in September 2014. Mr. Montagne is responsible for the overall operations of the Authority. He executes the policy and program directives of the Board of Directors, oversees the budget, and serves as the liaison between the agency, the Legislature, and other governmental agencies. He represents the interests of Texas as Project Supervisor for Toledo Bend Project Joint Operation, serving as a member of the Technical Board and is an ex-officio member of the Operating Board. Mr. Montagne has been with the Authority for over 30 years, previously holding the positions of Assistant General Manager and Controller. From 2004 until 2009, Mr. Montagne served as a Texas Ethics Commissioner. In 2009, he was appointed to the Texas State University System Board of Regents by Governor Rick Perry and in 2015 was reappointed for a six year term by Governor Greg Abbott.



David Montagne, Executive Vice President and General Manager

Active in water resource planning efforts, David Montagne is a board member of the Texas Water Conservation Association (TWCA), a statewide organization of water, wastewater and related entities. TWCA works to educate and inform members, the public, and governmental agencies and leaders at all levels regarding water industry issues. Mr. Montagne is also a member of the National Water Resources Association (NWRA), a federation of state organizations working to balance the needs of people and the environment.

Mr. Montagne was elected as a board member of the TWCA Risk Management Fund Board of Trustees and is a board member for Region I, one of the Regional Water Planning Groups (RWPG) developed from Texas Senate Bill 1 as a "bottom up" water planning process designed to ensure that the water needs of all Texans are met as Texas enters the 21st century. Each RWPG prepares regional water plans for their respective areas. These plans will

map out how to conserve water supplies, meet future water supply needs and respond to future droughts in the planning areas.

Ann Galassi, Assistant General Manager, Administration and Clayton Henderson, Assistant General Manager, Operations assist Mr. Montagne in executing the policy and program directives of the Board of Directors.

Ann Galassi has been with the Authority since 2001 and has held positions of Water Resources Manager and Manager of Economic Development/Public Relations. As Assistant General Manager, Administration she oversees

financial and human resources, water resource planning and water quality, economic development and governmental relations. Prior to coming to the Authority, Ms. Galassi worked in management, strategic planning and economic development and is a Certified Economic Developer with the International Economic Development Council.

The SRA welcomes Mr. Clayton Henderson to SRA's executive management team. Mr. Henderson, Assistant General Manager, Operations, joined SRA in June 2017 replacing Danny "Butch" Choate who retired after 25 years of service. Before joining the SRA, Mr. Henderson served two years with the Port of Beaumont as the Director of Corporate Affairs, where he led the Port's corporate

and government relations programs ensuring business and operational continuity with legislative and regulatory agencies on a local, state, and federal level. Prior to the Port, Mr. Henderson served ten years as the Assistant General Manager of the Sabine-Neches Navigation District where he served as a senior executive manager responsible for the improvement, operations, and maintenance of the Sabine-Neches Waterway federal ship channel; working in close coordination with fortune 500 stakeholders and the U.S. Army Corps of Engineers to secure the ultimate authorization of the Sabine-Neches Channel Improvement Project. Prior to his civilian career, Mr. Henderson spent 12 years in the military, serving in the U.S. Navy as an enlisted aircrewman and in the United States Marine Corps as a commissioned officer flying F/A-18 Hornets. As Assistant General Manager, Operations for SRA, Clayton is responsible for the operation, maintenance and safety of all operational facilities. 🇺🇸

SABINE RIVER BASIN PLANNING ISSUES



SPECIAL CONSULTANTS

The following are retained by the Authority to assist in their special capacities:

ATTORNEYS

Jim Graves (Mehaffy & Weber)
 Charlie Goehring (Germer, PLLC)
 Mike Booth (Booth, Ahrens & Werkenthin)
 Bob Szabo (VanNess Feldman)
 Charles Sensiba (VanNess Feldman)
 Lloyd Gosselink

INDEPENDENT AUDITORS

Pattillo, Brown & Hill, LLP

INTERNAL AUDITOR

James P. Jansen (Jansen & Gregorczyk)

INSURANCE CONSULTANTS

TWCA Risk Management Fund

BOND CONSULTANTS

Financial Advisor – Hilltop Securities, Inc.
 Bond Counsel - McCall, Parkhurst & Horton

ENGINEERING

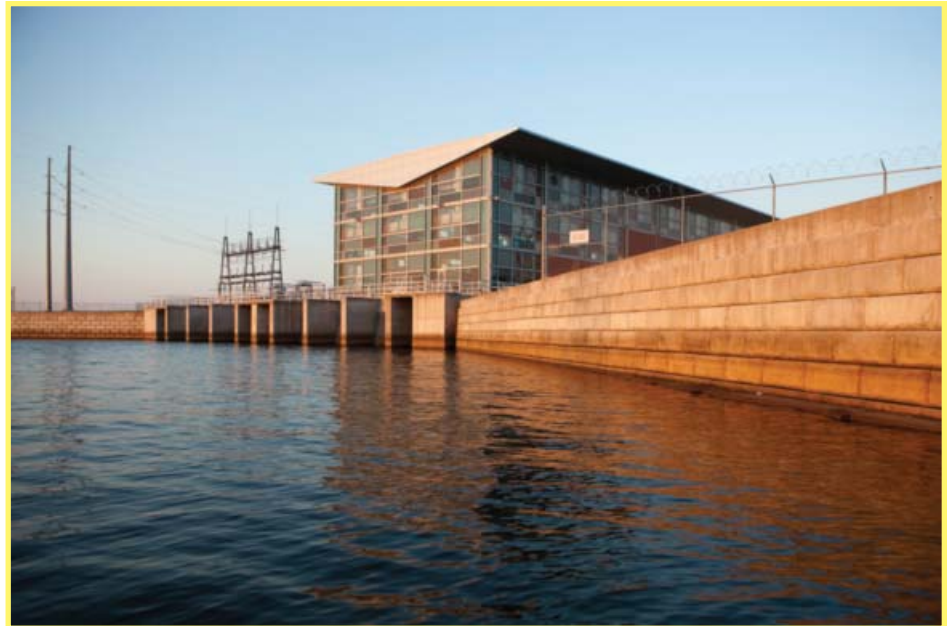
Freese & Nichols, Inc.
 LJA Engineering, Inc.
 HDR
 Alan Plummer Associates, Inc.
 Schaumburg & Polk, Inc.

LAKE FORK DALLAS CONTRACT SIGNED

LAKE FORK DAM AND RESERVOIR

is one of the three reservoirs owned and operated by the Sabine River Authority of Texas (SRA). The Reservoir inundates land in Wood, Rains and Hopkins Counties, Texas. In addition to providing water supply for the City of Dallas, Lake Fork Reservoir provides water for municipal and industrial users inside the Sabine River Basin including the Cities of Longview, Kilgore, Henderson, Quitman, and Texas Eastman. Lake Fork Reservoir continues to enhance recreational opportunities in the region and benefits the local economy as a premier bass fishing lake enjoyed by thousands of water sports enthusiasts. It has produced the top six and 33 of the top 50 largemouth bass caught in the State of Texas. It has hosted the Texas Toyota Bass Classic Tournament four times since 2007.

Although the Lake Fork Reservoir is a water supply reservoir



City of Dallas Raw Water Pump Station

providing a dependable source of water, the reservoir was primarily built as a source of water for a power generating facility. In 1974 SRA entered into a 40-year Water Supply

Facilities Agreement with Dallas Power & Light Company, Texas Electric Service Company, and Texas Power & Light Company (Electric Companies) to construct Lake Fork

Reservoir to provide water for an electric generating facility to be built in the area.

Construction of the reservoir began in 1975 and final closure of the dam occurred in 1980. After further evaluating the electric generating facility, the Electric Companies did not choose a project location near Lake Fork Reservoir and no longer needed their full portion of Lake Fork water.

In October of 1981, SRA and the Electric Companies entered into an agreement with the City of Dallas whereby Dallas assumed the Electric Companies' contractual right to use water from Lake Fork Reservoir for municipal water supply. Under this agreement, the City of Dallas paid SRA's capital portion of the cost of the project, in addition to their share, as additional



SRA Board approves resolution for new Lake Fork Dallas contract

compensation for the transfer of water resources out of the Sabine River Basin. The City of Dallas is also responsible for their pro-rata share of the Service Charge for Lake Fork Reservoir.

On November 1, 2014, renewal of the 40-year water supply contract with the City of Dallas required Dallas to continue to pay additional compensation, exclusive of their pro-rata share of the Service Charge amount, based on the prevailing rate of water. Although according to the contract, the amount of additional compensation is to be determined by mutual agreement between SRA and the City of Dallas, the parties were

unable to reach agreement on the amount of compensation.

After going to the Public Utility Commission for an interim rate and three years of litigation, the City of Dallas and SRA were able to reach an agreement on the additional compensation. On October 12, 2017, the SRA Board of Directors passed a resolution accepting the settlement agreement and the new Lake Fork Contract. The contract was signed on October 19, 2017 and will automatically renew throughout the useful life of the reservoir. This settlement provides the basin of origin additional compensation for the transfer of water resources out of the

Sabine River Basin. “This contract assures that the City of Dallas, SRA’s largest water supply customer, will pay their share of future water supply development in the Sabine River Basin,” stated SRA General Manager, David Montagne. “With these funds SRA will be able to continue to fulfill its statutory duty to support the development of the Sabine River Basin through developing future water supply resources, improving infrastructure needs, enhancing recreational opportunities and increasing economic development support for the Basin.” 🇹🇽



Lake Fork Dam and Reservoir

ADMINISTRATIVE OFFICE AND ACCOUNTING

THE AUTHORITY GENERAL

OFFICE (AGO) is located in the southeast corner of the state in Orange County near the city of Orange, Texas, approximately eight miles north of Interstate 10 on State Highway 87. All official activities of the SRA are arranged and coordinated through this office by the General Manager and his Executive Staff. Scheduling of meetings for the Board of Directors and management as well as posting public notices and agendas, disseminating public information and preparation of press releases are handled through the AGO. The General Manager and Executive Staff also consult with attorneys representing SRA concerning contracts and other legal issues and work with the financial advisors and bond counsel concerning bond issues.

Debra Stagner, AGO Chief Administrative Officer/Treasurer, has a BBA from Lamar University and has been with SRA since 2000. She has the overall responsibility for management and oversight of all SRA investments, human resources and risk management. Ms. Stagner is one of SRA's Investment Officers and is the Records Management Officer for SRA. Ms. Stagner is a member of the national and state Government Finance Officers Association and the Southeast Texas Human Resources Association as well as TWCA and NWRA.

Investment of SRA's funds is a very important function to ensure that all investments are made in accordance with the Public Funds Investments Act, Chapter 2256 of the Government Code, and the Board-adopted Flow of Funds Resolution

and Investment Policy. Investment reports detailing the investment transactions are prepared quarterly and submitted to the Board of Directors as required in the Public Funds Investment Act. In addition, accounts are monitored daily to ensure all funds are properly collateralized by the financial institutions.

The Human Resources Department maintains personnel files for all employees and provides assistance for healthcare benefit issues. Procurement of health, life, property, and liability insurance coverage for SRA is managed through the AGO. SRA has a partially self-insured medical plan. The purpose of this plan is to pay the medical expenses of SRA's employees and their covered dependents, and to minimize the



Sabine River Authority General Office, Orange, Texas

total cost of the medical insurance. SRA obtains property and liability insurance coverage from the TWCA Risk Management Fund and other carriers.

SRA welcomes Holly Smith, Chief Financial Officer, joining the SRA staff in September 2017. Ms. Smith graduated Lamar University in 2001 with a BBA in Accounting and in Finance. Ms. Smith is a CPA, member of the Texas Society of Certified Public Accountants and has sixteen years prior experience as Controller and financial analyst in large manufacturing companies. As Chief Financial Officer for SRA, Ms. Smith is responsible for the accounting records, financial reporting and the overall fiscal responsibility of SRA.

The Accounting Department staff processes accounts receivable, accounts payable and generates financial statements on a monthly basis. Working closely with the Division Managers, a budget of revenues and expenses is prepared for each fiscal year and is presented to the Board of Directors for approval. Revenues and expenses are then monitored on a monthly basis to ensure SRA is operating within the budget and to ensure that approvals for budget amendments are obtained from the Board as needed.



SRA Board President, Stan Mathews, receives the GFOA Certificate of Achievement for Excellence in Financial Reporting from David Montagne, Executive Vice President and General Manager

In accordance with Texas Commission on Environmental Quality (TCEQ) rules, SRA contracts with a Certified Public Accounting firm to employ an internal auditor who reports directly to the Board of Directors. The role of the internal auditor is to verify that the internal controls SRA has in place are more than adequate to protect the assets of SRA. Additionally, SRA contracts with a separate Certified Public Accounting firm as an independent

auditor for the purpose of forming an opinion on whether the financial statements present fairly the results of the operations of SRA. The Accounting Department staff is instrumental in working with the internal and independent auditors to assist in their objectives. In Fiscal Year 2015 (FY-15) the Board approved procurement and implementation of a new accounting software system. This system has allowed SRA to update and enhance the accounting and reporting processes for the Authority. The conversion began in FY-16 and was completed in FY-17.

All purchases of vehicles and heavy equipment are coordinated through the AGO. Texas purchasing laws are followed for major purchases to ensure SRA is receiving the most competitive price on these purchases. The Accounting Department maintains records for all SRA assets and conducts an annual inventory to verify the existence and the condition of the assets. 🇺🇸



Presentation of Audit at the December 2016 Board of Directors Meeting

WATER RESOURCES BRANCH

THE WATER RESOURCES BRANCH (WRB) of the Sabine River Authority directs water resource planning and development, water resource protection, environmental service support, and information resources management efforts that enable SRA to fulfill its mission to control, store, preserve and distribute the waters of the Sabine River and its tributary system for useful purposes.

Travis Williams, P.E., Water Resources Branch Manager, has been with the SRA since 2010. Mr. Williams is a licensed professional engineer with extensive experience in civil design, water treatment facilities, wastewater treatment facilities, project management and construction methods. He is an active member of the Texas Society of Professional Engineers (TSPE). Mr. Williams is the Project Manager for SRA's new Gulf Coast Division pump station and associated pipeline to be built near the Sabine River south of Highway 12 in Deweyville, Texas. The new 85 million gallons per day (MGD) raw water pump station, currently in design and permitting stages, will ensure a reliable water supply for customers in Orange and Newton Counties. The facility is slated for completion in 2020.

In FY-17, the WRB continued compliance activities associated with the Toledo Bend Project Joint Operation Federal Energy Regulatory Commission (FERC) License issued in August 2014 (FERC No. 2305). In FY-17, the FERC Compliance Team, comprised of personnel from SRA and Sabine River Authority, State of Louisiana: implemented continuous releases from the Project spillway modified by the new license under Article 402; implemented the Spillway Flow Release Plan under Article 403; developed and submitted a Drought Contingency Plan for FERC approval under Article 416; and began implementation of the Upstream Passage Plan for Passage of Juvenile Eels – Section 18 Prescription for Fishways. Article 402 modified the continuous releases from the spillway to be released from an elevation invert no lower than 145 feet above mean sea level according to a seasonal schedule. The Article 403 Spillway Flow Release Plan describes how the continuous releases are made and monitored. The releases are measured to meet or exceed U.S. Geological Survey (USGS) standards and are reported on a public USGS website. The Article 416 Drought Contingency Plan identifies



Mary Vann
Manager, Environmental and Information Resources



Jim Brown
Program Manager and FERC Compliance Officer

water conservation and reservoir public access measures that will be implemented during drought conditions. The Plan was developed in consultation with state and federal natural resource agencies, water supply customers, and lake recreation interests and balances multiple public interests during periods of scarce water availability. The Upstream Passage Plan for Juvenile Eels was required by a Section 18 Prescription for Fishways in the new license. The Plan requires the Authorities to deploy and operate portable ramp traps in the Project tailrace and spillway channels and to safely pass juvenile American eels from the Sabine River to suitable locations upstream of the Project works.

SRA's Community Assistance Program (CAP) assisted sixteen Sabine Basin applicants in FY-17 with repairs and improvements in the areas of wastewater management, water supply, water quality, and water conservation. Applicants that were awarded grants consisted of six water supply corporations, four water districts, and six municipalities. Three of the sixteen grants awarded provided emergency assistance funds for a failed water supply source and recovery from tornado damage. SRA's CAP, part of an Economic Development

Initiative SRA initiated in 2002, provides competitive grants intended to complement or leverage local project funds for entities within the Basin.

In FY-17, SRA upgraded its Internet circuit to fiber optics which provided faster connection speed, increased bandwidth, and significantly increased stability of SRA's Internet connection. Expanded use of Internet-based resources as well as GIS mapping and other business applications predicated the need for greater bandwidth. 🇹🇽



WRB staff and state and federal agencies evaluate eel passage ramp setup.

RESOURCE MANAGEMENT AND PROJECT DEVELOPMENT DIVISION



Mark Howard
RMPD
Division
Manager

THE RESOURCE MANAGEMENT AND PROJECT DEVELOPMENT DIVISION (RMPD) assists all SRA divisions by providing technical services including data analysis and reporting, field biology expertise, location data and mapping using SRA's geographical information system (GIS), graphic arts and layout including the SRA calendar and the annual financial report, aerial imaging, information technology support, and content maintenance of the SRA website (www.sratx.org).

In FY-17, RMPD upgraded its mapping capabilities by implementing an enterprise GIS system that enables SRA to provide map data to mobile devices such as iPads. This new capability provided mapping support to Operations Branch divisions for administration of Private Limited Use Permits, allowing field crews to more easily locate project boundaries and property lines to assist with permitting boat houses, piers, and other structures on SRA property. This system also facilitates FERC compliance activities by

providing on-site mapping data for field crews. Going forward, RMPD plans to provide mapping data to field crews to streamline inspections and facilitate tracking activities such as timber harvests, short term water pump locations, and oil field operations.



Assisting FERC Compliance at Toledo Bend

RMPD assisted with FERC compliance requirements including the Coffey Dam Monitoring Program and Upstream American Eel Passage Program. The RMPD also assisted with permitting of the Frontier Park waste water treatment plant and delineation of SRA property that is entered into the North Toledo Bend Wildlife Management Area and Type 2 hunting area known as Unit 630. To continue efforts to protect SRA lakes from the damaging effects of invasive aquatic plant species, RMPD coordinated with the Texas Parks and Wildlife Department (TPWD) nuisance vegetation control programs for giant salvinia on Toledo Bend Reservoir and water hyacinth and giant salvinia on Lake Fork. RMPD also coordinated with TPWD's zebra mussel and giant salvinia public awareness programs which inform boaters and anglers about what they can do to help stop the spread of invasive species.

Website:

www.sratx.org



Graphic Arts for Annual Financial Report and Several Magazines

ENVIRONMENTAL SERVICES DIVISION



Debra Malus
Environmental Services
Division Manager

THE ENVIRONMENTAL SERVICES DIVISION (ESD) provides technical support throughout the Sabine Basin in the areas of water quality monitoring and laboratory analysis. The ESD has nineteen employees and is comprised of a Water Quality Laboratory and Lower Basin Field Office in Orange and an Upper Basin Field Office at Lake Fork. Staff actively participates in multiple

professional and technical organizations, staying abreast of developing analytical technologies and water quality related regulations.

The ESD Water Quality Laboratory continues to maintain NELAP (National Environmental Laboratory

Accreditation Program) accreditation so that it can provide metals, inorganic, and bacteriological analyses of potable and non-potable water for public, private, and governmental entities. The Texas Commission on Environmental Quality (TCEQ) requires NELAP accreditation for laboratories to report data for permits, assessments, compliance issues, enforcement actions, and corrective actions. The ESD laboratory is also approved to analyze potable water samples for the Lead and Copper Rule program instituted by the Environmental Protection Agency (EPA) to improve public health protection and control lead and copper in drinking water.

In FY-17, the ESD performed a total of 97,090 water quality tests including 48,770 tests for the Sabine Basin water quality monitoring programs, 10,550 tests for 39 industrial customers, and 10,503 tests for 64 municipal customers and private individuals. A total of 27,267 tests were performed for quality assurance/quality control purposes to support data generated by the laboratory and field offices. Quality assurance data is critical for validation of laboratory results and collected field data.

Upper and Lower Basin Field Office staff monitor water quality at fixed stations within the Sabine Basin for the Texas Clean Rivers Program (TCRP). These stations have been monitored for many years and represent water bodies utilized for drinking or process water supply sources, recreation areas, and areas that receive treated wastewater. In FY-17, samples were collected



Oil and Grease Analysis



Ion Chromatography



Biological Oxygen Demand



Field Water Quality Samples



Total Suspended Solids Filtration



Ammonia Analysis

ENVIRONMENTAL SERVICES DIVISION

monthly at thirty-seven fixed stations and analyzed for bacteria, conventional, and field parameters. In addition to the routine monthly sampling, the field staff collected samples in July 2017 to conduct metals analysis. All results from these field monitoring events were submitted to TCEQ's Surface Water Quality Monitoring Information System under SRA's Quality Assurance Project Plan.

The Upper Basin Field Office staff continued to conduct additional

sampling at twelve sites on Lake Fork and Lake Tawakoni combined, and at one site on the Sabine River upstream of several municipal drinking water intakes. This supplemental sampling provides data used to evaluate water quality trends in the Upper Sabine Basin for the benefit of SRA's Upper Basin water supply customers.

ESD staff work with local, municipal, state, and federal agencies to investigate incidents that may threaten Sabine Basin

watersheds. In FY-17, ESD staff investigated eleven spills, one fish kill, and three miscellaneous environmental reports. Other ESD responsibilities include collecting and analyzing samples at selected sites on the SRA canal system in support of certain water supply contracts and monitoring the flow of the Sabine River main channel split at Cut-off Bayou. 🇹🇽



Sample Maintenance



Tidal Water Quality Monitoring



Toledo Bend Spillway Flow Measurement

OPERATIONS BRANCH OPERATING DIVISIONS



*Iron Bridge Dam & Reservoir
(Lake Tawakoni)*



Lake Fork Dam & Reservoir



Willow Oak Recreation Area



Toledo Bend Dam & Reservoir



John Simmons Gulf Coast Canal System



Sabine River Basin

ARKANSAS

LOUISIANA

TEXAS

OPERATIONS OVERVIEW

OPERATIONS OF THE SABINE RIVER AUTHORITY began in the lower Sabine River Basin with the purchase of the pump station and canal system owned by the Orange County Water Company in 1954. SRA's canal system, operating first as the Orange County Canal Division and later as the Gulf Coast Division, consisted of a pumping plant on the lower Sabine River and approximately 75 miles of gravity-flow canals throughout Orange County. The John W. Simmons Gulf Coast Canal System originally provided raw water to industries, a municipality, rice farmers and crawfish producers in Orange County. Although water use for rice farming and crawfish producers has greatly been reduced, the canal system continues today to provide a reliable and economical source of water to its industrial and municipal customers.

The next SRA operation facility was a water supply reservoir in the upper Sabine River Basin. The Iron Bridge Dam and Lake Tawakoni Reservoir, which lies partially in Hunt, Van Zandt and Rains Counties, began construction in 1958 and was completed in 1960. Construction of the dam and reservoir was funded through a water supply agreement with the City of Dallas to provide water for municipal and industrial purposes.

Toledo Bend Reservoir was the next project undertaken by SRA. Plans to build Toledo Bend Dam and Reservoir proved feasible with an engineering study completed in 1958. The Toledo Bend Project was built for the primary purposes of water supply and hydroelectric power generation, with a secondary benefit of providing opportunities for

all types of recreational activities. The Toledo Bend Project is located in Louisiana and Texas on the Sabine River, which forms a portion of the boundary between the two states. Partnering with the Sabine River Authority, State of Louisiana, SRA began construction of the dam, spillway and power plant in April of 1964. Construction was completed in 1968.



The fourth operation facility and third water supply reservoir built by SRA was the Lake Fork Dam and Reservoir located in the upper Sabine River Basin in Wood, Rains, and Hopkins Counties. Construction of the dam and reservoir began in 1975 and was completed in 1980. Although the reservoir was initially built to provide water for an electric generating facility, it also provided water for many communities in the Basin. In 1981, it became a water supply source for the City of Dallas when they assumed the electric companies' contractual right to use Lake Fork water. Over the years, Lake Fork Reservoir has also become a premier largemouth bass fishery and a popular recreation site.

Management of the four operational facilities is headed by Clayton Henderson, SRA Assistant General Manager, Operations. To assist in Operations, Troy Henry serves as the Upper Sabine Basin Regional Manager and Bill Hughes, P.E. serves as the Lower Sabine Basin Regional Manager.

Troy Henry is responsible for the operation, maintenance and safety of the facilities at the Iron Bridge and Lake Fork Divisions. Mr. Henry has been with the Authority for over 26 years and has worked in Environmental Services and Operations. He is a registered Professional Sanitarian and active in the Texas Environmental Health Association. Mr. Henry served on the Northeast Texas Regional Water Planning Group (Region D) where he represented the River Authority interest group.

Bill Hughes, P.E. is responsible for the operation, maintenance and safety of the facilities at the Toledo Bend Division, Parks and Recreation Division and Gulf Coast Division. Bill Hughes also oversees the Technical Services Division created to support and enhance operations throughout the basin. Mr. Hughes has been with the Authority since 2003 and was Director of Engineering Services before becoming Lower Basin Regional Manager. Mr. Hughes, a licensed professional engineer, has over 32 years of experience in civil design, concrete structures, steel structures, geotechnical design, project management and construction methods. He is a long-time standing member of the American Society of Civil Engineers (ASCE). 🇺🇸

GULF COAST DIVISION



David Williams

*Gulf Coast
Division Manager*

THE SABINE RIVER AUTHORITY'S GULF COAST DIVISION (GCD), is responsible for the SRA water supply and related operations in the Orange and Newton County area. The division office building, pumping plant, shop and maintenance facilities are located at 1922 I-P Way, Orange, Texas, approximately eight miles north of Orange and 1-1/2 miles east of State Highway 87.

The pumping plant has a capacity in excess of 180 MGD and is located on an intake canal off the Sabine River and lifts the water approximately 22 feet to the main canal. Water is then conveyed through 75 miles of canals and laterals to the various customers throughout Orange and Newton County. The canal system supplies water to a municipality and several industries, including petro-chemical plants, a pulp and paper mill, a steel mill, and two electric generation plants. Water is also supplied for the purpose of irrigation and other miscellaneous uses.

The pumping plant and canal system are operated and maintained by GCD personnel on a twenty-four hour per day basis to ensure a dependable supply of fresh water to the customers.

The SRA welcomes David Williams, Gulf Coast Division Manager, to replace Paul Jeanis who retired as GCD manager after 39 years of service. Mr. Williams graduated from Lamar University Institute of Technology in 2003 with an Associates Degree in Process Operating Technology and has been with the SRA for 17 years.

In FY-17 a total of 44,843 acre feet or 14,612,238,000 gallons of fresh water was delivered to

customers throughout the GCD canal system.

The pumping plant is a steel structure on a concrete foundation with pumping equipment consisting of two 60,000 gallons per minute centrifugal pumps which are driven by 400 H.P. electric motors with variable speed drives that control the amount of water pumped, reduction gears and a smaller auxiliary vertical pump with a capacity of 15 MGD.

On August 30, 2017 Tropical Storm Harvey hit the Southeast Texas area, later determined to be a 1,000-year storm, dropping a typical year's rainfall of nearly 45-inches over a period of three days. SRA's pump station flooded as a result of Tropical Storm Harvey, rendering it unusable for 23 days. SRA quickly initiated a temporary pump operation which consisted of up to fifteen diesel-driven pumps, never losing its ability to meet

customer demand. The flooded pump station was dried out and electrical components replaced and returned to operation on September 22, 2017.

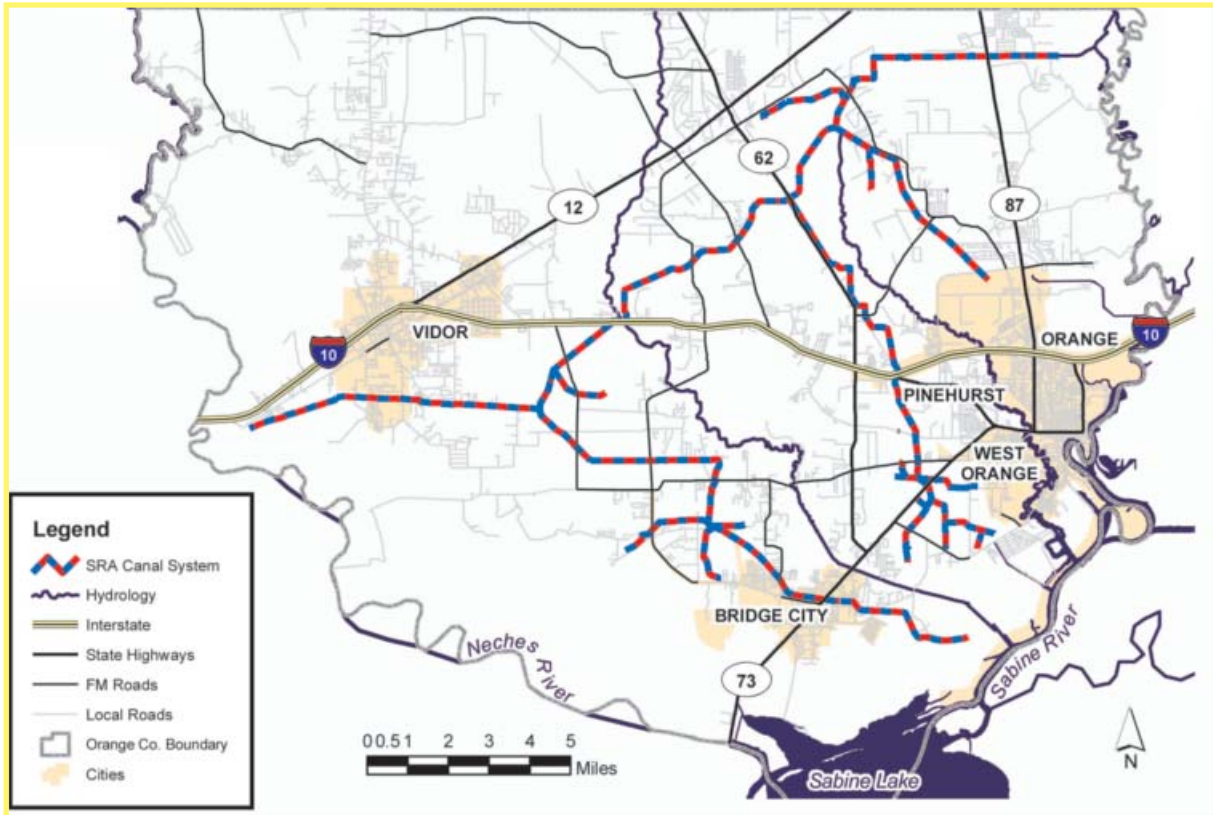
The canal system consists of approximately 30 miles of main canal and 45 miles of lateral canals. The main canal has a capacity of 950 acre feet or 309,558,000 gallons per day. The water levels in the canals are manually monitored and level controls maintained by control gates located throughout the canal system.

Routine upgrade, maintenance and repairs to the Gulf Coast Division include: repairing miles of canal levees; removal of accumulated silt and aquatic plants; and continual mowing of the canal rights-of-way. Other activities



Temporary Pump Operations, Hurricane Harvey Flood Recovery

GULF COAST DIVISION



John W. Simmons Gulf Coast Canal System - Orange County

include working with surrounding county agencies on water related issues to ensure that water flowing in the canal system is not restricted. These efforts provide a dependable supply of fresh water to all SRA

Gulf Coast Division customers to meet the current and future water needs for the area.

Other GCD personnel duties include maintenance of the Highway 12 boat ramp on the

Sabine River in Deweyville and the Cow Bayou boat ramp in Bridge City.

The SRA-Dupont wastewater treatment facility located off Highway 62 (owned by the Authority and operated by the GCD personnel for Dupont Live Oak Warehouse) was decommissioned in FY-17. Orangefield Water Supply Corporation Regional Sewer Plant is now providing wastewater treatment for the facility.

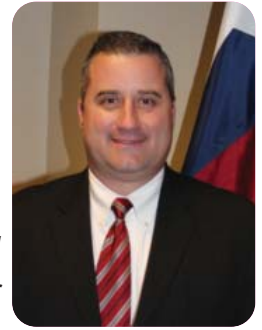
Cumulative daily average flow measured at the USGS Ruliff Gauge on the Sabine River at Highway 12 in Deweyville, Texas totals 3,777,239 acre feet of water in FY-17, compared to 11,433,919 acre feet in FY-16.

Rain measured as of August 30, 2017 at the GCD office indicates a total of 110.92 inches in FY-17 compared to 82.29 inches in FY-16. 🇺🇸



GCD Pump Station

TOLEDO BEND DIVISION



Steven Dougharty

*Toledo Bend
Division Manager*

TOLEDO BEND RESERVOIR is the largest man-made reservoir in the south with some 185,000 surface acres and 1200 miles of shoreline. The reservoir sprawls into parts of Panola, Shelby, Sabine and Newton Counties in Texas as well as De Soto and Sabine Parishes in Louisiana. The Toledo Bend Powerhouse first began generating electricity in 1969. Water supply, hydroelectric generation and recreation are the primary purposes for the reservoir's construction.

The Toledo Bend Division has been responsible for management and operation of the Texas side of the reservoir for over 48 years. This division administers 762 miles of shoreline, 3087 Private Limited Use Permits, 26 Commercial Permits, 4383 Private Sewage Facility Licenses, 1400 On-Site

Sewage Facility Registrations, more than 500 buoys, 2 recreation areas, 10 boat ramps, one sewer plant, and several maintenance facilities.

FERC compliance work and plan development continued this year. Specifically, within TBD, erosion monitoring work and encroachment monitoring work was ongoing. Erosion monitoring involves an annual inspection and evaluation of thirteen sites on Federal and non-Federal lands. Encroachment monitoring work involved aerial imagery examination, field investigations, survey work, documentation, and notification.

A wide variety of routine but significant work was done in both

permitting and maintenance during the year. Shoreline erosion control work continued in various locations within Shelby, Sabine and Newton Counties. Miles of boat lanes were maintained by replacing, repairing, and repositioning buoys. Several short term limited water use contracts were permitted. Several encroachments and many new construction projects were permitted. Numerous inspections were performed on SRA property regarding erosion, hazard tree, permit lines, and park safety. As TCEQ's designated representative within 2000 feet of the reservoir,



Toledo Bend Division Offices

TOLEDO BEND DIVISION



Boat Houses are Inspected for Compliance with Construction Permits and Leaseback Rules

employees performed numerous on-site sewage facility final inspections. Five commercial limited use permits expired in FY-16 and have been reinstated in FY-17 to include new FERC guidelines and requirements.

Giant salvinia, which has been an ongoing challenge for several years, is most problematic in the backs of the coves and upper reaches of Toledo Bend on the Texas side of the reservoir. The Texas Parks and Wildlife Department has continued their control efforts by applying herbicide and through the distribution of

salvinia weevils. SRA has continued to support TPWD in their efforts to control giant salvinia and other non-native nuisance aquatic plant species. 🇹🇽



Central Sabine Search and Rescue SCUBA Training, Toledo Bend Tailrace

TOLEDO BEND PROJECT JOINT OPERATION



Jim Washburn
Project Administrator

THE TOLEDO BEND PROJECT is jointly owned by the Sabine River Authority of Texas (SRA-TX) and the Sabine River Authority, State of Louisiana (SRA-LA). The Toledo Bend Reservoir, at 185,000 acres, is the largest man-made reservoir in the Southern United States. Toledo Bend has over 1,200 miles of shoreline; 503 miles in Louisiana

and 762 miles in Texas. The storage capacity of the reservoir is over 4,477,000 acre feet and it stretches more than 75 miles from the dam to north of Logansport, Louisiana and inundates land in four Texas counties (Panola, Shelby, Sabine and Newton) and three Louisiana parishes (DeSota, Sabine and Vernon).



Toledo Bend Dam and Powerhouse

and 762 miles in Texas. The storage capacity of the reservoir is over 4,477,000 acre feet and it stretches more than 75 miles from the dam to north of Logansport, Louisiana and inundates land in four Texas counties (Panola, Shelby, Sabine and Newton) and three Louisiana parishes (DeSota, Sabine and Vernon).

Rules, regulations, financial management and operation of the Project are directed by the Operating Board which is comprised of two members from SRA-LA Board of Commissioners (Ned Goodeaux, C.A. Burgess) and two members from SRA-TX Board of Directors (Earl Williams, Stan

Mathews). The General Manager of SRA-TX and the Executive Director of SRA-LA serve on the Operating Board as ex-officio members. The initial costs for the construction of the Project were shared equally by the two Authorities and they continue to share in the operating costs;



Pelicans in the Spillway

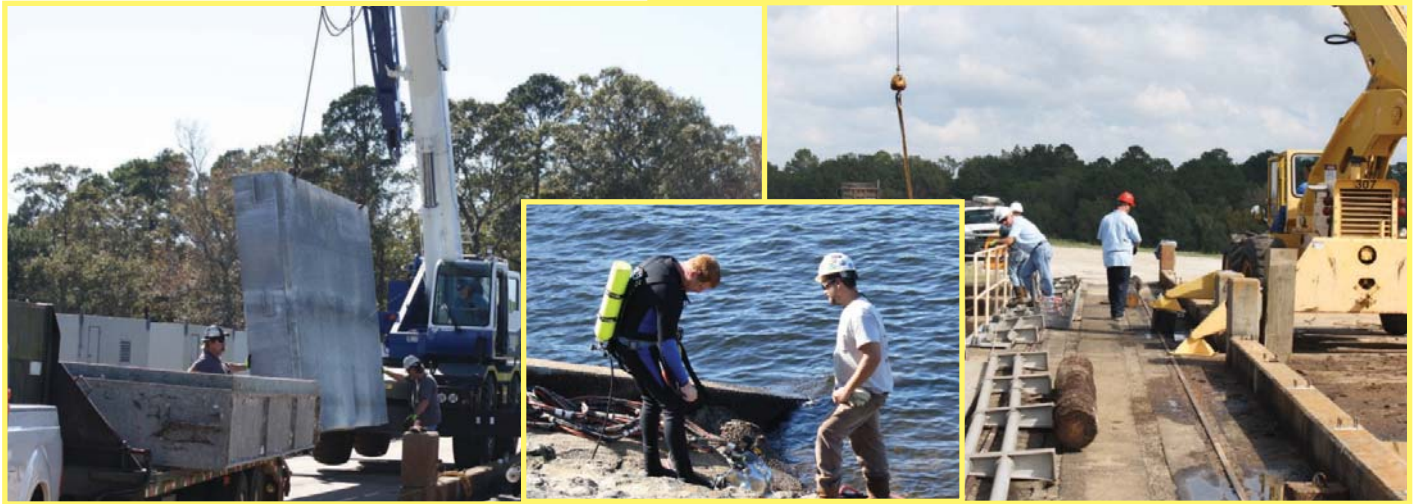
supply yield is equally divided. Management of matters related to the reservoir, dam, spillway and power plant are handled jointly with each state managing its own shoreline and recreation activities.

The Toledo Bend Project Joint Operation Project is participating with Newton County in a Flood Hazard Mitigation program below the dam. The Project is furnishing cash and in-kind services in the form of demolition of homes and structures in the flood-way which are being purchased through a grant program. The first two phases were initiated in 2007. In FY-12 Phase III, IV and V were implemented. Included in these phases were properties on River Road (directly below the dam), Sabine Sands (Bon Wier area) and the Deweyville area. During FY-17 properties were appraised but none were purchased.

At the powerhouse intake there are six bays of trash racks. Each bay consists of seven sections of racks. In FY-16 all of the racks in bay one were replaced except the very top trash rack. The top racks are located above water and are not in need of replacement at this time. In FY-17, the bottom two racks in each of the remaining five sections were replaced. During this work it was noticed that the remaining four racks in each of the five sections needed replacing and monies for the replacement were allocated in the FY-18 budget.

Powerhouse Unit #2 generator was removed from service in FY-16. Once removed from service, the unit was converted from a Kaplan

TOLEDO BEND PROJECT JOINT OPERATION



Powerhouse Intake Trash Rack Replacement Project

turbine to a propeller turbine by blocking and welding the blades at a twenty-degree angle. HDR Engineering, Inc. was the Project's consulting engineering firm on this work. The unit was placed back into service on March 10, 2017. With the modification, Unit #2's normal output was decreased from 40 MW to 35 MW.

Federal Energy Regulatory Commission (FERC) staff participated in a meeting at the Project on March 21, 2017 wherein Project employees and State and Local downstream Emergency Managers discussed the high water event of March 2016 in an effort to improve the Emergency Action Plan

and communications with the Emergency Managers.

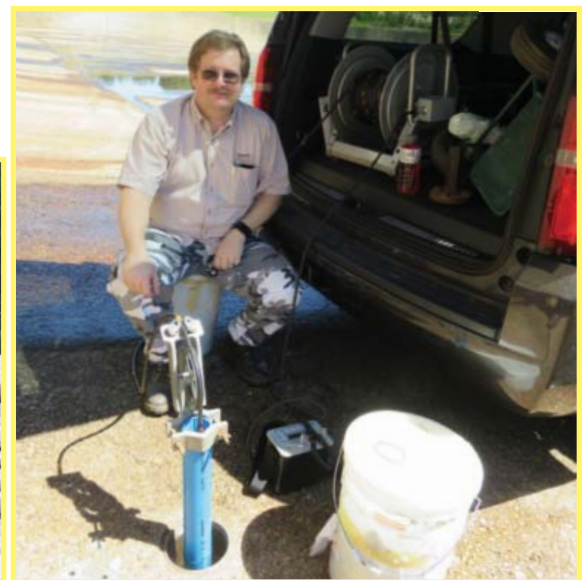
The Annual FERC Safety inspection was conducted on March 22 & 23, 2017. Each year, FERC engineers inspect the dam, spillway, powerhouse, and related facilities to ascertain that all facilities are functioning and being maintained in compliance with FERC standards and that the security and integrity of the Project are being enforced. Representatives from Freese and Nichols, Inc., the Project engineer consulting firm, participated in the inspection.

The fiscal year started with a reservoir elevation of 170.15' mean sea level

(MSL) on September 1, 2016 and ended at 173.50' MSL on August 31, 2017. Total rainfall at the dam during FY-17 was 71.09 inches compared to 77.85 inches in the previous year. Total water released during FY-17 was 1,992,540 acre feet. The power plant generated 112,409,000 kWh this fiscal year and 277,933,000 kWh during FY-16.

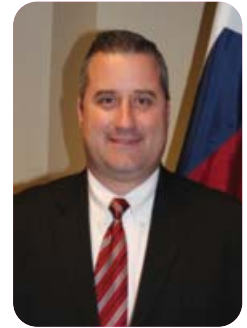


Shoreline Hardening Rip-Rap



Spillway Movement Detection Instrumentation

PARKS AND RECREATION DIVISION



Steven Dougharty

*Parks & Recreation
Division Manager*

THE PARKS & RECREATION DIVISION (PRD) began operation in 1999 with the primary vision to preserve and expand recreation opportunities throughout the Sabine Basin. For the past 18 years this division has specifically been operating and maintaining Haley's Ferry, Ragtown, East Hamilton, Indian Mounds, Lakeview and Willow Oak Recreation Areas which are located in Shelby and Sabine Counties. PRD Employees maintain about 200 acres of recreation area which includes five boat ramps, 90 campsites, six restroom buildings, many miles of roads, two hiking trails, two water systems and two dispersed camping areas.

Improvements to the six United States Forest Service (USFS) recreation areas over the past sixteen years include five boat ramp renovations, a boat ramp construction at the Indian Mounds camping area, and a second camping loop opened at Indian Mounds. All parks have been opened year-round. Buildings, grounds, amenities and trails have been improved by routine maintenance.

The issuance of the FERC license August 1, 2014, initiated a capital improvement plan for the USFS

owned and SRA operated recreation areas. The plan includes improvements that will make some campsites ADA accessible, replace current portable restroom facilities with new vault toilet facilities, decommission of a few unused facilities, and construct several new walkway ramps with boat access. Planning with the USFS is nearly complete with these projects and design and layout work is continuing. Several precast concrete vault toilet buildings will be placed once plans and approval are complete. Capital Improvement work is planned for implementation over the next few years.

Numerous routine but significant maintenance items were

completed during this fiscal year. Asphalt repair work was completed for some rough areas on roadways in FY-17 at Indian Mounds, Willow Oak, Ragtown, and East Hamilton recreation areas. Repairs were completed in the summer by personnel. East Hamilton and Ragtown boat ramps both required repair this year due to erosion at the edges of the ramps. Cement was poured to fill voids under and at the edges of the ramps. Mowing acres of parks, campgrounds, shorelines, and miles of roadways each year keeps accessways and public use areas beautiful and safe for recreation. Indian Mounds and Lakeview campgrounds have TCEQ regulated drinking water systems which require employee

licenses and continuing education, constant monitoring and reporting, along with routine maintenance and repairs. Entrance gate and fence construction continued during this fiscal year at some locations.

The annual Walk in the Forest was a success again this year. The fifth grade students and the teachers love to

get out of the classroom for a walk down the Ragtown nature trail. Education stations are set up



Sam Forse Collins Boat Ramp Facilities

completed during this fiscal year. Asphalt repair work was completed for some rough areas on roadways

PARKS AND RECREATION DIVISION



Ragtown Recreation Area Sign Replacement

along the trail. Some stations are nestled along the waters edge, some perched on high bluffs overlooking the lake, some near deep ravines or large hills, but all stations are among the towering trees of the Sabine National Forest. Education stations are presented by the Texas Forest Service, the United States Forest Service, Texas Parks & Wildlife and others. The Texas Forest Service and SRA are cosponsors of the event. All Shelby County Schools are invited and most attend each year. Education topics include forest reptiles,

forest wildlife, trees, insects, and archeology. Students enjoy a sack lunch in the camping area or near the lakes edge before returning to school. About 140 students attended this year, but the grand total of people involved was about 180 including teachers, presenters, workers, and trail guides. 🇹🇽



Park Road Maintenance



Fishing Toledo Bend with a Rainbow Backdrop

LAKE FORK DIVISION

THE LAKE FORK DIVISION of the Sabine River Authority of Texas has been responsible for the operation and maintenance of Lake Fork Dam and Reservoir for 37 years. Final closure of the dam was made in 1980 and the reservoir reached full conservation pool elevation of 403' mean sea level (MSL) in 1985.

Lake Fork Reservoir provides raw water for numerous municipal and industrial customers. The full storage capacity of the reservoir is 675,819 acre feet of water, with an annual dependable yield of 188,660 acre feet. Bright Star-Salem Special Utility District, the City of Quitman, and the City of Dallas have pump stations on the reservoir.

Downstream customers include the City of Longview, the City of Kilgore, the City of Henderson, and Texas Eastman. These customers receive their water from the Sabine River Authority by way of releases made through the spillway and pump their released water from the river at TCEQ permitted diversion points.

Lake Fork Dam has a controlled spillway with five Tainter gates that are operated by an electrical cable hoist system. Each gate is 20 feet tall and 40 feet in width. Epoxy coatings and cathodic protection are maintained on the gates to resist corrosion. The earthen embankment is covered in Bermuda grass and is maintained by annual lime and fertilizer applications, weed control and mowing. Regular maintenance inspections and soil cement patching have kept the soil cement face of the dam in good

condition. The dam and spillway are inspected annually by consulting engineers, with a more in-depth inspection occurring every three years.

The FY-17 engineer's annual

Bill Kirby

*Lake Fork
Division Manager*



inspection took place in October 2016. The engineer recommended repairs to the downstream slope of the dam. The project was needed in order to address years of minor surface erosion issues caused by readily erodible or dispersive soils. The area in need of repair was in the closure section of the dam, the last section to be filled during construction. The section covered an area approximately 2000 feet along the length of the dam and 200 feet up the slope. Construction began in July of 2017. The first step in the process was to remove the Bermuda grass and



Lake Fork Division Offices and Maintenance Facilities



Soil Replacement Project

LAKE FORK DIVISION

topsoil, exposing the dispersive fill material underneath. The topsoil was stockpiled on site to be reused later. The second step was to remove the dispersive soils to a depth of three feet. Non-dispersive clay material was then placed in compacted benches to fill the void. The stockpiled topsoil was then used to cover the area. Erosion matting and seed were placed to stabilize the slope and to re-establish Bermuda grass cover.

The Lake Fork Division has a total of thirteen employees. Lake Fork Division personnel are tasked with managing approximately 315 miles of shoreline in addition to maintaining the dam and spillway. Maintenance and Operations (M&O) personnel handle a wide variety of tasks every year on the dam, reservoir, boat ramps and surrounding lands. In June of 2017, M&O personnel completed the task of refurbishing the cathodic protection on the Tainter gates. These repairs were part of a five year scheduled inspection and maintenance plan. In summer of 2017 the M&O personnel also completed the reconditioning of the stop logs and installing a floating pier at the 515 East Boat Ramp.



New Floating Pier at the FM515 East Boat Ramp

Giant salvinia was discovered in Chaney Branch of Lake Fork in November of 2015. Texas Parks and Wildlife Department, in conjunction with SRA employees, acted swiftly to isolate the impacted area. Booms were placed across Chaney Branch in an effort to keep the invasive weed from spreading to other areas of the reservoir. Texas Parks and Wildlife Department began spraying herbicide shortly after the discovery of giant salvinia. Control efforts appeared to have been successful and in the summer of 2017 TPWD removed the boom from Chaney Cove. A second infestation of giant salvinia was discovered in White Oak Creek in

November of 2017.

Another invasive species of concern to the water supply industry is the zebra mussel. To date, no adult zebra mussels have been detected in Lake Fork Reservoir. However, the larval form of the mussel and DNA evidence have been found in Lake Fork indicating possible transfer from a colonized lake via bilge water, live well water or boat trailer. Monitoring efforts conducted by the United States Geological Survey will continue. Texas Parks and Wildlife Department is continuing with a public education and awareness campaign that is financially supported by the Sabine River Authority and other partners.



Improvements at the Lake Fork Country Club Estates Wastewater Treatment Facility

The Sabine River Authority has been delegated administrative oversight of all septic systems adjacent to each of the Authority's reservoirs. The Lake Fork Division reviews all plans for new septic systems, and investigates complaints on malfunctioning systems around the reservoir. The Lake Fork Division staff works with homeowners to ensure that all septic systems function properly to protect human health and water quality. In FY-17 the Lake Fork Division issued 60 licenses for on-site sewage disposal and resolved 11 complaints. Another aspect of managing the floodplain around Lake Fork Reservoir includes oversight and administration of 1,620 Private Limited Use Permits, 46 Commercial Limited Use Permits, and 67 Grazing Permits. These permits allow adjoining landowners access to the reservoir and surrounding Authority lands.

The average rainfall for the Lake Fork area is approximately 48 inches per year. In the twelve months of FY-17, 50.48 inches of rainfall was recorded at the Lake Fork Dam, compared to 70.41 inches and 50.81 inches in FY-16 and FY-15. The highest and lowest reservoir elevations in FY-17 were 403.70' MSL on May 1st, 2017, and 399.76' MSL on December 23rd, 2016. 🇺🇸

IRON BRIDGE DIVISION



Randy Traylor

*Iron Bridge
Division Manager*

LAKE TAWAKONI AND IRON BRIDGE DAM are located in Northeast Texas approximately forty miles below the headwaters of the Sabine Basin and drains an area of approximately 750 square miles. A permit to build the reservoir was issued in 1955 and construction was completed in 1960. This reservoir was created by constructing 5.5 miles of an earthen

yield of the project is approximately 238,100 acre-feet per year (212 million gallons per day). The Sabine River Authority (SRA) has twenty percent of the available yield, nearly 47,620 acre-feet per year (42.5 million gallons a day). As part of the funding agreement that allowed for the construction of the reservoir, the

reliability of the dam and spillway. Field staff also oversee private and commercial construction activities on Authority property, perform annual inspections of all commercially permitted facilities on SRA lands, and operate two wastewater treatment plants at Lake Tawakoni. The Authority also serves as the Authorized Agent for the Texas Commission on Environmental Quality for all On-Site Sewage Facilities (OSSF) within 2000 feet of the project boundary. In this capacity, field personnel review design information for new septic systems, make inspections, investigate complaints, and work with property owners and local courts as necessary to resolve violations. IBD issued 55 permits for new OSSF and worked 20 complaints during FY-17.

IBD M&O personnel are responsible for routine maintenance of Authority facilities, vehicles, and equipment. They also assist in maintaining buoys and monitoring instrumentation and undertake special construction projects related to the operation of the reservoir. In addition to routine maintenance, IBD M&O personnel made improvements at the Caddo Creek and Van Zandt public boat ramps and cleaned up the site of an old commercial permit area including dismantling two buildings. Rip rap work was performed on the low flow weir below the IBD Spillway. This weir was constructed in 2005 in coordination with United States Geological Survey (USGS) to provide accurate streamflow measurements when no water is



Lake Tawakoni

dam and a 480-foot uncontrolled concrete ogee spillway that inundates approximately 37,000 acres in Hunt, Rains, and Van Zandt Counties. The reservoir reached conservation pool elevation of 437.5 feet above mean sea level (MSL) in October of 1965. Lake Tawakoni can store approximately 927,440 acre-feet (289 billion gallons) of water at conservation pool elevation.

Constructed for water supply, the reservoir provides water to fourteen cities and water supply entities. The dependable annual

City of Dallas has a contract for eighty percent of the available yield.

The Iron Bridge Division (IBD) is responsible for daily maintenance and operation and has a total of twelve employees. IBD administrative personnel are responsible for the oversight and administration of 1,453 active Private Limited Use Permits, 35 Commercial Limited Use Permits, and 45 Grazing Permits. IBD field department personnel monitor instrumentation, such as piezometers and relief wells, to ensure the continued safety and

IRON BRIDGE DIVISION



Improvements to the Van Zandt County Boat Ramp



Replacement of 20" Spillway Discharge Valves

flowing over the spillway. The Sabine River Authority is committed to maintaining a minimum release of six cubic feet per second for downstream use. During periods of low lake elevations this is achieved by releasing water through a twenty-inch discharge pipe. M&O personnel also repaired a relief well discharge pipe, which drains 68 relief wells along the base of the dam. These wells were installed in 2000 to relieve high pore pressures in and below the south valley section of the dam. Monthly readings are taken from this discharge pipe to monitor any changes in the flow.

SRA-IBD performed two major capital projects in FY-17. Contractors repaved the dam access road, IBD office entrance, parking lot, and other access roads and parking areas. This work included reworking the existing base over the entire project and adding additional base to the dam access road and other areas as needed. After compaction of the base, contractors completed the surface by overlaying two inches of compacted asphalt.

Contractors also replaced two twenty-inch discharge valves located in the IBD Spillway. These valves, original to the structure, are

used for downstream releases. One of the valves also serves three water supply customers whose pump stations are located immediately downstream of the spillway. To limit the interruption of water to these water supply customers, contractors were required to perform the valve replacement during the night.

The reservoir began the fiscal year at elevation of 436.35 MSL (1.15 feet low). The reservoir ended

the fiscal year at an elevation of 437.76 MSL (0.26 feet high). The lowest and highest elevations for Lake Tawakoni in FY-17 were 434.43 MSL (3.07 feet low) on April 2, 2017, and 438.01 MSL (0.51 feet high) on August 20, 2017. Rainfall for the fiscal year totaled 45.56 inches compared to 63.51 inches in FY-16 and 48.74 inches in FY-15. 🇹🇽



Repaving Road on the Iron Bridge Dam



SABINE RIVER AUTHORITY OF TEXAS

For the Years Ended
August 31, 2017 and 2016

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PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Sabine River Authority of Texas
Orange, Texas

Report on the Financial Statements

We have audited the accompanying comparative financial statements of Sabine River Authority of Texas (the "Authority"), as of and for the year ended August 31, 2017 and 2016, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the Toledo Bend — Joint Operation, which represents approximately 16% and 2%, respectively, of the assets and revenue of the Authority for the year ended August 31, 2017, and approximately 18% and 2%, respectively, of the assets and revenue of the Authority for the year ended August 31, 2016. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the year ended August 31, 2017 and 2016 for Toledo Bend – Joint Operation, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of August 31, 2017 and 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and Schedule of Funding Progress – Other Post-Employment Benefits on pages 4 – 10 and 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Pattillo, Brown & Hill, L.L.P.

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December 7, 2017

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Governmental Audit
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Management's Discussion and Analysis

The following discussion and analysis of the Sabine River Authority of Texas' financial performance provides an overview of the Authority's financial activities for the years ended August 31, 2017 and August 31, 2016, in comparison with the prior year financial results. Please read it in conjunction with the financial statements, which follow this section.

Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows

The financial report consists of three parts: *Management's Discussion and Analysis* (this section), the basic financial statements, and the notes to the financial statements.

The basic financial statements include the Statements of Net Position, the Statements of Revenue, Expenses and Changes in Net Position, and the Statements of Cash Flows that present information for the Authority as a whole and provide an indication of the Authority's financial health. The financial statements are presented with two major Enterprise Funds using the accrual basis of accounting. The Authority uses enterprise funds to account for its operations and Gulf Coast Division.

The Statements of Net Position report the current and noncurrent assets and liabilities for the Authority as well as delineating the restricted assets from assets to be used for general purposes. The Statements of Revenue, Expenses and Changes in Net Position report all of the revenues and expenses during the time periods indicated. The Statements of Cash Flows report the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for repayment of bonds and capital additions.

Net Position

The net position of the operations fund increased during 2017 by \$6.4 million or 3.45% while the net position during 2016 increased by \$0.4 million or 0.2%. Total assets increased during 2017 by \$23.7 million resulting from a \$22.7 million accounts receivable resulting from the settlement agreement with Dallas Water Utilities on the Lake Fork contract while total assets increased in 2016 by \$1.0 million. Total liabilities increased during 2017 by \$2.4 million and increased during 2016 by \$0.6 million, or 7.9% and 2.0% respectively. The increase in total liabilities for 2017 and 2016 is the result of an increase in accounts payable and net obligation for post-employment benefits.

Total noncurrent assets decreased by \$0.4 million or 0.2% during 2017 after a decrease of 1.6% for 2016. The decrease in 2017 is the result of an increase in accumulated depreciation. The decrease in 2016 is the result of an increase in accumulated depreciation and the restatement of the operations fund to separately report the Gulf Coast fund.

The net position of the Gulf Coast fund increased during 2017 by \$0.13 million or 3.47% while the net position during 2016 increased by \$1.4 million or 58.7%. Total assets increased during 2017 by \$0.48 million resulting from an increase in capital assets while total assets increased in 2016 by \$1.8 million. Total liabilities increased during 2017 by \$0.35 million and increased during 2016 by \$0.4 million, or 17% and 27% respectively. The increase in total liabilities for 2017 is the result of an increase in accounts payable and net obligation for post-employment benefits.

Total noncurrent assets in the Gulf Coast Fund stayed flat at \$1.65 million during 2017 after a decrease of 1.6% for 2016.

Current assets in the Gulf Coast Fund decreased by \$0.33 million following an increase of \$4.0 million for 2016. The decrease in 2017 is mainly attributable to a decrease in accounts receivable.

FINANCIAL HIGHLIGHTS

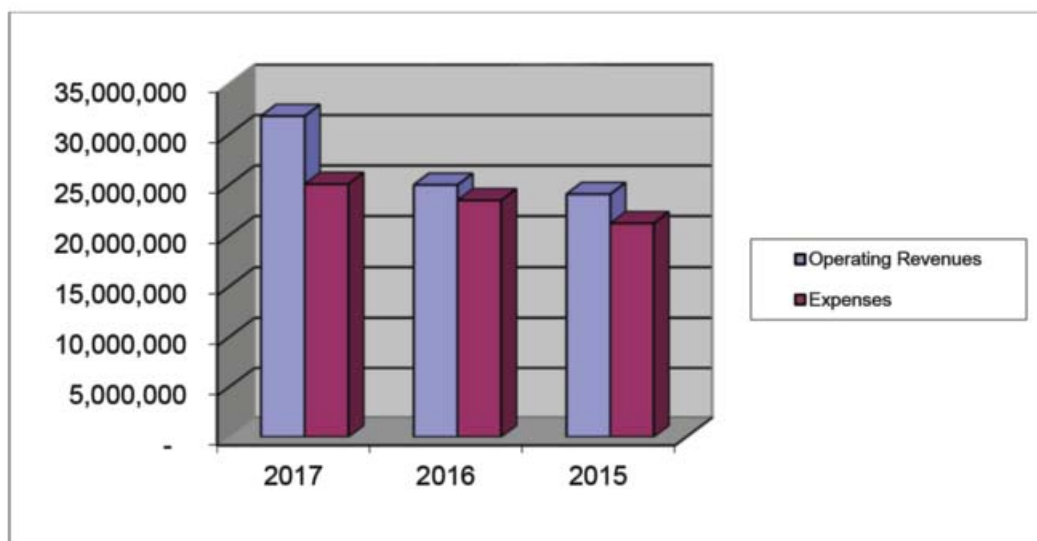
	Operations		Gulf Coast	
	2017	2016	2017	2016
Assets:				
Current assets	\$ 36,083,677	\$ 11,979,361	\$ 851,683	\$ 1,185,439
Noncurrent assets	34,722,142	33,637,582	1,650,000	1,650,000
Capital assets, net	<u>155,765,972</u>	<u>157,259,581</u>	<u>3,731,698</u>	<u>2,914,523</u>
Total assets	<u>226,571,791</u>	<u>202,876,524</u>	<u>6,233,381</u>	<u>5,749,962</u>
Liabilities:				
Current liabilities	4,127,816	1,518,586	524,747	294,798
Noncurrent liabilities	<u>29,139,304</u>	<u>29,310,416</u>	<u>1,860,999</u>	<u>1,736,633</u>
Total liabilities	<u>33,267,120</u>	<u>30,829,002</u>	<u>2,385,746</u>	<u>2,031,431</u>
Net Position:				
Net investment in capital assets	136,930,127	137,470,196	3,731,698	2,914,523
Restricted	801,921	800,203	-	-
Unrestricted	<u>55,572,623</u>	<u>33,777,123</u>	<u>115,937</u>	<u>804,008</u>
Total net position	<u>193,304,671</u>	<u>172,047,522</u>	<u>3,847,635</u>	<u>3,718,531</u>
Change in net position:				
Operating revenues:				
Water sales	22,432,318	11,785,405	4,030,985	3,424,340
Power sales	2,455,352	6,066,553	-	-
Waste water treatment	50,803	37,201	-	17,143
Permits	969,781	952,896	-	-
Water quality activity	862,367	801,770	-	-
Miscellaneous	404,064	998,408	-	319,425
Reservation fee	<u>651,702</u>	<u>637,717</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>27,826,387</u>	<u>21,279,950</u>	<u>4,030,985</u>	<u>3,760,908</u>
Operating expenses:				
Operation and maintenance	17,642,561	16,384,150	3,914,533	3,597,969
Depreciation	<u>3,516,215</u>	<u>3,482,663</u>	<u>57,102</u>	<u>57,330</u>
Total operating expenses	<u>21,158,776</u>	<u>19,866,813</u>	<u>3,971,635</u>	<u>3,655,299</u>
Operating income	6,667,611	1,413,137	59,350	105,609
Nonoperating revenues (expenses):				
Grant program	(157,500)	(293,000)	-	-
Loss from disposition of capital assets	58,675	59,292	-	38,481
Proceeds from insurance	-	-	69,754	481,385
Investment income	271,357	390,437	-	-
Interest expense	<u>(391,746)</u>	<u>(403,191)</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(219,214)</u>	<u>(246,462)</u>	<u>69,754</u>	<u>519,866</u>
Income (loss) before transfers	<u>6,448,397</u>	<u>1,166,675</u>	<u>129,104</u>	<u>625,475</u>
Transfer in (out)	<u>-</u>	<u>(750,000)</u>	<u>-</u>	<u>750,000</u>
Change in net position	6,448,397	416,675	129,104	1,375,475
Total net position, beginning	172,047,522	171,630,847	3,718,531	2,343,056
Prior period adjustment	14,808,752	-	-	-
Total net position, ending	<u>\$ 193,304,671</u>	<u>\$ 172,047,522</u>	<u>\$ 3,847,635</u>	<u>\$ 3,718,531</u>

Operating Income

Operations for 2017 resulted in an income of \$6.7 million, while operations in 2016 resulted in an income of \$1.4 million and 2015 resulted in an income of \$1.9 million. The income in 2017 resulted from increased water sales due to the settlement on the Lake Fork contract with Dallas Water Utilities. In 2016 power sales were increased due to higher lake levels. Drought conditions affected lake levels and power generation in 2015. Operating expenses increased \$1.3 million in 2017 while operating revenues increased \$6.5 million.

Total operating revenues consist primarily of water sales and power sales. Other operating revenues include waste water treatment, permits, and water quality activity as well as miscellaneous income and reservation fees. The increase in operating revenues during 2017 follows an increase of 3.8% during 2016. Power sales decreased dramatically for 2017 when compared to 2016. The income recognition of the reservation fee on the NTMWD interim water contributed \$0.7 million to total operating revenues in 2017, 2016 and 2015. Additionally, miscellaneous income of \$0.4 million consisting of water sold for frac operations and payments for easements as oil and natural gas operations are ongoing in the basin.

Operating expenses increased \$1.3 million, a 6% increase following a \$1.1 million, or 7.5% increase in 2016. While the operating expenses increased in 2017 and increased in 2016, no single category of expenses accounted for the differences, however a portion of the increase in 2017 is attributable major repair work performed at Lake Tawakoni and Lake Fork.



Operations for 2017 Gulf Coast fund resulted in an income of \$0.1 million, operations in 2016 results in an income of \$0.11 million and 2015 resulted in an income of \$0.95 million. The income in 2017 resulted from an increase in water rates that are being phased in over 5 years to provide sufficient revenues to pay the debt service on the new pumping plant. Operating expenses increased \$0.3 million in 2017 while operating revenues increased \$0.3 million.

Total operating revenues consist primarily of water sales and wastewater treatment. The increase in operating revenues during 2017 follows an increase of 6.0% during 2016. Water sales increased substantially for 2017 when compared to 2016 due to the settlement on the Lake Fork contract.

Operating expenses increased \$0.32 million, a 8.7% increase following a \$1.3 million, or 56% increase in 2016. While the operating expenses increased in 2017 and increased in 2016, no single category of expenses accounted for the differences.

Overall Financial Position

The Authority has sufficient revenues and reserves to pay the expenses and debt service of the Authority.

Significant Capital Assets

Net capital assets in the Operations Fund decreased from \$157,259,581 to \$155,765,972 a decrease of \$1,493,609. The decrease is primarily the result of the recognition of depreciation expense. The Authority's projects and a description of each are as follows:

Gulf Coast Division

The Sabine River Authority, having been created by the legislature in 1949, purchased the Orange County Water Company in 1954. The newly acquired canal system, now known as the Gulf Coast Division, provided the initial catalyst for the operations of SRA. The Gulf Coast Division supplies fresh water from the Sabine River to industries, farmers and a municipality in Orange County by way of a canal system. The pumping plant consists of four horizontal centrifugal pumps with 400 horsepower electric motors capable of pumping 60,000 gallons per minute (gpm) each and one vertical auxiliary pump with a 125 horsepower motor capable of pumping 12,000 gpm. The water is lifted approximately 22 feet from an intake channel to a gravity flow canal system through approximately 75 miles of main canal and laterals to supply fresh water from the east side of Orange County to the west side.

The canal system provides fresh water to six petrochemical plants, two electric power plants, a pulp and paper mill and a steel mill, as well as the city of Rose City, Texas. Water sales for Gulf Coast Division were 40.03 million gallons daily (mgd) for 2017 as compared to the 2016 water sales which were 39.45 mgd.

Lake Tawakoni

This water supply project of the Sabine River Authority of Texas is located on the Sabine River immediately above the old Iron Bridge Crossing on FM 47, about 10 miles northeast of Wills Point, Texas. The reservoir inundates land in Hunt, Rains, and Van Zandt Counties. The State Board of Water Engineers issued a permit for project construction on December 20, 1955. Land acquisition was initiated in 1956 and completed in October 1960. Construction on the dam began in January 1958 and was completed in October 1960.

Construction of the Iron Bridge Dam and Reservoir Project was funded through a water supply agreement with the City of Dallas to provide water for municipal and industrial purposes. The reservoir storage capacity at 437.5 feet mean sea level conservation pool level is 926,000 acre-feet (302 billion gallons). The dependable annual yield of the reservoir is approximately 238,100 acre-feet per year (213 million gallons per day).

In 2017, 63.54 mgd of water was delivered to 15 customers including municipalities and water supply corporations compared to 47.44 mgd delivered in 2016.

Toledo Bend Reservoir

The Sabine River Authority of Texas, and the Sabine River Authority, State of Louisiana constructed Toledo Bend Reservoir, primarily for the purposes of water supply, hydroelectric power generation, and recreation. Revenues and expenses are shared equally between Texas and Louisiana.

This project is located in Texas and Louisiana on the Sabine River, which forms a portion of the boundary between the two states. From the dam site the reservoir extends up the river for about 65 miles to Logansport, Louisiana, and inundates land in Sabine, Shelby, Panola, and Newton Counties, Texas, and Sabine and DeSoto Parishes, Louisiana.

Toledo Bend Reservoir is one of the largest man-made bodies of water in the South and one of the largest in surface acres in the United States, with water normally covering an area of 185,000 acres and having a controlled storage capacity of 4,477,000 acre-feet (1,448,934,927,000 gallons). Toledo Bend Reservoir is distinctive in that it is a public water conservation and hydroelectric power project that was undertaken without federal participation in its permanent financing.

The operation of the project for hydroelectric power generation and water supply provides a dependable yield of 1,868 million gallons per day. Most of this water is passed through the turbines for the generation of electric power and is available for municipal, industrial, and agricultural purposes. An indoor type hydroelectric power plant is located in the south abutment of the dam. It consists of two vertical units of equal size utilizing Kaplan turbines, rated at 55,750 hp each at a minimum net head of 60.8 feet, and water-cooled generators of the umbrella type rated at 42,500 KVA at a 0.95 power factor. It is estimated that the power plant will generate an average of 207,000,000-kilowatt hours annually. Entergy Gulf States and the Central Louisiana Electric Company, Inc. have contracted with the Sabine River Authorities for the purchase of the hydroelectric power. The revenue from the sale of hydroelectric power is used to retire the Authorities revenue bonds and constitutes the principal source of income for operation of the project.

The yield of Toledo Bend Reservoir is 2,086,600 acre-feet (ac-ft), of which half is allocated to Texas and half to Louisiana. Of the 1,043,300 ac-ft allocated to Texas, the Authority has a permit for 750,000 ac-ft. In 2003, the Authority made application to Texas Commission on Environmental Quality for the unpermitted 293,300 ac-ft of water in Toledo Bend. Studies are now under way to examine the feasibility of a pipeline from Toledo Bend Reservoir to the upper basin which would supply water to our customers in the basin as well as other customers in the north Texas region. In 2017, water sales from Toledo Bend totaled 3.2 mgd compared to 4.94 mgd in 2016. Water is delivered to two municipalities and three industrial customers.

Lake Fork

This project is located on Lake Fork Creek, a major tributary of the Sabine River, about 5 miles west of Quitman, Texas. The reservoir, owned and operated by the Sabine River Authority of Texas, inundates land in Wood, Rains, and Hopkins Counties. Preliminary engineering studies for the Lake Fork Reservoir Project were initiated in November 1972. Construction work on the project began in the fall of 1975. Final closure of the dam was made in February 1980, and conservation pool level was reached in December 1985. A total of 41,100 acres of land were acquired for the project. Lake Fork Reservoir has an estimated surface area of 27,690 acres at conservation pool elevation 403.0 feet above mean m.s.l. (mean sea level) and extends up Lake Fork Creek about 15 miles.

Construction of the Lake Fork Reservoir was funded through a water supply agreement with Texas Utilities, Inc. (TXU) to provide water for municipal and industrial uses. The Cities of Dallas, Longview, Kilgore, Henderson and Quitman have contracted for purchase of water from the reservoir. The reservoir's storage capacity at the 403 feet m.s.l. conservation pool level is 675,819 acre-feet with a minimum firm yield of 188,660 acre-feet per year.

Lake Fork is a world-class fishery and has been identified by many outdoor writers as the best "big bass" reservoir in the state and perhaps the nation. This reputation is due in large part to fishery management efforts of the Texas Parks and Wildlife Department who began stocking the reservoir with Florida largemouth bass in 1978. The current state record largemouth bass was caught in Lake Fork.

Lake Fork customers consist of five municipalities. In 2017, 51.62 mgd of water was delivered to these customers as compared to 65.61 mgd delivered in 2016.

Environmental Services

The Environmental Services Division is responsible for the Authority's water quality monitoring activities in the Sabine River Basin of Texas. These activities are coordinated with State regulatory agencies and also include the review and evaluation of water quality data collected by other agencies in the Sabine Basin. Further, Environmental Services Division staff conducts the assessment of water quality within the Sabine River Basin, Texas, for the Texas Clean Rivers Program.

Tracking water quality conditions in the reservoirs and the streams in the Basin becomes more important to the Authority each year as the number and size of water users and wastewater dischargers increase. Additionally, the Environmental Services Division assists governmental entities, industries, and municipalities by providing them with water quality information to meet their various needs.

The Authority receives funds from the State of Texas to offset costs for administering the Clean Rivers Program in addition to the fees collected for the water testing performed for industrial and municipal customers. In 2017, Environmental Services Division performed 97,090 tests which is an increase from the 90,430 tests performed in 2016.

Net capital assets for the Operating Fund decreased from \$157,259,581 to \$155,765,972 due to the increase in accumulated depreciation.

Net capital assets for Gulf Coast increased from \$2,914,523 to \$3,731,698, an increase of \$817,175. The increase is primarily the result of an increase in work in progress.

For more detailed information on capital asset activities, please refer to the capital asset section in Note 3 of the Notes to Financial Statements.

Long-Term Debt

The majority of the assets previously discussed were financed by revenue bonds. Principal payments made during 2017 and 2016 were \$953,540 and \$943,238, respectively. In 2009, payment was made on the final outstanding hydroelectric revenue bonds leaving the Texas Water Development Board loan as the only outstanding debt on Toledo Bend Reservoir. There are no outstanding bonds on Lake Tawakoni or Lake Fork.

The Authority finances capital additions from revenues and reserve funds. The Authority has not issued any new revenue bonds.

For more detailed information on long-term debt activities, please refer to the Long-Term Liabilities section in Note 3 of the Notes to Financial Statements as well as the Supplementary Information which follows the Notes to Financial Statements.

Restricted Assets

The Authority maintains bond reserve funds as required by bond covenants. In addition to the bond reserve funds, restricted funds are set aside by the Board of Directors for specific purposes such as reservoir repair and improvement funds for each reservoir, upper basin water supply project, insurance reserve fund, debt service reserve fund, emergency repair and replacement fund, parks and recreation reserve fund and economic development reserve fund. The Authority receives no state appropriations and has no powers to levy taxes. As such, all expenses associated with the maintenance and operations of existing projects as well as planning for future water needs are the responsibility of the Authority. In order to be a self-sufficient entity, the Authority must maintain adequate reserves to ensure funds are available for ongoing activities as well as meeting the financial needs arising from major repairs on the existing projects and planning for future water needs.

Change in Financial Position

The net position for the Authority has increased from 2015 to 2016 and increased from 2016 to 2017. Total operating revenues increased from 2015 to 2016 and increased from 2016 to 2017.

The net position for the Gulf Coast fund has increased from 2015 to 2016 and increased from 2016 to 2017. Total operating revenues increased from 2015 to 2016 and increased from 2016 to 2017.

This report is intended to provide our legislators, state officials, customers, bondholders, citizens of the State of Texas and other interested parties with a general overview of the Authority's financial position and to indicate accountability for the revenues the Authority receives.

Questions about this report or requests for additional financial information should be directed to Debra Stagner, Controller, at P. O. Box 579, Orange, Texas 77631, or call 409.746.2192.

SABINE RIVER AUTHORITY OF TEXAS

STATEMENT OF NET POSITION

AUGUST 31, 2017 AND 2016

	Operations 2017	Operations 2016	Gulf Coast 2017	Gulf Coast 2016
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 4,594,575	\$ 5,536,504	\$ 57,163	\$ 15,007
Investments	6,324,272	3,657,724	-	-
Accounts receivable	24,297,362	2,150,577	475,095	851,007
Due from other funds	396,328	184,257	-	-
Due from other governments	-	-	319,425	319,425
Accrued interest receivable	200,065	193,143	-	-
Prepaid items	271,075	257,156	-	-
Total current assets	<u>36,083,677</u>	<u>11,979,361</u>	<u>851,683</u>	<u>1,185,439</u>
Noncurrent assets:				
Restricted cash and cash equivalents	801,921	800,203	-	-
Investments	33,920,221	32,837,379	1,650,000	1,650,000
Capital assets:				
Land	55,015,507	54,967,507	9,031	9,031
Dams and electric plant	138,980,662	138,227,735	-	-
Water and pumping plant	26,641,080	26,641,081	3,639,280	3,639,279
Buildings	9,083,537	7,781,394	33,878	1,008,107
Equipment	8,222,096	6,538,712	-	1,616,763
Work in progress	2,538,238	3,134,162	2,030,575	515,249
Less: accumulated depreciation	(84,715,148)	(80,031,010)	(1,981,066)	(3,873,906)
Net capital assets	<u>155,765,972</u>	<u>157,259,581</u>	<u>3,731,698</u>	<u>2,914,523</u>
Total noncurrent assets	<u>190,488,114</u>	<u>190,897,163</u>	<u>5,381,698</u>	<u>4,564,523</u>
Total assets	<u>226,571,791</u>	<u>202,876,524</u>	<u>6,233,381</u>	<u>5,749,962</u>
LIABILITIES				
Current liabilities:				
Accounts payable	3,553,193	972,088	113,165	95,922
Current portion of long-term liabilities	329,091	335,732	15,254	14,619
Accrued liabilities	245,532	210,766	-	-
Due to other funds	-	-	396,328	184,257
Total current liabilities	<u>4,127,816</u>	<u>1,518,586</u>	<u>524,747</u>	<u>294,798</u>
Noncurrent liabilities:				
Texas Water Development Board loan	18,640,845	19,604,385	-	-
Net obligation for post-employment benefits	10,032,348	9,253,839	1,815,238	1,692,776
Compensated absences	463,289	452,192	45,761	43,857
Unearned revenue	2,822	-	-	-
Total noncurrent liabilities	<u>29,139,304</u>	<u>29,310,416</u>	<u>1,860,999</u>	<u>1,736,633</u>
Total liabilities	<u>33,267,120</u>	<u>30,829,002</u>	<u>2,385,746</u>	<u>2,031,431</u>
NET POSITION				
Net investment in capital assets	136,930,127	137,470,196	3,731,698	2,914,523
Restricted for:				
Debt service	801,921	800,203	-	-
Unrestricted	<u>55,572,623</u>	<u>33,777,123</u>	<u>115,937</u>	<u>804,008</u>
Total net position	<u>\$ 193,304,671</u>	<u>\$ 172,047,522</u>	<u>\$ 3,847,635</u>	<u>\$ 3,718,531</u>

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

Total 2017	Total 2016
\$ 4,651,738	\$ 5,551,511
6,324,272	3,657,724
24,772,457	3,001,584
396,328	184,257
319,425	319,425
200,065	193,143
271,075	257,156
<u>36,935,360</u>	<u>13,164,800</u>
801,921	800,203
35,570,221	34,487,379
55,024,538	54,976,538
138,980,662	138,227,735
30,280,360	30,280,360
9,117,415	8,789,501
8,222,096	8,155,475
4,568,813	3,649,411
(86,696,214)	(83,904,916)
<u>159,497,670</u>	<u>160,174,104</u>
<u>195,869,812</u>	<u>195,461,686</u>
<u>232,805,172</u>	<u>208,626,486</u>
3,666,358	1,068,010
344,345	350,351
245,532	210,766
396,328	184,257
<u>4,652,563</u>	<u>1,813,384</u>
18,640,845	19,604,385
11,847,586	10,946,615
509,050	496,049
2,822	-
<u>31,000,303</u>	<u>31,047,049</u>
<u>35,652,866</u>	<u>32,860,433</u>
140,661,825	140,384,719
801,921	800,203
<u>55,688,560</u>	<u>34,581,131</u>
\$ <u>197,152,306</u>	\$ <u>175,766,053</u>

SABINE RIVER AUTHORITY OF TEXAS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE FISCAL YEARS ENDED AUGUST 31, 2017 AND 2016

	Operations 2017	Operations 2016	Gulf Coast 2017	Gulf Coast 2016
OPERATING REVENUES				
Water sales	\$ 22,432,318	\$ 11,785,405	\$ 4,030,985	\$ 3,424,340
Power sales	2,455,352	6,066,553	-	-
Wastewater treatment	50,803	37,201	-	17,143
Permits	969,781	952,896	-	-
Water quality activity	862,367	801,770	-	-
Miscellaneous	404,064	998,408	-	319,425
Reservation fee	651,702	637,717	-	-
Total operating revenues	<u>27,826,387</u>	<u>21,279,950</u>	<u>4,030,985</u>	<u>3,760,908</u>
OPERATING EXPENSES				
Operation and maintenance	17,642,561	16,384,150	3,914,533	3,597,969
Depreciation	3,516,215	3,482,663	57,102	57,330
Total operating expenses	<u>21,158,776</u>	<u>19,866,813</u>	<u>3,971,635</u>	<u>3,655,299</u>
OPERATING INCOME (LOSS)	6,667,611	1,413,137	59,350	105,609
NONOPERATING REVENUES (EXPENSES)				
Grant program	(157,500)	(293,000)	-	-
Gain/(loss) from disposition of capital assets	58,675	59,292	-	38,481
Proceeds from insurance	-	-	69,754	481,385
Investment income	271,357	390,437	-	-
Interest expense	(391,746)	(403,191)	-	-
Total nonoperating revenues (expenses)	<u>(219,214)</u>	<u>(246,462)</u>	<u>69,754</u>	<u>519,866</u>
INCOME (LOSS) BEFORE TRANSFERS	6,448,397	1,166,675	129,104	625,475
Transfer in (out)	-	(750,000)	-	750,000
CHANGE IN NET POSITION	6,448,397	416,675	129,104	1,375,475
TOTAL NET POSITION, BEGINNING	172,047,522	171,630,847	3,718,531	2,343,056
PRIOR PERIOD ADJUSTMENT	<u>14,808,752</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL NET POSITION, ENDING	<u>\$ 193,304,671</u>	<u>\$ 172,047,522</u>	<u>\$ 3,847,635</u>	<u>\$ 3,718,531</u>

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

	<u>Total 2017</u>		<u>Total 2016</u>
\$	26,463,303	\$	15,209,745
	2,455,352		6,066,553
	50,803		54,344
	969,781		952,896
	862,367		801,770
	404,064		1,317,833
	<u>651,702</u>		<u>637,717</u>
	<u>31,857,372</u>		<u>25,040,858</u>
	21,557,094		19,982,119
	<u>3,573,317</u>		<u>3,539,993</u>
	<u>25,130,411</u>		<u>23,522,112</u>
	6,726,961		1,518,746
(157,500)	(293,000)
	58,675		97,773
	69,754		481,385
	271,357		390,437
(<u>391,746)</u>	(<u>403,191)</u>
(<u>149,460)</u>		<u>273,404</u>
	6,577,501		1,792,150
	-		-
	6,577,501		1,792,150
	175,766,053		173,973,903
	<u>14,808,752</u>		<u>-</u>
\$	<u>197,152,306</u>	\$	<u>175,766,053</u>

SABINE RIVER AUTHORITY OF TEXAS
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED AUGUST 31, 2017 AND 2016

	Operations 2017	Operations 2016	Gulf Coast 2017	Gulf Coast 2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 19,861,122	\$ 19,697,633	\$ 4,406,897	\$ 2,736,539
Payments to suppliers	(8,531,031)	(9,220,518)	(2,670,421)	(2,297,988)
Payments to employees	(5,706,053)	(5,625,478)	(889,797)	(865,660)
Other receipts	404,064	998,408	-	319,425
Net cash provided by operating activities	<u>6,028,102</u>	<u>5,850,045</u>	<u>846,679</u>	<u>(107,684)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Transfer from (to) other funds	-	(750,000)	-	750,000
Grants	(157,500)	(293,000)	-	-
Net cash used by noncapital and related financing activities	<u>(157,500)</u>	<u>(1,043,000)</u>	<u>-</u>	<u>750,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(2,202,109)	(1,194,746)	(1,515,326)	(515,249)
Disposal of capital assets	238,178	214,131	641,049	153,905
Proceeds from insurance	-	-	69,754	481,385
Principal paid on capital debt	(970,181)	(938,181)	-	(2,759)
Interest paid on capital debt	(391,746)	(403,191)	-	-
Net cash used by capital and related financing activities	<u>(3,325,858)</u>	<u>(2,321,987)</u>	<u>(804,523)</u>	<u>117,282</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from (sell of) investments, net	(3,749,390)	(1,913,251)	-	(750,000)
Interest received	264,435	303,527	-	-
Net cash provided (used) by investing activities	<u>(3,484,955)</u>	<u>(1,609,724)</u>	<u>-</u>	<u>(750,000)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	(940,211)	875,334	42,156	9,598
CASH AND CASH EQUIVALENTS, BEGINNING				
	<u>6,336,707</u>	<u>5,461,373</u>	<u>15,007</u>	<u>5,409</u>
CASH AND CASH EQUIVALENTS, ENDING				
	<u>\$ 5,396,496</u>	<u>\$ 6,336,707</u>	<u>\$ 57,163</u>	<u>\$ 15,007</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 6,667,611	\$ 1,413,137	\$ 59,350	\$ 105,609
Noncash items included in operating income:				
Depreciation	3,516,215	3,482,663	57,102	57,330
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(7,338,033)	(407,052)	375,912	(385,519)
(Increase) decrease in due from other governments	-	-	-	(319,425)
(Increase) decrease in other assets	(13,919)	7,400	-	-
(Increase) decrease in due from other funds	(212,071)	(184,257)	-	-
Increase (decrease) in accounts payable	2,581,105	382,027	17,243	58,610
Increase (decrease) in accrued and other liabilities	34,766	48,199	-	-
Increase (decrease) in due to other funds	-	-	212,071	184,257
Increase (decrease) in compensated absences	11,097	16,076	2,539	(8,276)
Increase in net obligation for post-employment benefits	778,509	1,091,852	122,462	199,730
Net cash provided by operating activities	<u>\$ 6,028,102</u>	<u>\$ 5,850,045</u>	<u>\$ 846,679</u>	<u>\$(107,684)</u>
NONCASH CAPITAL, FINANCING AND INVESTING ACTIVITIES				
(Loss) gain from disposition of assets	\$ 58,675	\$ 59,292	\$ -	\$ 38,481

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

<u>Total 2017</u>	<u>Total 2016</u>
\$ 24,268,019	\$ 22,434,172
(11,201,452)	(11,518,506)
(6,595,850)	(6,491,138)
404,064	1,317,833
6,874,781	5,742,361
-	-
(157,500)	(293,000)
(157,500)	(293,000)
(3,717,435)	(1,709,995)
879,227	368,036
69,754	481,385
(970,181)	(940,940)
(391,746)	(403,191)
(4,130,381)	(2,204,705)
(3,749,390)	(2,663,251)
264,435	303,527
(3,484,955)	(2,359,724)
(898,055)	884,932
6,351,714	5,466,782
\$ 5,453,659	\$ 6,351,714
\$ 6,726,961	\$ 1,518,746
3,573,317	3,539,993
(6,962,121)	(792,571)
-	(319,425)
(13,919)	7,400
(212,071)	(184,257)
2,598,348	440,637
34,766	48,199
212,071	184,257
13,636	7,800
900,971	1,291,582
\$ 6,874,781	\$ 5,742,361
\$ 58,675	\$ 97,773

SABINE RIVER AUTHORITY OF TEXAS

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Sabine River Authority of Texas ("Authority") have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the Authority's accounting policies are described below.

Reporting Entity

The Sabine River Authority of Texas was created in 1949, pursuant to Vernon's Annotated Civil Statutes Article 8280-133, as a conservation and reclamation district. The Authority was determined to be necessary in accomplishing the provisions of Article XVI, Section 59 of the Texas Constitution and for the conservation, protection and development of the waters of the Sabine River. Responsibilities of the Authority include municipal, industrial and agricultural raw water supply; hydroelectric generation; water and wastewater treatment; water quality and pollution control activities; and recreation facilities.

Management has determined that there are no other entities that meet the criteria for inclusion in the Authority's reporting entity. The Authority is a separate self-supporting governmental unit with no taxing powers covering all or a portion of 21 counties in the Sabine Basin and is administered by a 9-member Board of Directors appointed by the Governor to 6-year staggered terms. The Authority is not included in any other governmental reporting entity. The Authority is in compliance with the requirements of Texas Water Codes 49.191, Duty to Audit, and 49.199, Policies and Audits of Districts.

Fund Financial Statements

GASB 34 requires special purpose governments engaged only in business-type activities to present only the financial statements required for Enterprise Funds. For these governments, basic financial statements and required supplementary information consist of a Management Discussion and Analysis ("MD&A"), Enterprise Fund financial statements, notes to financial statements and required supplementary information other than MD&A, if applicable.

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

The Authority reports the following major enterprise funds:

- The *Operations Enterprise Fund* accounts for the acquisition, operation and maintenance of Authority facilities and services.
- The *Gulf Coast Enterprise Fund* accounts for the acquisition, operation and maintenance of the Gulf Coast Division facilities and services.

Basis of Accounting

The Authority's basic financial statements are presented as two major Enterprise Funds. These Enterprise Funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities, and deferred inflows and outflows associated with the operation of the funds are included on the Statement of Net Position. The Enterprise Funds are accounted for using the accrual basis of accounting. Their revenue is recognized when it is earned, and its expenses are recognized when they are incurred.

The Authority distinguishes between operating and non-operating revenues and expenses consistently with the criteria used to identify cash flows from operating activities in the Statement of Cash Flows. Generally, the Authority classifies revenues generated from water sales, power sales, and related activities and services as operating revenues. Operation and maintenance and depreciation are classified as operating expenses. All other income and expenses, including investment income, interest expense, gain/loss on the sale of capital assets and impairment loss are considered non-operating activity.

Assets, Deferred Outflows (Inflows) of Resources, Liabilities and Net Position

Cash and Cash Equivalents

Cash and cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and so near maturity that there is no significant risk of changes in value due to changes in interest rates. Cash equivalents include investments with original maturities of three months or less. Cash equivalents are stated at cost which approximates fair value.

Investments

Investments with quoted fair values are carried at the reported sales price on the last day of the Authority's year and are recorded at fair value in the balance sheet. Certificates of deposit are stated at cost due to their short-term maturities. Investments in TexPool are stated at cost which approximates fair value. The change in the difference between fair value and cost of investments is reported as a component of investment income. All investments are in accordance with Texas Government Code, Title 10, Chapter 2256 (the Public Funds Investment Act).

Accounts Receivable

The Authority uses the direct charge off method to account for bad debts, directly expensing receivables which management deems uncollectible, or realizable at less than full value. This method provides results similar to the reserve method in all material respects. The Authority considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is recorded.

Interfund Balances

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advance to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." The Authority currently has no outstanding "advances to/from other funds".

Capital Assets

Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date. Depreciation is provided using the straight-line method at annual rates as follows:

Dams and electric plants	1.50%
Water and pumping plant	1.50 - 5.00%
Buildings	2.00 - 5.00%
Equipment	4.00 - 20.00%

The Authority capitalizes interest on major construction projects.

Restricted Assets

The restricted assets consist of bond reserve funds and sinking funds on various revenue bonds and funds designated by the Board of Directors. The bond reserve and sinking funds are segregated as required by certain bond indentures.

Sick Leave and Vacation

The Authority allows employees to accumulate sick leave. Pursuant to Governmental Accounting Standards Board pronouncements, the Authority does not accrue sick leave rights since these rights are nonvesting. The Authority does accrue vacation benefits in its financial statements in accordance with generally accepted accounting principles.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The Authority does not have any items that qualify for reporting in either of the above categories in the current fiscal year.

Subsequent Events

Management has evaluated subsequent events through December 7, 2017, the date the financial statements were available to be used.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The Authority prepares a budget in accordance with the Water Code, Chapter 49, Subchapter G, Section 49.199 for use in planning and controlling costs. The budget and any changes are approved by the Board of Directors. Appropriate sections of the budget are reviewed by the City of Dallas and the Toledo Bend Project Joint Operations Board.

Rates and Regulations

Water rates are established by the Authority's Board of Directors. These contracted rates can be appealed to the Public Utility Commission of Texas (PUC). On May 16, 2008, the PUC approved the Authority's request for registration as a power generation company pursuant to P.U.C. SUBST.R.25.109. As of August 31, 2017 and 2016, the rate was \$0.04523 and \$0.04418, respectively, per KWH.

Other Post-employment Benefits

The Authority provides certain health care and insurance benefits to its employees after retirement, and prior to fiscal year 2009, accounted for the benefits in accordance with Government Accounting Standards Board Statement No. 12, *Disclosure of Information on Post-employment Benefits Other than Pension Benefits by State and Local Government Employees*. Beginning with the fiscal year ended August 31, 2009, the Authority was required to prospectively adopt Government Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (see Note 3).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

3. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

Interest Rate Risk. In accordance with its investment policy, the Authority manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than five years. Maximum allowable maturity shall be 10 years with the exception of investments made specifically to retire debt.

Credit Risk. The Texas Local Government Investment Pool (TexPool) is a public funds investment pool created pursuant to the Interlocal Cooperation Act of the State of Texas. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. An Advisory Board reviews the investment policy and management fee structure. TexPool is rated AAAM by Standard & Poor's. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as the Office of the Comptroller of the Public Accounts for review.

TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than fair value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

The Board of Directors has authorized the Authority to invest in compliance with V.A.T.C.S. Government Code, Title 10, Chapter 2256 (Public Funds Investment Act of 1993). Money in any fund may be placed in obligations of the United States or its instrumentalities; direct obligations of this state or its agencies; collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; other obligations, the principal and interest of which are unconditionally guaranteed or insured by this state or the United States or its instrumentalities; and obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent, Certificates of Deposit and any other investment authorized in Chapter 2256. Accordingly, cash is invested in money market funds, certificates of deposit, or interest-bearing demand deposits and is stated at fair value.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. As of August 31, 2017, all of the Authority's Operations Fund's \$35,054,429 deposit balances exceeding depository insurance limits were collateralized with securities pledged by the financial institutions in the Authority's name and held in safekeeping by a third party. Fair values of pledged securities are monitored on a monthly basis to assure that they are in excess of 100% of the carrying values. The Authority's Gulf Coast Fund's deposit balances were completely secured with FDIC coverage.

As of August 31, 2017 and 2016, \$801,921 and \$800,203 of the Authority's deposits was placed in money market funds secured by obligations of the United States therefore the principal and interest are unconditionally guaranteed or insured by the United States and no additional collateralization was required.

The Entity categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. As of August 31, 2017, the District held the following fair value measurements:

	8/31/2017	Fair Value Measurement Using			Percent Portfolio	Weighted Average (Days)
		(Level 1)	(Level 2)	(Level 3)		
Primary government						
Cash and cash equivalents						
Cash deposits - Operations	\$ 30,544,104	\$ -	\$ -	\$ -		
Total cash and cash equivalents	<u>30,544,104</u>	<u>-</u>	<u>-</u>	<u>-</u>		
Investments measured at net asset value per share:						
Investment pools:						
TexPool	13,286	-	-	-	0.03%	30
Investments by fair value level:						
Debt securities:						
State and Municipal Bonds	3,040,228	-	3,040,228	-	7.41%	40
Federal Farm Credit Bank Bonds	2,992,800	-	2,992,800	-	7.29%	32
Federal Home Loan Bank Bonds	4,459,928	-	4,459,928	-	10.86%	26
Total investments	<u>10,506,242</u>	<u>-</u>	<u>10,492,956</u>	<u>-</u>		
Total cash and investments of the primary government	<u>\$ 41,050,346</u>	<u>\$ -</u>	<u>\$ 10,492,956</u>	<u>\$ -</u>		
Portfolio weighted average maturity (days)						108

Capital Assets

Capital assets activity for the year ended August 31, 2017, was as follows:

	Balance 08/31/16	Increases	Decreases	Balance 08/31/17
Capital assets, not being depreciated:				
Land	\$ 54,976,538	\$ 48,000	\$ -	\$ 55,024,538
Work in progress	3,649,411	1,672,329	(752,927)	4,568,813
Total capital assets not being depreciated	58,625,949	1,720,329	(752,927)	59,593,351
Capital assets, being depreciated:				
Dams and electric plant	138,227,735	752,927	-	138,980,662
Water and pumping plant	30,280,360	-	-	30,280,360
Buildings	8,789,501	327,914	-	9,117,415
Equipment	8,155,475	916,265	(849,644)	8,222,096
Total capital assets being depreciated	185,453,071	1,997,106	(849,644)	186,600,533
Less: accumulated depreciated for:				
Dams and electric plant	63,609,629	2,214,902	-	65,824,531
Water and pumping plant	7,390,115	872,594	-	8,262,709
Buildings	6,163,031	185,956	-	6,348,987
Equipment	6,742,141	299,865	(782,019)	6,259,987
Total capital assets being depreciated	83,904,916	3,573,317	(782,019)	86,696,214
Total capital assets being depreciated, net	101,548,155	(1,576,211)	(67,625)	99,904,319
Total capital assets	\$ 160,174,104	\$ 144,118	\$ (820,552)	\$ 159,497,670

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of August 31, 2017 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Operations Fund	Gulf Coast Fund	\$396,328

Balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Self-insurance

The Authority has established a medical self-insurance plan. The purpose of this plan is to pay the medical expenses of the Authority's employees and their covered dependents, and to minimize the total cost of medical insurance. Cost incurred to provide this plan was \$1,593,889 and \$1,520,073 for the years ended August 31, 2017 and 2016, respectively. Medical claims exceeding \$1,619,801, and \$1,903,241 for 2017 and 2016, respectively, for the group, or \$60,000 per covered individual, were covered through a commercial insurance carrier. The maximum amount of coverage offered through the commercial insurance carrier is \$2,000,000 for a specific incident or \$2,000,000 in the aggregate. The Authority has not exceeded its insurance coverage in the last three years.

Governmental Accounting Standards Board, Statement No. 10 requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. Management has estimated this liability to be \$125,000. As required by this statement, a reconciliation of claims liabilities is shown below:

<u>Reconciliations of Claims Liabilities</u>		
	<u>2017</u>	<u>2016</u>
Claims on liabilities at September 1	\$ 125,000	\$ 125,000
Incurred claims	1,593,889	1,520,073
Payments on claims	<u>(1,593,889)</u>	<u>(1,520,073)</u>
Claims on liabilities at August 31	<u>\$ 125,000</u>	<u>\$ 125,000</u>

Employee Benefits

Pension Plan

The Authority has created the Sabine River Authority of Texas Employee Retirement Plan (Plan) by conforming to the requirements of Section 401(a) of the Internal Revenue Code for the exclusive use and benefit of the permanent employees of the Authority and their beneficiaries. The Plan is a qualified plan subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), Tax Equity and Fiscal Responsibility Act of 1982, Tax Reform Act of 1984, and the Retirement Equity Act of 1984; and a letter of favorable determination has been received from the Internal Revenue Service relating to its qualification. The Plan is authorized by Article 8280-133 of Vernon's Texas Civil Statutes as amended. It is a defined contribution pension plan, whereby the Authority contributes an amount equal to 15% of the employees' compensation which is within the limitations as set out in Section 415(c) of the Internal Revenue Code. Fulltime employees, after one year of service, are enrolled in the retirement plan, and the employees are fully vested after seven years. Benefits are based on the amounts accumulated from such contributions. At August 31, 2017, there were 125 plan members consisting of 94 active employees, 19 retirees and 12 inactive. At August 31, 2016, there were 125 plan members consisting of 100 active employees, 15 retirees and 10 inactive. Retirement contribution costs for the current year and two preceding years are as follows:

	<u>Employer Contributions Required</u>	<u>Employer Contributions Made</u>	<u>Percentage of Contributions Made</u>
2017	\$ 1,029,127	\$ 1,029,127	100%
2016	1,025,389	1,025,389	100%
2015	1,027,503	1,027,503	100%

Voluntary employee contributions totaled \$53,040 and \$58,368 for the years ended August 31, 2017 and 2016, respectively.

Retirement contributions are deposited into each employee's individual account at ICMA-RC (International City/County Management Association-Retirement Corporation). ICMA-RC is a not-for-profit corporation that assists in the establishment and maintenance of retirement plans exclusively for State and Local government employees. Through ICMA-RC, each employee manages and invests the funds in their individual accounts.

The total assets in the plan as of August 31, 2017, are \$36,535,152. The asset allocation breakdown is as follows:

<u>FUND</u>	<u>Percentage Invested</u>	<u>Fund Balance</u>
VT PLUS Fund	22.27%	\$ 8,135,215
VT Retirement Inc Advantage	14.97%	5,467,533
VT Vantagepoint Aggressive Ops	5.34%	1,951,223
VT Vantagepnt Growth	6.11%	2,232,130
VT Vantagepoint Equity Income	3.33%	1,216,973
VT Vantagepoint Brd Mkt Idx	2.99%	1,092,714
VT Vantagepoint 500 Stk Idx	5.35%	1,953,252
VT Vantagepnt MP Lng-Trm Gr	2.65%	968,782
VT Nuveen Real Est Sec	1.44%	525,872
VT Vantagepnt Mid/Sm Co Idx	1.66%	605,874
VT Vantagepoint Milestone 2025	2.78%	1,017,239
VT Western Asset Core Plus Bnd	2.05%	748,478
VT Vantagepnt MP Gbl Eq Gr	2.78%	1,016,283
VT Vantagepoint Milestone 2030	2.17%	794,518
VT Vantagepoint Cor Bnd Idx	1.48%	542,454
VT Diversified International	<1%	104,865
VT PIMCO High Yield	0.59%	216,137
VT Vantagepoint Milestone 2020	1.40%	511,639
VT Vantagepoint Growth & Income	2.62%	958,198
VT Vantagepnt Ovrs Eq Idx	2.41%	879,867
VT Contrafund	0.92%	335,358
VT TR Price Growth Stock	2.66%	971,640
VT Oppenheimr Discovery	0.78%	285,908
VT Vantagepoint International	<1%	160,184
VT Vantagepoint Milestone 2010	0.76%	275,967
VT Oppenheimr Main Street	<1%	161,940
VT AMG TimeSq Mid Cap Growth	0.82%	298,665
VT Vantagepoint Milestone 2040	0.66%	240,426
VT Vantagepnt Inflation Focused	<1%	132,606
Vantage-Broker	0.58%	210,165
VT Vantagepnt Discovery	<1%	103,177
T Rowe Price Ret 2030	<1%	129,759
VT Vantagepoint MS Ret Inc	<1%	108,001
VT AllianzGI NFI Div Value	<1%	142,652
VT Victory Sycamore Est Value	1.38%	505,504
Other Funds w/ less than \$100,000 (75 funds)		<u>1,533,957</u>
TOTAL ALL FUNDS		<u>\$ 36,535,152</u>

Other Post-employment Benefits

Plan Description and Funding Policy

In addition to providing pension benefits, the Authority provides post-employment health care benefits, in accordance with federal and state statutes and Board resolution, to employees who attain retirement status. Fulltime employees hired before January 1, 2003 are eligible to receive retiree health care benefits upon reaching retirement status. Employees hired after January 1, 2003, are not eligible for post-employment health benefits. Employees are eligible for retirement status at age 65 or they may also attain early retirement status prior to age 65 provided that for each year of age prior to age 65, the employee shall have completed one year of service such that the employee's age plus years of service must equal 80. The Plan is a defined benefit plan and the cost for each employee is paid on a "pay-as-you-go" basis. Prior to January 2017, the Authority paid the health care costs under its medical self-insurance plan described in Note 3. Beginning in January 2017, the retiree health care costs are paid through a fully insured Medicare Supplement. At August 31, 2017 and 2016, respectively, there were 33 and 32 active employees meeting these eligibility requirements who could elect to retire. During the fiscal years ended August 31, 2017 and 2016, respectively, 40 and 40 qualified retirees received these benefits. The Plan's provisions and funding requirements are established and can be amended by the management of the Authority. The plan is a single employer plan.

Annual OPEB Cost and Net OPEB Obligation

During the fiscal year ended August 31, 2010, the Authority implemented Government Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (GASB 45)*. The implementation was prospective, meaning there was a zero net OPEB obligation at transition. The Authority's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation:

Annual required contribution	\$ 1,774,151
Interest on net OPEB obligation	437,865
Adjustment to annual required contribution	(620,711)
Annual OPEB cost (expense)	1,591,305
Contributions made	(690,334)
Increase in net OPEB obligation	900,971
Net OPEB obligation, beginning of year	<u>10,946,615</u>
Net OPEB obligation, end of year	<u>\$ 11,847,586</u>

The Authority's annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years ended August 31, 2017 and 2016, were as follows:

The Authority is only required to obtain a complete actuarial evaluation every three years as long as it has less than 200 employees and provided significant changes have not occurred that would affect the result of the last evaluation. The actuarial accrued liability for benefits was \$25,030,357, and the actuarial value of assets was \$0 resulting in an unfunded actuarial liability (UAAL) of \$25,030,357. The covered payroll (annual payroll of active employees covered by the plan) was \$4,856,849 and the ratio of the UAAL to the covered payroll was 515.36%. Refer to Required Supplementary Information.

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the Authority's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability. Additional information as of the latest actuarial valuation follows:

Valuation date	August 31, 2017	August 31, 2016
Actuarial cost method	Individual Entry Age Normal	Projected unit credit
Amortization method	Level dollar amortization	Level dollar amortization
Remaining amortization period	30 years - open amortization	30 years - open amortization
Asset valuation	Market value	Market value
Actuarial assumptions:		
Investment rate of return	4.00%	4.50%
Salary scale	NA	3.0%
Health care cost trend rate	7.5% initial 4.5% ultimate	7% initial 4.25% ultimate
General inflation rate	2.50%	3.00%

Long-term Liabilities

Outstanding long-term liabilities consist of the following (in thousands):

	Date of Issue	Date of Maturity	Interest Rates	Original Amount	Outstanding Balance 08/31/16	Added	Retired	Outstanding Balance 08/31/17	Current Portion
Facilities:									
TWDB Loans:									
Series 1964	1964	2034	6.54%	15,000	\$ 19,789	\$ -	\$ 954	\$ 18,836	\$ 195
Compensated Absences:									
Vacation pay	-	-	-	-	661	441	444	658	149
Subtotal long-term liabilities					20,450	441	1,398	19,494	344
Less:									
Current portion					351	9	-	344	-
Net long-term liabilities					\$ 20,099	\$ -	\$ -	\$ 19,150	\$ -

The Texas Water Development Board Series 1964 total amount outstanding at August 31, 2017, of \$18,835,846 includes \$5,805,000 of principal and \$13,030,845 of deferred interest.

Future debt service requirements are as follows:

<u>Year Ended August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 195,000	\$ 1,148,187	\$ 1,343,187
2019	210,000	1,135,434	1,345,434
2020	225,000	1,121,700	1,346,700
2021	235,000	1,106,985	1,341,985
2022	255,000	1,091,616	1,346,616
2023-2027	1,530,000	5,186,997	6,716,997
2028-2032	2,105,000	4,616,055	6,721,055
2033-2034	<u>1,050,000</u>	<u>1,607,058</u>	<u>2,657,058</u>
Total	<u>\$ 5,805,000</u>	<u>\$ 17,014,032</u>	<u>\$ 22,819,032</u>

The various bond indentures, resolutions and agreements provide for the establishment of separate restricted accounts for debt service. The required accounts have been established on the books of the Authority and are reported as restricted assets in the financial statements.

Texas Water Development Board Loan

On December 2, 1994, the Authority entered into a revised agreement with the Texas Water Development Board (TWDB) regarding the state's ownership rights at the Toledo Bend Reservoir. The Authority made a principal payment of \$6,430,186 on December 28, 1994, and received a revised interest rate of 3.6% from April 16, 1964 through December 28, 1994. This reduction in the interest rate resulted in a reduction of \$11,683,809 of interest payable to TWDB. The reduction of accrued interest was a noncash transaction. The interest rate is 6.54% on the remaining \$5,805,000 in principal.

The Authority owes \$5,805,000 of principal and \$13,030,845 of interest at August 31, 2017, related to the state's 21.6075% ownership of the water storage rights at the Toledo Bend Reservoir. The following recaps the payments made on the debt:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>
November 8, 1974	\$ 475,000	\$ -
November 21, 1975	94,815	-
August 20, 1987	500,000	-
March 17, 1988	500,000	-
December 28, 1994	6,430,186	-
July 11, 1996	-	217,000
July 11, 1997	-	217,000
July 1, 1998	-	217,000
June 7, 1999	-	217,000
June 29, 2000	-	217,000
June 18, 2001	-	217,000
June 26, 2002	-	217,000
June 25, 2003	-	217,000
June 24, 2004	-	217,000
June 27, 2005	-	217,000
June 27, 2006	-	217,000
June 25, 2007	-	217,000
June 25, 2008	-	217,000
June 25, 2009	-	217,000
June 25, 2010	120,000	1,226,340
June 25, 2011	125,000	1,218,492
June 25, 2012	135,000	1,210,317
June 25, 2013	150,000	1,201,488
June 25, 2014	150,000	1,192,005
June 25, 2015	160,000	1,182,195
June 25, 2016	175,000	1,171,731
June 25, 2017	185,000	1,160,286

Commitments and Contingencies

On October 9, 2014, the SRA Board of Directors (the "Board") set a rate for the next 40-year renewal term for the Lake Fork Water Supply Contract and Conveyance (the "Contract") between the Authority and the City of Dallas ("City"), dated October 1, 1981, after the parties failed to agree upon a rate during negotiations in accordance with Section 6.02 of the Contract. The rate set by the Board in addition to the City's pro rata share of the service charge was \$0.5613/kgal., adjusted annually by the Consumer Price Index.

On October 30, 2014, the City filed a petition with the Public Utility Commission of Texas ("PUC") complaining of the Board's decision to set a rate. The PUC abated the matter upon request by the Authority, and ordered the City to pay the Authority's rates into an escrow account pending a final determination of the rate dispute. The interim rate set by the PUC was \$0.5613/kgal without an annual adjustment, which totals approximately \$24,117,216 per year.

On January 30, 2015, the City filed a petition for declaratory judgment in Travis County district court, seeking a declaration that the Authority's rates were not set pursuant to a written contract. The district court granted the Authority's plea to the jurisdiction on the grounds of governmental immunity, and dismissed the case. The City appealed to the Third Court of Appeals in Travis County.

On February 13, 2015, the City filed a petition for declaratory judgment in Orange County, Texas, against the members of the Board of Directors of the Authority in their official capacities, alleging the Authority's rate order setting rates was unlawful. The Board members filed pleas to the jurisdiction, and the Authority filed an Original Plea in Intervention asserting that the City was in breach of its obligation to pay the Authority's lawful rate. Several pretrial hearings have been held, and mediation was ordered by the presiding judge.

On October 19, 2017, settlement documents were executed for the Lake Fork contract with an initial renewal term of 40 years. Sabine River Authority received a settlement amount from November 2014 through August 2017 which is reflected in the financial statements. All lawsuits on this issue have been dismissed.

Pollution Control Bonds

In conformity with the State of Texas Auditors' Report dated October 6, 1986, Pollution Control Bonds have been removed from the statement of net position and are disclosed instead in the notes to financial statements. The Attorney General has ruled that the Authority is not liable for any of the following bonds:

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount Authorized and Issued</u>	<u>Cumulative Amount Retired</u>	<u>Balance August 31, 2016</u>
Texas Utilities Electric Company:						
Series 2000A - Construction of solid waste disposal facility at the Martin Lake Station in Rusk County	2000	2021	6.45%	\$ 51,000,000	\$ -	\$ 51,000,000
Series 2001A - Construction and improvement of a solid waste disposal facility and air and water pollution control at the Martin Lake and Monticello stations in Rusk and Titus Counties, Texas	2001	2022	5.50%	91,460,000	-	91,460,000
Series 2001B - Construction and improvement of a solid waste disposal facility and air and water pollution control at the Martin Lake and Monticello stations in Rusk and Titus Counties, Texas	2001	2030	5.55%	106,900,000	-	106,900,000
Series 2001C - Construction and improvement of a solid waste disposal facility and air and water pollution control at the Martin Lake and Monticello stations in Rusk and Titus Counties, Texas	2001	2028	5.20%	70,000,000	-	70,000,000
Series 2003A - Construction and improvement of a solid waste disposal facility and air and water pollution control at the Martin Lake and Monticello stations in Rusk and Titus Counties, Texas	2003	2022	5.80%	12,390,000	-	12,390,000
Series 2003B - Construction and improvement of a solid waste disposal facility and air and water pollution control at the Martin Lake and Monticello stations in Rusk and Titus Counties, Texas	2003	2036	Flexible	44,615,000	-	44,615,000
American Electric Power:						
Series 2006 - Construction and improvements of air and water pollution control including solid waste disposal facilities at the generating plant in Harrison County, Texas	2006	2018	Variable	81,700,000	-	81,700,000
Totals				<u>\$ 458,065,000</u>	<u>\$ -</u>	<u>\$ 458,065,000</u>

Concentrations

During the years ended August 31, 2017 and 2016, respectively, approximately 45% and 43% of water sales were to Dallas Water Utilities. The agreement for water sales for Lake Tawakoni is in perpetuity while the Lake Fork agreement remained in effect until 2015. On October 19, 2017, settlement documents were executed for the Lake Fork contract with a renewal period of 40 years.

Joint Operations

The Authority has a 50% interest in the Toledo Bend Project Joint Operation (TBPJO). The TBPJO is a joint operation between the Sabine River Authority of Texas and Sabine River Authority, State of Louisiana, and was established by joint resolution of the Texas and Louisiana Sabine River Authority in 1955. TBPJO was formed for the purpose of constructing the dam, reservoir, structures, and hydroelectric generating station at Toledo Bend Reservoir. The operation is administered by an Operating Board composed of three members appointed by the Texas Authority and three members appointed by the Louisiana Authority. Sabine River Authority of Texas is responsible for administration of the reservoir and the Texas shoreline. Sabine River Authority of Louisiana is responsible for engineering aspects and the Louisiana shoreline.

The Authority's investment in the net position of the TBPJO is reflected on the Authority's financial statements as capital assets and investments. Capital contributions are made by the Authority to TBPJO to cover operating costs; the contributions are reflected on the Authority's financial statements as operating expenses.

The audited financial statements of TBPJO are on file at the administrative offices of Sabine River Authority of Texas.

Prior Period Adjustment

Due to pending litigation with the City of Dallas in regards to the Lake Fork water contract, revenues were not recorded in prior periods due to the uncertain nature of the outcome. The matter was settled on October 19, 2017 and all litigation has been resolved. Accordingly, the beginning Net Position has been increased by \$14,808,752 as a result of the settlement.

SABINE RIVER AUTHORITY OF TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS**

AUGUST 31, 2017

Fiscal Year Ended	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
August 31, 2010	\$ -	\$ 21,743,485	\$ 21,743,485	- %	\$ 5,585,890	389.26%
August 31, 2012	-	20,289,694	20,289,694	- %	5,202,016	390.04%
August 31, 2013	-	20,289,694	20,289,694	- %	5,141,494	394.63%
August 31, 2014	-	23,077,640	23,077,640	- %	5,013,830	460.28%
August 31, 2015	-	23,077,640	23,077,640	- %	5,436,700	424.48%
August 31, 2016	-	23,077,640	23,077,640	- %	4,828,408	477.96%
August 31, 2017	-	25,030,357	25,030,357	- %	4,856,849	515.36%

GASB 45 was implemented prospectively in fiscal year August 31, 2009. Actuarial information and annual OPEB costs are not available prior to that time. See Note 3 for frequency of actuarial valuations and other conditions.

SABINE RIVER AUTHORITY OF TEXAS

**SCHEDULE OF AMORTIZATION OF
TEXAS WATER DEVELOPMENT BOARD LOAN**

AUGUST 31, 2017

Principal Balance Financed \$7,000,000

<u>Fiscal Year</u>	<u>Interest Receivable</u>	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Total Payment</u>	<u>Total Debt Service</u>	<u>Deferred</u>	<u>Adjusted Payment</u>
2018	\$ 631,690	\$ 195,000	\$ 379,647	\$ 574,647	\$ 1,206,337	\$ 136,850	\$ 1,343,187
2019	631,690	210,000	366,894	576,894	1,208,584	136,850	1,345,434
2020	631,690	225,000	353,160	578,160	1,209,850	136,850	1,346,700
2021	631,690	235,000	338,445	573,445	1,205,135	136,850	1,341,985
2022	631,690	255,000	323,076	578,076	1,209,766	136,850	1,346,616
2023	631,690	270,000	306,399	576,399	1,208,089	136,850	1,344,939
2024	631,690	285,000	288,741	573,741	1,205,431	136,850	1,342,281
2025	631,690	305,000	270,102	575,102	1,206,792	136,850	1,343,642
2026	631,690	325,000	250,155	575,155	1,206,845	136,850	1,343,695
2027	631,690	345,000	228,900	573,900	1,205,590	136,850	1,342,440
2028	631,690	370,000	206,337	576,337	1,208,027	136,850	1,344,877
2029	631,690	395,000	182,139	577,139	1,208,829	136,850	1,345,679
2030	631,690	420,000	156,306	576,306	1,207,996	136,850	1,344,846
2031	631,690	445,000	128,838	573,838	1,205,528	136,850	1,342,378
2032	631,690	475,000	99,735	574,735	1,206,425	136,850	1,343,275
2033	631,690	505,000	68,670	573,670	1,205,360	136,850	1,342,210
2034	631,690	545,000	35,643	580,643	1,212,333	102,515	1,314,848
	<u>\$ 10,738,730</u>	<u>\$ 5,805,000</u>	<u>\$ 3,983,187</u>	<u>\$ 9,788,187</u>	<u>\$ 20,526,917</u>	<u>\$ 2,292,115</u>	<u>\$ 22,819,032</u>

SABINE RIVER AUTHORITY OF TEXAS

SCHEDULE OF INSURANCE IN FORCE

**AUGUST 31, 2017
(UNAUDITED)**

<u>Name of Company</u>	<u>Policy Number</u>	<u>Policy Period</u>	<u>Details of Coverage</u>	<u>Liability Limits</u>	<u>Annual Premium</u>
Texas Water Conservation Association Risk Management Fund	022	07/01/17 - 07/01/18	General liability	\$ 1,000,000	\$ 22,495
Texas Water Conservation Association Risk Management Fund	022	07/01/17 - 7/1/2018	Automobile liability	1,000,000	32,296
Texas Water Conservation Association Risk Management Fund	022	07/01/17 - 7/1/2018	Auto physical damage	Scheduled	17,819
Texas Water Conservation Association Risk Management Fund	022	07/01/17 - 7/1/2018	Property	10,814,341	17,574
Texas Water Conservation Association Risk Management Fund	022	07/01/17 - 7/1/2018	Errors and omissions	1,000,000	31,719
Texas Water Conservation Association Risk Management Fund	022	07/01/17 - 7/1/2018	Excess liability	9,000,000	13,500
Zurich American Insurance Company	GTU6548008	07/01/17 - 7/1/2018	Travel accident	500,000	1,048
Travelers Casualty Insurance Company	105815971	07/01/15 - 07/01/18	Crime/employee dishonesty	1,000,000	1,715
Travelers Casualty & Surety Co.	105648039	07/01/17 - 7/1/2018	Blanket public official bond	1,000	100
AEGIS 50% Liberty Surplus Insurance Corporation 30% Ace American 20%	PO5714501P #1000208045-15 EUTN14425536	07/01/17 - 7/1/2018	Commercial property All property policies	Scheduled	11,568
Travelers Lloyd's Insurance Company	QT660272D7866	07/01/17 - 7/1/2018	Lake Fork dam, watercraft, radio tower, and base station, and Kilgore/Henderson Weir	Scheduled	175,456
Deep East Texas Worker's Compensation Insurance Fund	76-134	07/01/97 - (Until Canceled)	Worker's compensation	500,000	<u>35,069</u>
					<u>\$ 360,359</u>

SABINE RIVER AUTHORITY OF TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Primary government:										
Net investment in capital assets \$	122,623,992	\$ 121,806,366	\$ 121,968,213	\$ 144,580,865	\$ 143,503,128	\$ 143,540,306	\$ 143,052,238	\$ 141,541,440	\$ 140,384,719	\$ 140,661,825
Restricted	1,567,308	847,680	847,586	846,350	825,016	825,016	800,017	800,079	800,203	801,921
Unrestricted	33,779,454	33,823,504	34,879,808	31,880,623	29,326,965	27,390,431	27,494,552	31,632,384	34,581,131	55,688,560
Total primary government net assets	\$ 157,770,754	\$ 156,477,550	\$ 157,695,607	\$ 177,307,838	\$ 173,655,109	\$ 171,755,753	\$ 171,346,807	\$ 173,973,903	\$ 175,766,053	\$ 197,152,306

TABLE 2

SABINE RIVER AUTHORITY OF TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income (Loss)	Total Nonoperating Revenues (Expenses)	Income (Loss) Before Capital Contributions	Extraordinary Items/ Capital Contributions	Change in Net Position
2008	\$ 18,645,877	\$ 17,643,179	\$ 1,002,698	\$ 1,669,945	\$ 2,672,643	\$ 79,720	\$ 2,752,363
2009	18,931,509	20,264,696	(1,333,187)	39,983	(1,293,204)	-	(1,293,204)
2010	21,874,597	20,575,593	1,299,004	(80,947)	1,218,057	-	1,218,057
2011	18,271,927	21,802,675	(3,530,748)	(1,328,653)	(4,859,401)	24,471,632	19,612,231
2012	17,493,956	20,958,358	(3,464,402)	(188,327)	(3,652,729)	-	(3,652,729)
2013	19,371,952	20,864,854	(1,492,902)	(406,454)	(1,899,356)	-	(1,899,356)
2014	20,500,460	20,704,342	(203,882)	(205,064)	(408,946)	-	(408,946)
2015	24,127,984	21,241,917	2,886,067	(258,971)	2,627,096	-	2,627,096
2016	25,040,858	23,522,112	1,518,746	273,404	1,792,150	-	1,792,150
2017	31,857,372	25,130,411	6,726,961	(149,460)	6,577,501	-	6,577,501

SABINE RIVER AUTHORITY OF TEXAS
OPERATING REVENUES BY SOURCE
LAST TEN FISCAL YEARS

Fiscal Year	Water Sales	Power Sales	Wastewater Treatment	Permits	Water Quality Activity	Miscellaneous	Bond Issue Fees	Reservation Fee	Total
2008	\$ 11,884,812	\$ 3,772,516	\$ 58,189	\$ 794,681	\$ 747,972	\$ 736,005	\$ -	\$ 651,702	\$ 18,645,877
2009	13,350,041	2,620,794	52,763	816,363	759,787	680,059	-	651,702	18,931,509
2010	12,924,928	6,018,152	50,411	810,474	823,269	595,661	-	651,702	21,874,597
2011	13,968,823	557,506	47,353	840,931	844,315	1,361,197	-	651,702	18,271,827
2012	12,923,569	1,215,429	39,934	867,681	756,362	1,039,279	-	651,702	17,493,956
2013	14,593,165	1,514,146	46,265	851,074	816,696	898,904	-	651,702	19,371,952
2014	14,493,602	2,599,284	70,650	986,570	834,104	864,548	-	651,702	20,500,460
2015	14,484,783	6,381,340	67,290	921,476	773,787	847,606	-	651,702	24,127,984
2016	15,209,745	6,066,553	54,344	952,896	801,770	1,317,833	-	637,717	25,040,858
2017	26,463,303	2,455,352	50,803	969,781	862,367	404,064	-	651,702	31,857,372

TABLE 4

SABINE RIVER AUTHORITY OF TEXAS
OPERATING EXPENSES
LAST TEN FISCAL YEARS

Fiscal Year	Operating Expenses	
	Operation and Maintenance	Depreciation
2008	\$ 14,738,525	\$ 2,904,654
2009	17,356,286	2,908,410
2010	17,626,268	2,949,325
2011	18,084,046	3,718,629
2012	17,363,254	3,595,104
2013	17,284,765	3,580,089
2014	17,036,591	3,667,751
2015	17,527,226	3,714,691
2016	19,982,119	3,539,993
2017	21,557,094	3,573,317
	\$ 17,643,179	\$ 20,264,696
	20,575,593	21,802,675
	20,958,358	20,864,854
	20,704,342	21,241,917
	23,522,112	25,130,411

TABLE 5

**SABINE RIVER AUTHORITY OF TEXAS
NONOPERATING REVENUES AND EXPENSES
LAST TEN FISCAL YEARS**

Fiscal Year	Gain (Loss) on Disposal of Capital Assets	Capital Asset			Investment Income	Insurance Proceeds	Interest Expense	Bad Debt Expense	Total Nonoperating Revenues (Expenses)
		Grant Program	Impairment Loss	Loss					
2008	\$ 899,264	\$(153,000)	\$ -	\$ 1,468,162	\$ -	\$(544,481)	\$ -	\$ 1,669,945	
2009	(29,924)	(391,000)	-	946,269	-	(485,362)	-	39,983	
2010	(12,257)	(149,100)	-	555,499	-	(475,089)	-	(80,947)	
2011	(967,005)	(169,533)	-	482,909	-	(458,152)	(216,872)	(1,328,653)	
2012	(6,832)	(120,000)	-	380,266	-	(441,761)	-	(188,327)	
2013	(76)	(100,000)	-	134,120	-	(432,948)	(7,702)	(406,454)	
2014	(663)	(77,995)	-	297,059	-	(423,465)	59,292	(145,772)	
2015	-	(81,000)	-	235,684	-	(413,655)	-	(258,971)	
2016	97,773	(293,000)	-	390,437	481,385	(403,191)	-	273,404	
2017	58,675	(157,500)	-	271,357	69,754	(391,746)	-	(149,460)	

TABLE 6

**SABINE RIVER AUTHORITY OF TEXAS
WATER SUPPLIED, POWER GENERATED AND LABORATORY TESTS PERFORMED
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Gulf Coast Division	Lake Tawakoni	Toledo Bend Division	Lake Fork	Total Water Supplied	MWH Hours of Power Generated	Services Division Tests Performed
2009	37.99	140.70	2.71	6.98	188.38	136,544	57,211
2010	42.74	37.20	3.32	24.70	107.96	305,027	63,225
2011	43.05	86.68	3.42	38.10	171.25	38,359	68,040
2012	43.75	70.41	4.56	22.62	141.34	60,609	60,755
2013	45.80	131.03	4.23	21.79	202.85	72,499	66,721
2014	42.11	141.32	4.18	28.41	216.02	122,716	65,322
2015	43.93	56.69	4.46	76.27	181.35	293,580	85,366
2016	39.45	47.44	4.94	65.61	157.44	277,933	90,430
2017	40.03	63.54	3.20	51.62	158.39	112,409	97,090

Note: Water supplied is presented in million gallons daily (MGD).

SABINE RIVER AUTHORITY OF TEXAS
NUMBER OF WATER CUSTOMERS AND LABORATORY TESTS PERFORMED BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Laboratory Tests Performed							Total Tests Performed		
	Municipal	Industrial	Irrigation	Other	Total	Industrial	Municipal		Watershed Monitoring Program	Quality Assurance
2008	22	11	0	4	37	8,621	8,244	24,244	24,197	65,306
2009	22	12	1	3	38	6,419	8,186	23,143	19,463	57,211
2010	22	12	1	3	38	5,662	9,509	23,909	24,145	63,225
2011	22	14	1	3	40	8,081	8,851	24,486	26,622	68,040
2012	22	14	1	3	40	7,124	7,154	23,726	22,751	60,755
2013	23	12	1	4	40	8,327	6,428	26,600	25,366	66,721
2014	24	12	1	4	41	8,253	6,681	24,433	25,955	65,322
2015	24	11	1	7	43	7,742	7,241	39,692	30,691	85,366
2016	25	11	3	9	48	9,347	8,849	44,191	28,043	90,430
2017	24	11	2	7	44	10,550	10,503	48,770	27,267	97,090

SABINE RIVER AUTHORITY OF TEXAS

FIVE LARGEST CUSTOMERS

CURRENT YEAR AND NINE YEARS AGO

Customer	2017			2016		
	Water Revenue			Water Revenue		
	Amount	Percentage	Rank	Amount	Percentage	Rank
Dallas Water Utilities	\$ 16,785,823	63.43%	1	\$ 6,785,290	44.61%	1
North Texas Municipal Water Distri	2,216,177	8.37%	2	1,510,928	9.93%	2
International Paper	1,312,527	4.96%	3	1,190,810	7.83%	3
Dupont	1,031,727	3.90%	4	945,720	6.22%	5
City of Greenville	1,003,214	3.79%	5	973,831	6.40%	4
Subtotal (5 largest)	22,349,468	84.45%		11,406,579	75.00%	
Balance from other customers	4,113,835	15.55%		3,803,166	25.00%	
Grand Totals	\$ 26,463,303	100.00%		\$ 15,209,745	100.00%	
Customer	2015			2014		
	Water Revenue			Water Revenue		
	Amount	Percentage	Rank	Amount	Percentage	Rank
Dallas Water Utilities	\$ 6,246,262	43.12%	1	\$ 6,580,627	45.40%	1
North Texas Municipal Water Dist.	1,454,722	10.04%	2	1,213,049	8.37%	2
Inland Orange, Inc.	1,047,938	7.23%	3	1,028,505	7.10%	3
City of Greenville	952,843	6.58%	5	905,931	6.25%	4
E. I. Dupont DeNemours	954,695	6.59%	4	892,911	6.16%	5
Subtotal (5 largest)	10,656,460	73.57%		10,621,023	73.28%	
Balance from other customers	3,828,323	26.43%		3,872,579	26.72%	
Grand Totals	\$ 14,484,783	100.00%		\$ 14,493,602	100.00%	
Customer	2013			2012		
	Water Revenue			Water Revenue		
	Amount	Percentage	Rank	Amount	Percentage	Rank
Dallas Water Utilities	\$ 6,825,000	46.77%	1	\$ 5,587,070	43.23%	1
E. I. Dupont DeNemours	848,957	5.82%	5	868,305	6.72%	3
Inland Orange, Inc.	915,493	6.27%	3	836,081	6.47%	5
City of Greenville	863,995	5.92%	4	839,509	6.50%	4
North Texas Municipal Water Dist.	1,491,168	10.22%	2	1,056,393	8.17%	2
Subtotal (5 largest)	10,944,613	75.00%		9,187,358	71.09%	
Balance from other customers	3,648,552	25.00%		3,736,211	28.91%	
Grand Totals	\$ 14,593,165	100.00%		\$ 12,923,569	100.00%	

SABINE RIVER AUTHORITY OF TEXAS

FIVE LARGEST CUSTOMERS

CURRENT YEAR AND NINE YEARS AGO

Customer	2011			2010		
	Water Revenue			Water Revenue		
	Amount	Percentage	Rank	Amount	Percentage	Rank
Dallas Water Utilities	\$ 5,552,885	39.75%	1	\$ 5,480,438	42.40%	1
North Texas Municipal Water Dist.	1,186,871	5.26%	2	961,961	7.44%	2
City of Longview	n/a	-		651,703	5.04%	5
Inland Orange, Inc.	904,842	6.01%	3	871,879	6.75%	3
City of Greenville	839,509	8.50%	4	863,843	6.68%	4
E. I. Dupont DeNemours	734,422	5.26%	5	n/a	-	
Subtotal (5 largest)	<u>9,218,529</u>	<u>65.99%</u>		<u>8,829,824</u>	<u>68.32%</u>	
Balance from other customers	<u>4,750,394</u>	<u>34.01%</u>		<u>4,095,104</u>	<u>31.68%</u>	
Grand Totals	<u>\$ 13,968,923</u>	<u>100.00%</u>		<u>\$ 12,924,928</u>	<u>100.00%</u>	

Customer	2009			2008		
	Water Revenue			Water Revenue		
	Amount	Percentage	Rank	Amount	Percentage	Rank
Dallas Water Utilities	\$ 5,719,332	42.84%	1	\$ 5,009,554	42.15%	1
North Texas Municipal Water Dist.	1,225,524	9.18%	2	n/a	-	
E. I. Dupont DeNemours	n/a	-		656,598	5.52%	4
City of Longview	651,703	4.88%	5	651,703	5.48%	5
Inland Orange, Inc.	767,055	5.75%	4	827,568	6.96%	3
City of Greenville	<u>985,509</u>	<u>7.38%</u>	3	<u>985,509</u>	<u>8.29%</u>	2
Subtotal (5 largest)	9,349,123	70.03%		8,130,932	68.41%	
Balance from other customers	<u>4,000,918</u>	<u>29.97%</u>		<u>3,753,880</u>	<u>31.59%</u>	
Grand Totals	<u>\$ 13,350,041</u>	<u>100.00%</u>		<u>\$ 11,884,812</u>	<u>100.00%</u>	

Note: n/a indicates customer is not in the top five largest customers

SABINE RIVER AUTHORITY OF TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Revenue Bonds	Texas Water Development Board Loan	Total Amount	Personal Income ^b	Percentage of Outstanding Debt to Personal Income	Population ^a	Total Debt Per Capita
2008	\$ 1,162,000	\$ 25,907,845	\$ 27,069,845	\$ 19,739,546,000	0%	553,668	49
2009	416,000	26,148,645	26,564,645	20,449,149,000	0%	560,018	47
2010	164,000	25,260,105	25,424,105	24,244,457,000	0%	564,591	45
2011	-	24,397,085	24,397,085	26,041,053,000	0%	571,948	43
2012	-	23,493,545	23,493,545	27,674,087,000	0%	574,750	41
2013	-	22,580,005	22,580,005	24,500,368,000	0%	577,383	39
2014	-	21,661,465	21,661,465	25,237,703,000	0%	583,619	37
2015	-	20,732,925	20,732,925	25,728,303,000	0%	590,740	35
2016	-	19,789,385	19,789,385	N/A	N/A	N/A	N/A
2017	-	18,835,846	18,835,846	N/A	N/A	N/A	N/A

Sources:

^a U. S. Census Bureau through the Labor Market & Career Information Department (LMCI) of the Texas Workforce Commission website: <http://www.tracer2.com>

^b Bureau of Economic Analysis through the LMCI website: <http://www.tracer2.com>

SABINE RIVER AUTHORITY OF TEXAS

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

Fiscal Year	Operating Revenues	Less: Operating Expenses (Excluding Depreciation)	Net Available Funds	Debt Service		Coverage Ratio
				Principal	Interest	
2008	\$ 18,645,877	\$ 14,738,525	\$ 3,907,352	\$ 1,506,000	\$ 382,875	2.07
2009	18,931,509	17,356,286	1,575,223	746,000	263,132	1.56
2010	21,874,597	17,626,268	4,248,329	372,000	1,245,040	2.63
2011	18,271,927	18,084,046	187,881	1,027,021	458,152	0.13
2012	17,493,956	17,363,254	130,702	903,540	441,777	0.10
2013	19,371,952	17,284,765	2,087,187	913,540	432,948	1.55
2014	20,500,460	17,036,591	3,463,869	918,540	423,465	2.58
2015	24,127,984	17,527,226	6,600,758	928,540	413,655	4.92
2016	25,040,858	19,982,119	5,058,739	943,540	403,191	3.76
2017	31,857,372	21,557,094	10,300,278	953,540	391,746	7.66

Notes:

^a Interest is on cash basis method of accounting.

SABINE RIVER AUTHORITY OF TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

Calendar Year	Population ^a	Personal Income ^b (thousands of dollars)	Per Capita Personal Income	Unemployment Rate		Labor Force ^e	Total Housing Units ^e
				Basin ^c	State ^d		
2008	553,668	\$ 19,739,546	\$ 35,652	5.0%	4.9%	274,958	237,078
2009	560,018	20,449,149	36,515	8.1%	8.2%	277,708	239,581
2010	564,591	24,244,457	42,942	8.5%	8.2%	281,524	244,163
2011	571,948	26,041,053	45,530	8.2%	7.9%	286,940	246,284
2012	574,750	27,674,087	48,150	7.1%	6.8%	289,735	246,749
2013	577,383	24,500,368	42,433	6.8%	6.3%	289,712	247,444
2014	583,619	25,237,703	43,711	5.6%	5.1%	276,381	250,497
2015	590,740	25,728,303	44,560	5.0%	4.5%	272,245	252,606
2016	N/A	N/A	N/A	5.3%	4.6%	272,735	254,942
2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A = not available

Note: Statistics for counties partially in the Sabine Basin have been adjusted to better reflect the geographic portion of the county within the basin.

Sources: ^a U. S. Census Bureau through the Labor Market & Career Information Department (LMCI) of the Texas Workforce Commission website: <http://www.tracer2.com>

^b Bureau of Economic Analysis through the LMCI website: <http://www.tracer2.com>

^c Local Area Unemployment Statistics through the LMCI website: <http://www.tracer2.com>

^d State unemployment rate obtained from the U. S. Department of Labor Bureau of Labor Statistics, www.bls.gov

^e U. S. Census Bureau website: <http://www.census.gov/housing>

SABINE RIVER AUTHORITY OF TEXAS
 PRINCIPAL EMPLOYERS
 Current Year and Nine Years Ago

Employer	City	2017		2016		2015		2014		2013	
		Employees	Percentage of Total	Employees	Percentage of Total	Employees	Percentage of Total	Employees	Percentage of Total	Employees	Percentage of Total
L-3 Communications Integrated Systems	Greenville	N/A	N/A	6,500	2.39%	6,500	2.39%	5,700	2.06%	5,700	1.97%
Good Shepard Medical Center	Longview	N/A	N/A	2,529	0.93%	2,630	0.97%	3,260	1.18%	2,607	0.90%
Eastman Chemicals	Longview	N/A	N/A	1,463	0.54%	1,502	0.55%	1,500	0.54%	1,530	0.53%
Trinity Rail	Longview	N/A	N/A	972	0.36%	1,553	0.57%	1,856	0.67%	1,875	0.65%
Tyson Foods	Center	N/A	N/A	1,600	0.59%	1,400	0.51%	1,400	0.51%	1,400	0.48%
Longview ISD	Longview	N/A	N/A	1,288	0.47%	1,348	0.50%	1,170	0.42%	1,352	0.47%
Texas Utilities/Luminant	Henderson	N/A	N/A	896	0.33%	896	0.33%	896	0.32%	896	0.31%
DuPont Sabine River Works	Orange	N/A	N/A	900	0.33%	900	0.33%	900	0.33%	920	0.32%
Greenville ISD	Greenville	N/A	N/A	1,255	0.46%	1,120	0.41%	741	0.27%	810	0.28%
Newell Rubbermaid	Greenville	N/A	N/A	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Mundy Industrial Contractors	Orange	N/A	N/A	67	0.02%	77	0.03%	124	0.04%	275	0.09%
Invisia Petrochemical	Orange	N/A	N/A	100	0.04%	100	0.04%	500	0.18%	732	0.25%
Inland Paperboard/International Paper	Orange	N/A	N/A	450	0.17%	450	0.17%	425	0.15%	412	0.14%
TOTAL		N/A	N/A	18,020	6.62%	18,476	6.79%	18,472	6.68%	18,509	6.39%

Employer	City	2012		2011		2010		2009		2008	
		Employees	Percentage of Total	Employees	Percentage of Total	Employees	Percentage of Total	Employees	Percentage of Total	Employees	Percentage of Total
L-3 Communications Integrated Systems	Greenville	5,700	1.97%	5,700	1.99%	5,750	2.04%	5,700	2.05%	5,000	1.82%
Good Shepard Medical Center	Longview	3,500	1.21%	3,000	1.05%	2,743	0.97%	2,717	0.98%	2,585	0.94%
Eastman Chemicals	Longview	1,549	0.53%	1,477	0.51%	1,410	0.50%	1,400	0.50%	1,456	0.53%
Trinity Rail	Longview	1,160	0.40%	1,143	0.40%	600	0.21%	600	0.22%	601	0.22%
Tyson Foods	Center	1,000	0.35%	1,000	0.35%	1,000	0.36%	1,000	0.36%	1,400	0.51%
Longview ISD	Longview	1,312	0.45%	1,239	0.43%	1,263	0.45%	1,300	0.47%	1,267	0.46%
Texas Utilities/Luminant	Henderson	896	0.31%	896	0.31%	896	0.32%	896	0.32%	1,082	0.39%
DuPont Sabine River Works	Orange	866	0.30%	866	0.30%	866	0.31%	866	0.31%	866	0.31%
Greenville ISD	Greenville	810	0.28%	810	0.28%	810	0.29%	810	0.29%	810	0.29%
Newell Rubbermaid	Greenville	-	0.00%	490	0.17%	650	0.23%	650	0.23%	650	0.24%
Mundy Industrial Contractors	Orange	275	0.09%	275	0.10%	275	0.10%	275	0.10%	275	0.10%
Invisia Petrochemical	Orange	400	0.14%	400	0.14%	200	0.07%	200	0.07%	200	0.07%
Inland Paperboard/International Paper	Orange	500	0.17%	500	0.17%	500	0.18%	500	0.18%	500	0.18%
TOTAL		17,968	6.20%	17,796	6.20%	16,963	6.03%	16,914	6.09%	16,692	6.07%

N/A = not available.

Source: Community Profiles and Websites from Counties and Communities within the Sabine River Basin

**SABINE RIVER AUTHORITY OF TEXAS
NUMBER OF EMPLOYEES BY IDENTIFIABLE ACTIVITY
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Administration:										
Management	20	20	20	19	21	20	20	20	20	20
Administrative assistant/secretary	15	15	15	16	16	14	14	14	14	13
Accounting	3	3	3	3	3	3	3	3	3	3
GIS	1	1	1	1	1	1	1	1	1	1
Engineer	1	1	1	2	1	1	1	1	1	1
MIS	1	1	1	1	1	1	1	-	-	-
Special projects	3	3	3	3	2	2	1	1	1	1
Water:										
Environmental agent/tech	3	3	3	3	4	4	-	-	-	-
Pumper	3	3	3	3	3	3	3	3	3	3
Equipment oiler/operator	20	20	20	17	19	19	17	16	16	17
Mechanic	1	1	1	1	1	1	1	1	1	1
M&O/field supervisor	6	6	6	7	7	7	7	8	8	8
Canal foreman/crewman	2	2	2	1	1	1	1	1	1	1
Electrician	1	1	1	1	1	1	1	1	1	1
Project inspector	1	1	1	1	1	1	6	5	5	6
Surveyor/survey tech	2	2	2	2	2	2	2	2	2	2
Maintenance tech	7	7	7	6	6	6	5	5	5	3
Water and sewer tech	1	1	1	3	1	1	1	-	-	-
Laboratory:										
Section leader	1	1	1	1	1	1	1	1	1	1
Laboratory analyst/tech	5	5	5	6	7	7	7	7	7	7
Biomonitoring coordinator	1	1	1	1	1	1	1	-	-	-
Field coordinator	2	2	2	2	2	2	2	2	2	2
Chemist	1	1	1	1	-	-	-	-	-	-
Quality assurance officer	1	1	1	1	1	1	-	1	1	1
Biologist	2	2	2	2	2	2	2	2	2	1
LIMS administrator	1	1	1	1	-	-	1	1	1	1
Sample Custodian	1	1	1	1	1	1	1	1	1	1
Total employees	106	106	106	106	106	103	100	97	97	95

SABINE RIVER AUTHORITY OF TEXAS

OPERATING AND CAPITAL INDICATORS

(UNAUDITED)

Gulf Coast Division Canal System:

Pumping capacity	195 million gallons per day
Canal system length	75 miles
Permitted water rights	147,100 acre-feet per year

Lake Tawakoni (Iron Bridge Dam):

Capacity	927,440 acre-feet
Surface area	36,700 acres
Elevation	437.5 feet mean sea level
Yield	238,100 acre-feet per year

Toledo Bend Reservoir:

Capacity	4,477,000 acre-feet
Surface area	181,600 acres
Elevation	172.0 feet mean sea level
Yield	2,086,600 acre-feet per year *
Hydroelectric capacity	85 megawatt hours

* Half of the yield is allocated to Texas and half is allocated to Louisiana.

Lake Fork Reservoir:

Capacity	675,819 acre-feet
Surface area	27,690 acres
Elevation	403.0 feet mean sea level
Yield	188,660 acre-feet per year

Note: Canal system and reservoir information applicable to all years from 2008 through 2017.

SABINE RIVER AUTHORITY OF TEXAS

Historical Data through
August 31, 2017

SRA QUICK REFERENCE

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WATER SUPPLY SCHEDULE • GULF COAST DIVISION

For the fiscal years ending August 31. Supplied in Million Gallons Daily (MGD)

YEAR	TOTAL	E.I. DU PONT DE NEMOURS & COMPANY	HONEY- WELL	EN- TERGY	FIRE- STONE	INT'L PAPER	CHEVRON PHILLIPS	A. SCHUL- MAN INC.	AR- LANEXO, INC.	GERDAU- AMERIS- TEEL	CITY OF ROSE CITY	NRG INTER- GEN	CRAWFISH & RICE FARMING (IRRIGATION)	MISC. USAGE
1949	43.10	8.60											34.50	
1950	54.47	9.69											44.78	
1951	66.14	10.53											55.61	
1952	48.25	12.61											35.64	
1953	41.06	10.60											30.46	
1954	41.57	0.50	.15										40.92	
1955	40.08	10.30	.30					.05					29.43	
1956	36.30	9.88	1.44		.54			.05					24.39	
1957	35.10	10.20	1.44		1.36			.05					22.10	
1958	35.09	9.48	1.44		1.03								23.14	
1959	43.86	9.28	1.44		1.11			.04					31.99	
1960	35.37	9.94	1.44		1.11			.21					22.67	
1961	43.89	10.34	1.44	.14	1.34			.21					30.42	
1962	38.95	10.39	.72	.27	1.34			.21					26.02	
1963	36.18	11.11	.37	.25	1.24			.21					23.00	
1964	36.23	11.38	.47	.25	1.45			.21					22.47	
1965	34.51	12.37	.52	.25	1.65			.21					19.51	
1966	42.95	13.00	.49	.25	1.77			.21					27.23	
1967	49.68	14.00	.38	.24	1.94	6.07		.21					26.84	
1968	49.03	12.32	.40	.25	2.00	8.85		.21					25.00	
1969	47.94	12.30	.38	.25	2.08	7.60		.21					25.12	
1970	46.62	15.17	.40	.25	1.78	9.33		.21					19.48	
1971	46.61	15.17	.40	.25	1.77	9.33		.21					19.48	
1972	49.27	16.37	.45	.25	1.58	9.80		.21					20.61	
1973	45.91	12.91	.40		2.09	11.78	.90						17.83	
1974	50.63	11.26	.25		1.77	10.64	1.36						25.35	
1975	50.15	11.95	.38		1.70	11.24	1.25						23.63	
1976	49.69	14.14	.34		1.93	8.77	1.15			.04			23.32	
1977	53.42	15.84	.39		1.68	7.44	1.17			.04			26.86	
1978	37.16	15.23	.32	.25	1.53	11.88	1.17	.09		.80			5.89	
1979	36.85	14.98	.37	.25	1.82	11.07	1.35	.10		.97			5.94	
1980	41.37	14.61	.40	3.27	1.60	12.65	1.29	.10		1.01	.01		6.14	
1981	47.76	16.65	.27	6.38	1.68	12.27	1.58	.10		1.58	.06		6.63	
1982	41.57	13.84	.42	4.49	1.33	11.09	1.58	.08		1.51	.08		7.13	
1983	36.86	12.96	.48	4.76	.16	10.31	1.74	.01		1.63	.08		4.68	
1984	40.38	15.17	.53	5.40	.26	11.76	1.63	.01		1.48	.09		4.00	
1985	40.63	16.65	.58	4.29	.27	13.37	1.78	.01		1.24	.08		2.27	
1986	39.19	15.94	.62	3.84	.27	13.12	1.83	.002		1.14	.08		2.31	
1987	45.02	18.62	.79	3.77	.32	14.45	1.80	.002		1.55	.08		3.58	
1988	50.53	19.93	.98	4.33	.30	17.09	1.99	.002		1.54	.08		4.28	
1989	52.23	19.29	.91	4.72	.34	16.34	2.04	.20		1.46	.09		6.81	
1990	50.08	20.85	.68	4.97	.35	15.18	1.78	.23		1.21	.09		4.72	

Continued on the next page

WATER SUPPLY SCHEDULE • GULF COAST DIVISION (Cont.)

For the fiscal years ending August 31. Supplied in Million Gallons Daily (MGD)

YEAR	TOTAL	E.I. DU PONT DE NEMOURS & COMPANY	HONEY- WELL	EN- TERGY	FIRE- STONE	INT'L PAPER	CHEVRON PHILLIPS	A. SCHUL- MAN INC.	AR- LANXEO, INC.	GERDAU- AMERIS- TEEL	CITY OF ROSE CITY	NRG INTER- GEN	CRAWFISH & RICE FARMING (IRRIGATION)	MISC. USAGE
1991	47.49	19.03	.57	4.49	.33	14.81	1.49	.007	1.30	1.40	.08		4.81	
1992	48.10	19.62	.61	4.12	.32	15.35	1.90	.001	1.41	1.20	.08		2.73	
1993	46.73	19.29	.69	4.02	.33	14.91	1.97	.001	1.78	1.15	.08		2.51	
1994	47.57	18.91	.71	4.47	.44	14.14	2.04	.001	1.79	1.52	.08		3.47	
1995	49.23	19.10	.78	5.44	.69	15.41	2.27	.001	1.93	1.64	.12		1.92	
1996	50.43	20.48	.76	4.56	.62	15.71	2.28	.001	2.07	1.65	.11		2.27	
1997	52.27	22.33	.73	4.77	.70	15.82	2.53	.001	2.11	1.20	.07		2.01	
1998	53.26	23.03	.73	4.26	.72	17.44	2.40	.001	2.15	1.23	.07		2.23	
1999	50.97	22.32	.55	4.34	.73	15.57	2.00	.005	2.64	.93	.07		5.82	
2000	50.79	20.29	.64	5.22	.63	16.40	2.00	.005	3.03	.95	.08		1.54	
2001	36.73	9.06	.70	4.31	.60	16.18	1.46	.004	2.89	.86	.08		1.08	.37
2002	40.21	14.61	.61	3.43	.65	13.98	1.88	.007	2.91	.71	.08		1.09	.27
2003	48.26	16.44	.71	3.25	.95	19.39	.97	.010	3.89	.76	.09	1.30	.02	.48
2004	48.03	16.38	1.03	3.65	.84	16.98	.98		3.97	.83	.15	1.98	.09	1.15
2005	41.72	16.03	1.31	2.18	1.04	14.27	.85		3.20	.72	.08	1.90	.009	.13
2006	39.75	13.51	1.25	3.31	1.17	14.39	.78		2.87	.38	.09	1.75	.21	.04
2007	39.64	13.85	.68	2.67	1.15	14.69	.94		2.70	.41	.09	2.33		.13
2008	42.06	13.54	.57	2.64	1.66	15.70	.96		2.94	.58	.07	2.99	.40	.01
2009	37.99	12.10	.70	2.50	1.00	14.90	.70		2.50	.70	.09	2.50	.20	.10
2010	42.74	11.20	.71	2.80	1.16	17.10	.82		3.60	1.00	.07	2.58	1.10	.60
2011	42.96	14.17	.55	2.67	.84	14.89	.86		3.54	.73	.07	2.84	1.12	.68
2012	43.75	15.25	.56	1.15	.56	15.38	.68		3.44	.66	.07	5.06	.94	.00
2013	45.80	14.11	.63	2.46	.64	16.63	.82		3.53	1.10	.07	4.13	1.51	.17
2014	42.11	14.09	.88	2.01	.56	15.55	.84		3.10	.49	.07	3.84	.68	.00
2015	43.93	13.69	.54	2.87	.82	15.52	.90		3.16	.65	.07	4.57	1.14	.00
2016	39.83	11.92	.70	2.97	1.17	14.49	0.93		3.00	.75	.07	3.54	.29	.00
2017	40.02	10.60	.57	2.29	0.45	15.43	1.03		2.81	.87	.07	5.69	.21	.00

WATER SUPPLY SCHEDULE • TOLEDO BEND DIVISION

For the fiscal years ending August 31. Supplied in Million Gallons Daily (MGD)

YEAR	TOTAL	CITY OF HUXLEY	CITY OF HEMPHILL	G-M WSC	TENASKA OPERATIONS, INC.	MINING CLASSIC, XTO	MISCELLANEOUS WATER USAGE
1972	.02						.02
1973	.03						.03
1974	.04						.04
1975	.06	.02					.04
1976	.11	.05					.06
1977	.35	.06	.19				.10
1978	.37	.09	.20				.08
1979	.34	.08	.19				.07
1980	.48	.09	.27				.12
1981	.54	.11	.34				.09
1982	.62	.12	.42				.08
1983	.59	.13	.38				.08
1984	.72	.15	.56				.11
1985	.84	.16	.57				.11
1986	.95	.15	.70				.10
1987	.99	.15	.72				.12
1988	.96	.16	.70				.10
1989	.92	.17	.66				.09
1990	.97	.18	.69				.10
1991	.98	.20	.70				.09
1992	.98	.23	.67				.08
1993	1.14	.31	.70				.12
1994	1.04	.18	.72				.14
1995	1.04	.17	.72				.15
1996	1.38	.16	1.02				.20
1997	1.25	.17	.96				.13
1998	1.34	.22	.96				.16
1999	1.25	.22	.88				.15
2000	1.36	.24	.96				.16
2001	2.40	.24	.85		1.16		.15
2002	4.21	.25	1.02		2.82		.13
2003	4.41	.24	.83		3.28		.06
2004	4.07	.22	.75		3.04		.06
2005	3.95	.22	.84		2.84		.05
2006	4.62	.22	.79		3.55		.06
2007	3.77	.22	.65		2.84		.06
2008	3.88	.19	.60		3.03		.07
2009	2.70	.18	.59		1.88		.05
2010	3.32	.17	.64		2.46		.05
2011	3.42	.17	.70		2.36	.13	.06
2012	4.56	.16	.59		3.29	.47	.05
2013	4.22	.17	.59		3.14	.28	.04
2014	4.18	.20	.61		2.81	.52	.04
2015	4.46	.19	.40	.18	3.24	.43	.02
2016	4.94	.19	.33	.31	3.46	.56	.09
2017	3.19	.22	.38	.35	2.07	.09	.08

TOLEDO BEND RESERVOIR DATA • For the fiscal years ending August 31

YEAR	MEGAWATT HOURS POWER GENERATED			WATER RELEASES AT DAM (1,000 AC-FT) FOR THRU			LAKE ELEVATION LAST DAY OF YEAR FT. M.S.L.	ANNUAL RAINFALL INCHES
	PRIME	SECONDARY	TOTAL	POWER	SPILLWAY	TOTAL		
1970	51,554	65,614	117,168	1,741.69	242.68	1,984.37	169.87	43.29
1971	14,804	39,158	53,962	780.35	72.64	852.99	168.94	43.22
1972	34,048	128,087	162,135	2,381.49	68.46	2,449.95	168.34	57.63
1973	156,052	183,192	339,244	5,130.22	820.21	5,950.43	170.20	72.13
1974	72,058	280,924	352,982	5,371.21	993.71	6,364.92	168.09	52.66
1975	72,781	366,032	438,813	6,559.87	726.80	7,286.67	169.56	79.44
1976	131,543	47,487	179,030	2,547.69	61.56	2,609.25	168.88	53.87
1977	75,494	118,336	193,830	2,788.76	44.03	2,832.79	168.19	44.74
1978	48,558	37,571	86,129	1,280.88	58.98	1,339.86	168.08	40.72
1979	72,249	286,500	358,749	5,339.78	779.75	6,119.53	169.86	63.79
1980	59,348	183,336	242,684	3,661.29	640.26	4,301.55	168.58	55.37
1981	63,307	10,036	73,343	1,099.35	136.72	1,236.07	168.61	40.90
1982	67,958	-0-	67,958	1,032.06	899.69	1,931.75	168.87	51.34
1983	53,149	228,286	281,435	4,312.85	1,001.45	5,314.30	168.98	75.63
1984	29,873	131,653	161,526	2,463.50	131.84	2,595.34	168.20	53.62
1985	54,561	145,226	199,787	2,904.88	129.84	3,034.72	168.30	46.64
1986	108,129	123,824	231,953	3,365.58	302.14	3,667.72	169.41	52.10
1987	48,548	235,861	284,409	4,229.98	122.64	4,352.62	166.02	61.79
1988	25,045	180,262	205,307	3,045.76	130.73	3,176.49	167.46	48.96
1989	53,044	251,347	304,391	4,637.04	1,778.49	6,415.53	170.32	60.23
1990	69,344	280,797	350,141	5,190.33	798.41	5,988.74	167.85	47.89
1991	44,110	293,719	337,829	5,115.02	1,535.43	6,650.45	169.79	64.80
1992	62,728	313,553	376,281	5,580.32	667.36	6,247.68	169.09	55.40
1993	57,949	296,233	354,182	5,333.34	351.44	5,684.78	167.87	52.72
1994	54,236	161,145	215,381	3,382.03	133.37	3,515.40	170.27	52.60
1995	80,189	405,194	485,383	5,720.85	665.16	6,386.01	167.84	54.38
1996	26,053	7,290	33,343	442.54	145.10	587.64	165.22	42.02
1997	52,491	186,648	239,139	3,438.93	1,795.45	5,234.38	170.33	58.90
1998	55,330	241,396	296,727	4,278.58	705.40	4,983.98	164.54	54.44
1999	70,156	249,573	319,729	4,719.81	882.64	5,602.45	167.98	76.83
2000	62,892	17,789	80,681	1,121.24	127.19	1,248.43	168.76	42.25
2001	66,639	248,714	315,353	4,713.73	1,862.62	6,576.35	168.20	59.91
2002	64,021	169,904	233,925	3,372.89	1,613.49	4,986.38	167.50	49.96
2003	61,690	127,106	188,796	2,653.30	1,125.52	3,778.82	167.75	61.93
2004	71,428	114,101	185,529	2,623.94	1,110.80	3,734.74	169.20	61.70
2005	65,674	210,600	276,274	4,126.21	128.78	4,254.99	164.29	52.12
2006	62,016	8,354	70,370	1,043.84	138.19	1,182.03	164.19	41.10
2007	56,762	116,194	172,956	2,629.63	306.76	2,936.39	170.98	69.82
2008	64,003	132,662	196,665	2,863.27	577.21	3,440.48	168.13	41.24
2009	52,913	83,631	136,544	1,934.87	137.63	2,072.50	168.51	51.06
2010	38,270	266,757	305,027	4,343.56	1,139.70	5,483.26	167.30	51.67
2011	8,579	29,780	38,359	589.73	153.51	743.24	161.27	28.05
2012	19,618	40,991	60,609	907.01	232.49	1,139.50	168.55	65.82
2013	19,216	53,662	72,878	1,091.95	139.63	1,231.58	167.64	39.81
2014	38,539	84,177	122,716	1,797.93	136.53	1,934.46	170.66	52.55
2015	79,272	214,308	293,580	4,299.79	1,605.82	5,905.61	169.6	55.37
2016	43,960	233,973	277,933	4,096.53	5,577.79	9,674.32	170.2	77.85
2017	56,609	55,800	112,409	1,655.67	336.87	1,992.54	173.5	71.09

WATER SUPPLY SCHEDULE • IRON BRIDGE DIVISION

For the fiscal years ending August 31. Supplied in Million Gallons Daily (MGD)

YEAR	TOTAL	DALLAS	GREEN-VILLE	POINT	WILLS POINT	EMORY	CASH	NTMWD/TERRELL	WEST TAWAKONI	COM-MERCE	MAC BEE W.S.C.	EDGE-WOOD	COMBINED CONSUMER SUD	SOUTH TAWAKONI W.S.C.	ABLE SPRINGS W.S.C.	LONE OAK DEV.	MISC. USAGE
1964	42.33	42.20		0.03													0.10
1965	32.38	30.86	1.29	0.03	0.06												0.14
1966	30.11	26.71	3.01	0.03	0.20												0.16
1967	33.44	30.54	2.38	0.03	0.24												0.25
1968	35.77	35.17	0.17	0.03	0.30												0.10
1969	43.63	42.96	0.21	0.03	0.27												0.16
1970	43.81	41.99	1.29	0.05	0.30												0.18
1971	57.10	53.00	3.39	0.06	0.33		0.10										0.22
1972	48.87	45.39	2.24	0.07	0.41	0.06	0.42										0.28
1973	47.01	43.79	1.73	0.07	0.41	0.24	0.46		0.03								0.28
1974	39.08	37.55	- 0 -	0.07	0.48	0.27	0.47		0.07								0.17
1975	18.84	17.13	- 0 -	0.06	0.52	0.30	0.61		0.07								0.15
1976	26.72	21.36	3.69	0.07	0.50	0.31	0.52		0.14								0.13
1977	29.25	25.59	1.75	0.07	0.60	0.38	0.57		0.17								0.12
1978	50.97	45.55	2.73	0.09	0.63	0.37	0.71		0.23	0.59							0.07
1979	64.13	59.35	1.88	0.09	0.55	0.37	0.68		0.36	0.73							0.12
1980	45.55	38.88	3.43	0.08	0.58	0.47	0.79		0.35	0.84							0.13
1981	52.15	45.23	3.85	0.08	0.65	0.51	0.74		0.31	0.65							0.13
1982	23.41	19.02	1.34	0.09	0.61	0.45	0.71		0.19	0.82							0.18
1983	39.18	35.01	1.44	0.09	0.68	0.49	0.71		0.23	0.30							0.23
1984	67.93	59.33	2.80	0.12	0.77	0.49	1.12	0.002	0.27	0.89							0.41
1985	53.32	48.31	1.06	0.13	0.83	0.55	0.73	- 0 -	0.24	1.16							0.31
1986	98.41	94.00	1.30	0.20	0.78	0.48	0.59	- 0 -	0.22	0.57							0.27
1987	82.80	78.81	0.53	0.17	0.83	0.44	0.61	- 0 -	0.47	0.69							0.25
1988	118.35	109.93	2.90	0.15	0.96	0.61	0.67	- 0 -	0.22	0.80							0.34
1989	103.52	98.52	1.45	0.16	0.94	0.65	0.57	- 0 -	0.19	0.77							0.27
1990	102.11	96.02	2.22	0.17	0.99	0.59	0.67	0.003	0.18	0.97							0.30
1991	99.56	93.38	2.02	0.14	0.95	0.54	0.70	0.005	0.25	1.25							0.28
1992	82.38	77.18	1.34	0.15	0.91	0.47	0.66	- 0 -	0.23	1.18							0.26
1993	108.49	102.40	1.98	0.17	0.95	0.52	0.66	0.009	0.23	1.22							0.35
1994	83.41	77.00	2.18	0.14	0.86	0.51	0.63	- 0 -	0.30	1.15	0.18				0.004		0.46
1995	47.06	40.65	1.05	0.14	0.82	0.59	0.73	0.003	0.30	1.34	0.36	0.12			0.19		0.46
1996	132.56	118.77	7.47	0.11	0.85	0.63	0.82	0.55	0.26	1.10	0.36	0.27	0.41		0.18		0.19
1997	86.75	77.86	2.68	0.12	0.77	0.64	0.74	0.59	0.31	1.05	0.45	0.003	0.56		0.15		0.12
1998	129.63	119.35	3.99	0.16	0.65	0.82	0.92	0.007	0.33	1.39	0.52	0.003	0.85	0.30	0.19		0.15
1999	127.18	119.09	2.10	0.14	0.61	0.77	0.92	0.003	0.31	1.42	0.51	<0.001	0.72	0.28	0.20		0.11
2000	121.88	111.05	4.40	0.15	0.66	0.75	1.11	0.005	0.31	1.47	0.53	0.008	0.63	0.28	0.30		0.11
2001	161.31	152.95	1.84	0.18	0.69	0.92	1.02	0.003	0.34	1.50	0.46	- 0 -	0.69	0.32	0.28		0.11
2002	126.17	118.91	1.05	0.18	0.56	0.72	0.92	0.002	0.57	1.58	0.40	- 0 -	0.60	0.32	0.26		0.09
2003	76.26	67.15	3.02	0.21	0.57	0.87	0.97	- 0 -	0.41	1.35	0.44	- 0 -	0.66	0.30	0.26		0.05
2004	38.44	28.51	3.71	0.20	0.56	0.79	1.01	0.002	0.40	1.55	0.44	- 0 -	0.61	0.32	0.25		0.08
2005	131.65	119.74	2.82	0.24	0.52	0.94	1.10	2.55	0.38	1.41	0.52	0.03	0.64	0.35	0.27	0.02	0.12

Continued on the next page

WATER SUPPLY SCHEDULE • IRON BRIDGE DIVISION (Cont.)

For the fiscal years ending August 31. Supplied in Million Gallons Daily (MGD)

YEAR	TOTAL	DALLAS	GREEN-VILLE	POINT	WILLS POINT	EMORY	CASH	NTMWD/TERRELL	WEST TAWAKONI	COM-MERCE	MAC BEE W.S.C.	EDGE-WOOD	COMBINED CONSUMER SUD	SOUTH TAWAKON I W.S.C.	NTMWD/ABLE SPRINGS W.S.C.	LONE OAK DEV.	MISC. USAGE
2006	165.92	146.49	7.31	0.19	0.59	0.94	1.37	5.21	0.39	1.20	0.57	0.17	0.69	0.37	0.26	0.04	0.13
2007	127.89	117.05	3.73	0.17	0.48	0.79	1.06	1.34	0.72	0.88	0.47	0.04	0.54	0.28	0.21	0.06	0.07
2008	80.44	68.12	4.59	0.15	0.23	0.76	1.13	2.04	0.23	1.21	0.52	0.003	0.64	0.32	0.23	0.13	0.14
2009	140.70	81.15	5.88	0.15	0.46	0.83	1.12	47.70	0.21	1.28	0.50	0.003	0.63	0.31	0.23	0.12	0.12
2010	37.20	4.65	1.85	0.19	0.64	0.80	1.27	24.17	0.22	1.37	0.58	<0.001	0.65	0.39	0.26	0.06	0.11
2011	86.68	42.13	6.00	0.16	0.75	0.91	1.32	30.96	0.22	1.83	0.66	0.30	0.68	0.41	0.20	0.02	0.13
2012	70.41	31.59	5.41	0.18	0.62	0.81	1.28	26.94	0.22	1.22	0.84	0.20	0.60	0.36	- 0 -	0.005	0.13
2013	131.03	84.19	5.42	0.16	0.59	0.82	1.07	36.00	0.23	0.84	0.62	0.03	0.64	0.30	- 0 -	- 0 -	0.12
2014	141.32	104.90	3.77	0.16	0.60	0.90	1.12	27.12	0.22	0.75	0.56	0.19	0.66	0.29	- 0 -	- 0 -	0.08
2015	56.69	26.23	3.32	0.17	0.49	0.90	1.32	21.88	0.20	0.43	0.54	0.14	0.70	0.31	- 0 -	- 0 -	0.06
2016	47.44	23.94	2.86	0.23	0.58	0.83	1.27	14.60	0.22	0.78	0.52	0.11	0.74	0.39	0.30	- 0 -	0.07
2017	63.54	16.83	4.66	0.24	0.52	0.74	1.10	36.40	0.19	0.80	0.55	0.23	0.68	0.33	0.17	- 0 -	0.10

WATER SUPPLY SCHEDULE • LAKE FORK DIVISION

For the fiscal years ending August 31. Supplied in Million Gallons Daily (MGD)

YEAR	TOTAL	CITY OF DALLAS	CITY OF LONGVIEW	CITY OF KILGORE	CITY OF HENDERSON	CITY OF QUITMAN	BRIGHT STAR SALEM	TEXAS EASTMAN	MISC. USAGE
1986	6.65		6.65			- 0 -			
1987	6.02		6.02			- 0 -			
1988	6.66		6.66			- 0 -			
1989	6.13		6.13			- 0 -			
1990	11.46		8.13			0.21		3.12	
1991	3.25		2.96			0.29		- 0 -	
1992	4.29		4.00			0.29		- 0 -	
1993	4.08		3.77			0.31		- 0 -	
1994	4.44		4.12			0.32		- 0 -	
1995	6.57		5.45	0.79		0.33		- 0 -	
1996	11.95		9.66	2.00		0.29		- 0 -	
1997	9.72		7.41	2.00		0.31		- 0 -	
1998	7.24		4.93	2.00		0.31		- 0 -	
1999	8.39		6.03	2.00		0.36		- 0 -	
2000	13.40		10.84	2.00	0.19	0.37		- 0 -	
2001	15.52		12.14	2.00	1.04	0.34		- 0 -	
2002	16.83		13.00	2.00	1.50	0.33		- 0 -	
2003	18.01		14.68	2.00	1.00	0.33		- 0 -	
2004	18.07		14.74	2.00	1.00	0.33		- 0 -	
2005	18.35		15.00	2.00	1.00	0.35		- 0 -	
2006	11.52		7.69	2.00	1.10	0.40		0.33	
2007	12.59		6.50	2.00	1.01	0.31		2.77	
2008	5.67		2.51	2.00	0.86	0.30		- 0 -	
2009	6.98	0.22	3.51	2.00	0.96	0.29		- 0 -	
2010	24.70	18.80	2.50	2.00	1.00	0.30		- 0 -	
2011	33.50	26.50	3.80	2.00	0.90	0.30		- 0 -	
2012	30.39	20.03	7.09	2.00	0.99	0.28		- 0 -	
2013	21.79	12.53	5.68	2.00	1.15	0.26		- 0 -	0.17
2014	28.41	19.06	4.65	2.00	1.21	0.24	0.02	- 0 -	0.00
2015	76.27	68.91	4.14	2.00	0.88	0.26	0.08	- 0 -	0.00
2016	65.61	58.11	4.32	2.00	0.77	0.27	0.14	- 0 -	0.00
2017	51.62	42.34	6.00	2.00	0.90	0.25	0.13	- 0 -	0.00

LABORATORY SAMPLES ANALYZED • For the fiscal years ending August 31

YEAR	INDUSTRIAL	MUNICIPAL	GULF COAST DIVISION	IRON BRIDGE DIVISION	LAKE FORK DIVISION	TOLEDO BEND DIVISION	OTHER	TOTAL	NUMBER OF TESTS
1973	457	204	194	45		17	28	945	
1974	790	233	201	53		28	76	1,381	
1975	856	303	182	61	48	21	411	1,882	11,525
1976	1,063	344	236	58	84	31	774	2,590	16,603
1977	1,455	392	456	28	84	40	931	3,386	20,700
1978	1,582	303	475	29	131	79	982	3,581	21,977
1979	3,211	248	472	66	154	106	670	3,345	22,324
1980	1,590	328	473	60	151	91	762	3,455	24,381
1981	1,909	266	483	55	126	53	938	3,830	24,685
1982	1,414	336	451	57	94	89	851	3,292	19,936
1983	1,622	271	477	104	98	100	644	3,300	19,775
1984	1,230	285	436	81	122	85	752	2,991	18,483
1985	992	331	249	58	87	125	737	2,579	16,914
1986	774	465	239	87	118	140	93	1,916	14,391
1987	1,126	245	263	90	100	205	96	3,125	14,645
1988	1,519	2,412	205	115	114	120	93	4,578	17,835
1989	1,325	2,665	220	113	84	119	652	5,178	17,451
1990	2,426	2,463	211	97	113	120	820	6,278	19,934

NUMBER OF TESTS PERFORMED

YEAR	INDUSTRIAL	MUNICIPAL	WATERSHED MONITORING PROGRAM	QUALITY ASSURANCE	TOTAL
1991	3,173	4,630	12,338	2,298	22,439
1992	6,360	4,276	13,919	2,512	27,067
1993	8,908	4,716	14,317	3,640	31,581
1994	9,516	4,774	21,969	8,555	44,923
1995	9,183	4,228	19,172	14,948	47,532
1996	8,225	4,819	16,023	15,333	44,400
1997	9,525	5,308	21,771	15,431	52,035
1998	7,205	5,699	24,293	11,526	48,723
1999	9,999	7,265	43,509	16,033	76,806
2000	8,159	6,019	24,094	15,504	53,776
2001	9,595	6,494	25,882	14,995	56,966
2002	9,134	6,285	22,231	16,101	53,751
2003	9,796	5,996	21,195	15,845	52,832
2004	9,052	6,977	39,269	20,396	75,714
2005	8,984	7,039	32,463	23,716	72,202
2006	8,665	7,488	40,120	26,793	83,066
2007	8,412	7,490	29,341	23,256	68,499
2008	8,621	8,244	24,244	24,197	65,306
2009	6,419	8,186	23,143	19,463	57,211
2010	5,662	9,509	23,909	24,145	63,225
2011	8,081	8,851	24,486	26,622	68,040
2012	7,124	7,154	23,726	22,751	60,755
2013	8,327	6,428	26,600	25,366	66,721
2014	8,253	6,681	24,433	25,955	65,322
2015	7,742	7,241	39,692	30,691	85,366
2016	9,347	8,849	44,191	28,043	90,430
2017	10,550	10,503	48,770	27,267	97,090

In 1991 the Water Quality Monitoring programs were combined into a single Watershed Monitoring Program. The charts now indicate the number of tests performed rather than the number of samples analyzed.

MISCELLANEOUS STATISTICAL DATA

Authority Created Under	Vernon's Civil Statutes, Article 8280-133
Year Created	1949
Domicile	Orange, Texas
Last Revision of Enabling Act.....	1991
Population of District (2016 Est.).....	598,000
Area of District	7,426 sq.mi.
Average Annual Rainfall of District	50" for Sabine Basin
Number of Employees	96

OFFICES:

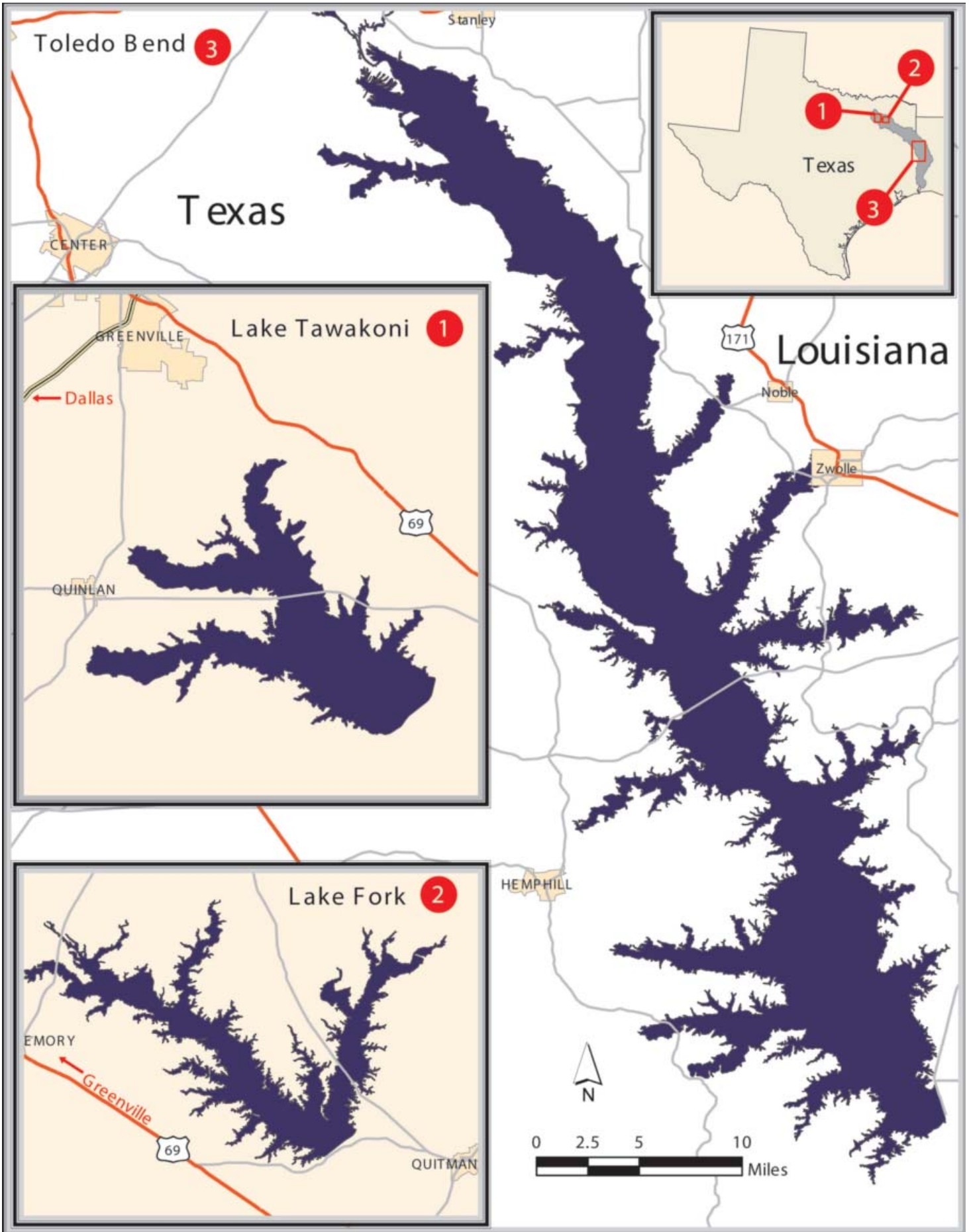
General Office	Orange, Texas
Gulf Coast Division (John W. Simmons Gulf Coast Canal System)	Orange, Texas
Toledo Bend Division & Parks and Recreation Division (Toledo Bend Reservoir)	Burkeville, Texas
Lake Fork Division (Lake Fork Reservoir)	Quitman, Texas
Iron Bridge Division (Lake Tawakoni Reservoir)	Point, Texas
Environmental Services Division (Basinwide Water Quality Protection)	Orange, Texas

RIVERS:

Sabine	
Total River Miles	580
Average Annual Flow (40 years at Ruliff)	5,860,998 acre-feet/year

DAMS AND RESERVOIRS:

Toledo Bend Reservoir	
Conservation Pool	
Capacity	4,477,000 acre-feet
Surface Area.....	185,000 acres
Elevation	172.0 ft. (MSL)
Yield	2,086,600 acre-feet/year
SRA-TX Half of Yield	1,043,200 acre-feet/year
Hydroelectric Information	
Capacity	85 megawatts
Average Annual Production (48 years)	218,408 megawatt hours
Lake Fork Reservoir	
Conservation-Pool	
Capacity	675,819 acre-feet
Surface Area.....	27,690 acres
Elevation	403.0 ft. (MSL)
Yield	188,660 acre-feet/year
Iron Bridge Dam (Lake Tawakoni)	
Conservation-Pool	
Capacity	927,440 acre-feet
Surface Area.....	36,700 acres
Elevation	437.5 (MSL)
Yield	238,100 acre-feet/year
Gulf Coast Division Canal System	
Pumping Capacity.....	195 million gallons/day
Canal System Length	75 miles
Permitted Water Rights	147,100 acre-feet/year



Sabine River Basin



Authority General Office-
Main Office
P.O. Box 579
Orange, TX 77631
(409) 746-2192
(409) 746-3780 fax



Toledo Bend Division &
Parks and Recreation Division
Toledo Bend Reservoir
450 Spur 135
Burkeville, TX 75932
(409) 565-2273
(409) 565-2338 fax

Gulf Coast Division-
Pumping Plant
1922 I-P Way
Orange, TX 77632
(409) 746-2111
(409) 746-9151 fax

Lake Fork Division-
Lake Fork Reservoir
353 PVT Rd 5183
Quitman, TX 75783
(903) 878- 2262
(903) 878- 2416 fax

Environmental Services Division-
Lower Basin Laboratories
And Field Office
1895 I-P Way
Orange, TX 77632
(409) 746-3284
(409) 746- 2249 fax

Iron Bridge Division-
Lake Tawakoni Reservoir
169 RS CR 1480
Point, TX 75472
(903) 598-2216
(903) 598-2992 fax

Environmental Services Division-
Water Quality Upper Basin
Field Office
353 PVT Rd 5138
Quitman, TX 75783
(903) 878-2420
(903) 878-2410 fax

