

## Vision

The Guadalupe-Blanco River Authority is a widely recognized leader in managing water resources that benefit both people and the environment.

## Mission

The mission of GBRA is to protect, conserve, reclaim and steward the resources of the district, and provide leadership in regional cooperation, in order to enhance quality of life for those we serve.

## About the Cover

Cinde Thomas-Jimenez, GBRA Education Coordinator, brings a variety of water-related programs and learning experiences to schools and students in the Guadalupe River Basin.

## Principal Offices And Business Locations

General Office  
General Division  
Canyon Hydroelectric Division  
Guadalupe Valley Hydroelectric Division  
Regional Laboratory  
Rural Utilities Division  
Water Resources Division  
933 East Court Street  
Seguin, TX 78155  
TEL: (830) 379-5822 or  
(800) 413-5822  
FAX: (830) 379-9718  
Website and email:  
<http://www.gbra.org>

Buda Wastewater Reclamation Plant  
P. O. Box 216  
575 County Road 236  
Buda, TX 78610  
TEL and FAX: (512) 312-0526  
email: [dball@gbra.org](mailto:dball@gbra.org)

Coleto Creek Division  
P. O. Box 68  
Fannin, TX 77960 or  
365 Coleto Park Road  
Victoria, TX 77905  
TEL: (361) 575-6366  
FAX: (361) 575-2267  
email: [gbraccp@gbra.org](mailto:gbraccp@gbra.org)

Lake Wood Recreation Area  
Route 2, Box 158-A, or  
167 FM 2091  
Gonzales, TX 78629-9633  
TEL: (830) 672-2779  
FAX: (830) 672-2035  
email: [lakewood@gvrc.com](mailto:lakewood@gvrc.com)

Lockhart Wastewater Reclamation Division  
4435 FM 20 East  
Lockhart, TX 78644  
TEL: (512) 398-6391  
FAX: (512) 398-2036  
email: [gbra-lockhart@lockhart.net](mailto:gbra-lockhart@lockhart.net)

Lockhart Water Treatment Division  
547 Old McMahan Road  
Lockhart, TX 78644  
TEL: (512) 398-3528  
email: [gbra-lockhart-wtp@lockhart.net](mailto:gbra-lockhart-wtp@lockhart.net)

Luling Water Treatment Plant  
350 Memorial Drive  
Luling, TX 78648  
TEL and FAX: (830) 875-2132  
email: [jdowney@gbra.org](mailto:jdowney@gbra.org)

Port Lavaca Water Treatment Plant  
Calhoun County Rural Water Supply Division  
Calhoun Canal System  
P. O. Box 146 or  
1064 State Highway 316  
Port Lavaca, TX 77979  
TEL: (361) 552-9751  
FAX: (361) 552-6529  
email: [gbrapl@gbra.org](mailto:gbrapl@gbra.org)

San Marcos Water Treatment Plant  
91 Old Bastrop Road  
San Marcos, TX 78666  
TEL: (512) 353-3888  
FAX: (512) 353-3127  
email: [dball@gbra.org](mailto:dball@gbra.org)

Victoria Regional Wastewater Reclamation Division  
P. O. Box 2085  
Victoria, TX 77902 or  
923 U. S. Highway 59 South  
Victoria, TX 77905  
TEL: (361) 578-2878  
FAX: (361) 578-9039  
email: [gbravic@gbra.org](mailto:gbravic@gbra.org)

# Giving Back -- Our Commitment to Service



The 2004 Comprehensive Annual Financial Report is published for the clients, customers, employees and friends of GBRA  
edited by Judy Gardner,

graphic design by Connie Rothe

Financial information compiled by Sandra Terry and staff of the Accounting Department

Copies of this publication have been distributed in compliance with the State Depository Law  
and are available for public use throughout Texas at state depository libraries.

For additional information about GBRA,  
contact the Manager of Communications and Education  
at (830) 379-5822, (800) 413-5822,  
or visit our website at <http://www.gbra.org>



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Guadalupe-Blanco River Authority of Texas  
Comprehensive Annual Financial Report  
Fiscal Year Ended August 31, 2004

# Accountability -- Results in Detail





# Guadalupe-Blanco River Authority of Texas



## **Established by the Texas Legislature**

GBRA was first created in 1933 under Section 59, Article 16 of the Constitution of Texas as a water conservation and reclamation district and a public corporation called the Guadalupe River Authority. In 1935, it was reauthorized by an act of the Texas Legislature (VCS Art. 8280-106) as the Guadalupe-Blanco River Authority.

## **Planning for the Basin and Texas**

GBRA provides stewardship for the water resources in its ten-county statutory district, which begins near the headwaters of the Guadalupe and Blanco Rivers, ends at San Antonio Bay, and includes Kendall, Comal, Hays, Caldwell, Guadalupe, Gonzales, DeWitt, Victoria, Calhoun and Refugio counties. Planning and resource development efforts are carefully coordinated within the broader consideration of regional and statewide water needs in order to fulfill GBRA's primary responsibilities of developing, conserving and protecting the water resources of the Guadalupe River Basin.

During FY2004, a total of 150 employees managed the administration, operations and technical support services with an operating budget of \$26,505,396. GBRA operated seven dams and powerhouses that produced approximately 93 million kWh of electricity; five water treatment plants that treated a total of 3,056,758,000 gallons of water; eleven wastewater treatment plants that produced a total of 3,591,810,000 gallons of treated wastewater; the Calhoun County Rural Water Supply System, the Calhoun Canal System, the Coleto Creek Reservoir System, three recreational parks, and the Regional Laboratory.

GBRA is engaged in the development of several water supply projects that will provide

firm supplies of treated water to meet the future needs of people and communities within the Guadalupe River Basin and region. In addition, the Guadalupe-Blanco River Trust and GBRA volunteers provide environmental and community resources that help preserve the environment and contribute to the quality of life within the Guadalupe River Basin.

GBRA also provides technical expertise and consulting and management services in business development and resource management, communications, education, engineering, finance, project development and project engineering to help support community resources.

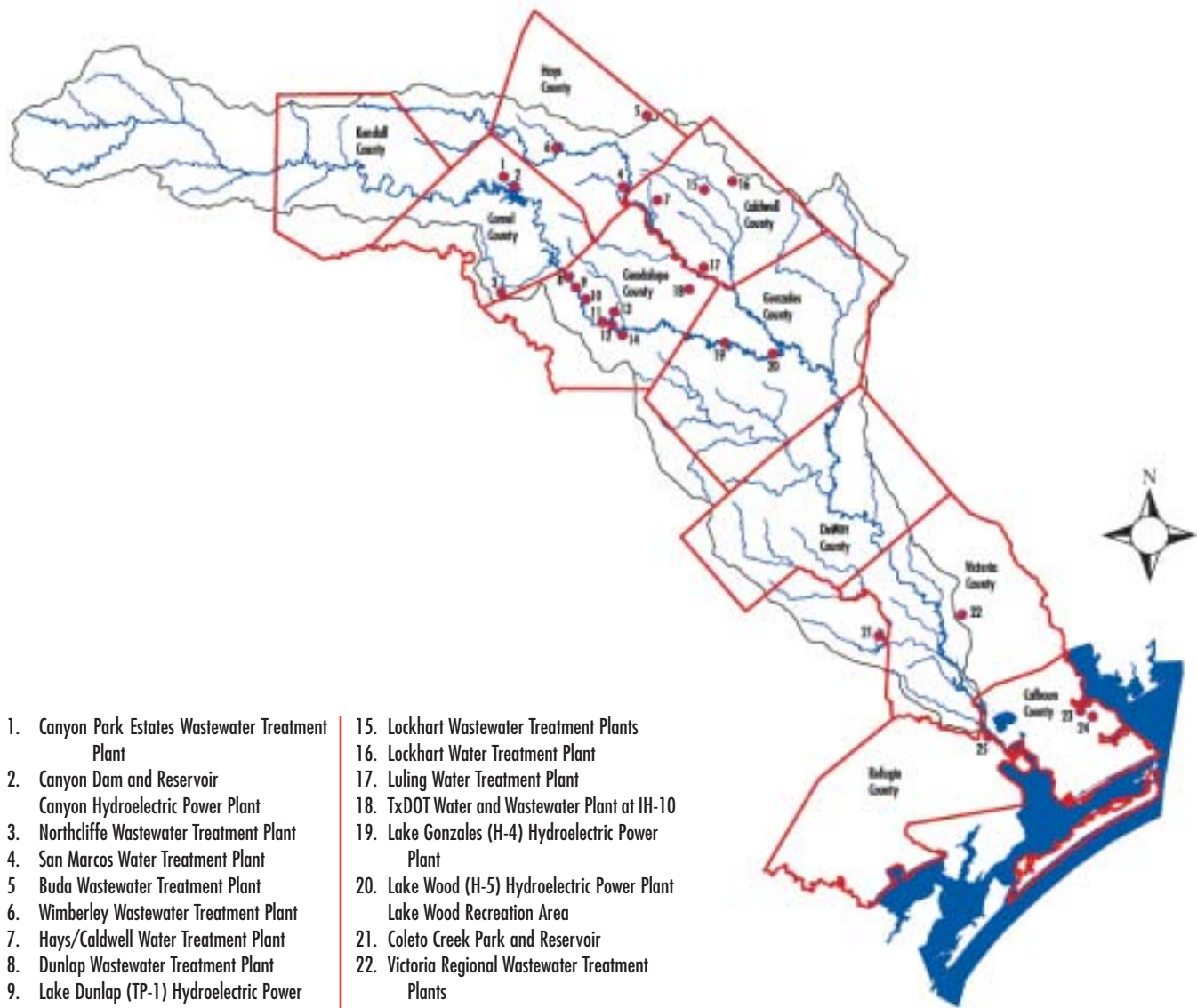
## **Self-Supporting Operations**

GBRA cannot levy or collect taxes or assessments, nor can it pledge the general credit of the State of Texas. Occasional funding for special projects comes from state and federal grants. All other revenues for maintenance and operation are derived from the products and services GBRA provides to customers throughout the basin.

## **Sound Management and Administration**

GBRA is governed by a board of nine directors appointed by the Governor and subject to confirmation by the Texas Senate. Each director serves a six-year term, with three directors appointed or reappointed every two years. Prior to each regular monthly meeting, board committees meet to recommend and review policies, programs and actions for consideration. The general manager and staff conduct management and administrative duties in accordance with policies established by the board.

# The Guadalupe River Basin



1. Canyon Park Estates Wastewater Treatment Plant
2. Canyon Dam and Reservoir  
Canyon Hydroelectric Power Plant
3. Northcliffe Wastewater Treatment Plant
4. San Marcos Water Treatment Plant
5. Buda Wastewater Treatment Plant
6. Wimberley Wastewater Treatment Plant
7. Hays/Caldwell Water Treatment Plant
8. Dunlap Wastewater Treatment Plant
9. Lake Dunlap (TP-1) Hydroelectric Power Plant
10. Lake McQueeney (TP-3) Hydroelectric Power Plant
11. Lake Placid (TP-4) Hydroelectric Power Plant  
Governor Ireland Park
12. Springs Hill Wastewater Treatment Plant
13. GBRA Main Office and Regional Laboratory
14. Lake Nolte (TP-5) Hydroelectric Power Plant  
Nolte Island Park
15. Lockhart Wastewater Treatment Plants
16. Lockhart Water Treatment Plant
17. Luling Water Treatment Plant
18. TxDOT Water and Wastewater Plant at IH-10
19. Lake Gonzales (H-4) Hydroelectric Power Plant
20. Lake Wood (H-5) Hydroelectric Power Plant  
Lake Wood Recreation Area
21. Coleta Creek Park and Reservoir
22. Victoria Regional Wastewater Treatment Plants
23. Crestview Subdivision Wastewater Treatment Plant
24. Port Lavaca Water Treatment Plant  
Calhoun County Rural Water Supply System  
Calhoun Canal System
25. Diversion Dam and Salt Water Barrier

# Giving Back – The Best of GBRA



As required by the State Legislature, Texas river authorities have a wide range of responsibilities. GBRA's enabling act -- passed into law in 1933 -- charges us to "develop, conserve and protect" the water resources of the Guadalupe River Basin. In order to accomplish these goals, we develop specific programs, operations and departments to help carry out our mission and provide vital, water-related services.

As often happens, when you are doing a good job, people just assume their drinking water will be clean and safe, their wastewater will be treated, the hydroelectric dams will generate power, and that we will be there to help during floods and other natural disasters. This is - and will continue to be - a valid assumption. Some see GBRA as just a collection of buildings, dams and hydroelectric facilities, water and wastewater treatment plants. Occasionally, we become the symbol of large and often very public and expensive water resource projects, needed to ensure there will be adequate supplies of water today, and in the future.

But for all who only see the 'steel and concrete,' there are many more whose lives have been touched by the multiple ways GBRA gives back to the people and communities we serve. The theme for this Annual Report was suggested and encouraged by several recipients of GBRA's outreach efforts.

Throughout this issue, you will find a series of "Giving Back" feature stories that focus on the special services - and the special people - who are the heart and soul of this organization. We hope you will enjoy learning about them and - as always -- it is our pleasure to share with you our Consolidated Annual Financial Report.

Sincerely,

Stephen F. Wilson, DVM  
Board Chair

W. E. West, Jr.  
General Manager

# GBRA Board of Directors

GBRA is governed by a board of nine directors appointed by the Governor and subject to confirmation by the Texas Senate. Each director serves a six-year term, with three directors appointed or reappointed every two years. Board committees meet prior to each regular monthly meeting to recommend and review policies, programs and actions for consideration by the board. The general manager and staff conduct management and administrative duties in accordance with policies established by the board.



*Standing (L-R): Kathleen A. Devine, Frank J. Pagel, Clifton L. Thomas, Jr., Jack R. Gary and Margaret M. Grier  
Seated: John P. Schneider, Jr. - Vice Chairman, Stephen F. Wilson, DVM - Chairman, and Myrna P. McLeroy - Secretary/Treasurer.  
Not pictured, Frederick "Fritz" Schlather.*

## Stephen F. Wilson, DVM, Chairman

Calhoun County, Port Lavaca, Texas  
Appointed: 1999, Gov. George W. Bush

Dr. Wilson received B. S. degrees in Biomedical Science, Veterinary Science and a Doctor of Veterinary Medicine from Texas A&M University. He owns the Calhoun County Animal Hospital and is a member of the American Animal Hospital Association, the American Veterinary Medical Association, the Texas Academy of Veterinary Practice, the Texas Veterinary Medical Association, the Calhoun County Veterinary Medical Association and the Golden Crescent Veterinary Medical Association. Dr. Wilson received the 1996 Texas Game Warden Association's award as Conservationist of the Year for wildlife rehabilitation in Calhoun County. He belongs to the Calhoun County Chamber of Commerce, the Port Lavaca Rotary Club and serves on the board of the Golden Crescent Regional Planning Commission.

## John P. Schneider, Jr., Vice-Chairman

Caldwell County, Lockhart, Texas  
Appointed: 1999, Gov. George W. Bush

Mr. Schneider received a BBA degree from Texas A&M University and is president of Schneider & Associates, Inc., specializing in commercial, farm and ranch real estate in Central and South Texas. He belongs to the Texas Society of Range Management, the Austin Real Estate Council, the Society of Texas A&M Real Estate Professionals, the Texas Southwestern Cattle Raisers Association, past chairman of the Texas Real Estate

Center Advisory Committee and the Executive Committee of the Texas Agriculture Summit, the past chairman of the A&M College of Agriculture Development Council, the Association of Former Students and is a board member of the Twelfth Man Foundation. He is a former member of the State Executive Committee and former Austin Chapter President of the Coastal Conservation Association. Mr. Schneider assists in managing the family cow-calf operation.

## Myrna P. McLeroy, Secretary/Treasurer

Gonzales County, Gonzales, Texas  
Appointed: 2001, Gov. Rick Perry

Mrs. McLeroy lives in Gonzales and takes care of a farm that has been in her family since 1885. She is owner of the McLeroy Land Group in Gonzales, which conducts land title searches and negotiates oil and gas leases. She attended Southern Methodist University and the University of Houston. Her community activities include director, Torch of Freedom Foundation, commissioner of the Housing Authority of Gonzales, a member of the Empowerment Board of Gonzales, the American Association of Professional Landmen where she served as a member of the Ethics Committee, the Gonzales County Chamber of Commerce and Agriculture, the State Republican Executive Committee where she currently serves on the Officials Committee, chairman of the Gonzales County Republican party, and a member of the First Baptist Church of Gonzales.

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### Frederick "Fritz" Schlather, Director

Guadalupe County, Cibolo, Texas

Appointed: 1997, Gov. George W. Bush

Mr. Schlather received a bachelor's degree from Southwest Texas State University and is currently engaged in real estate brokerage and development. He formerly served as president and chairman of the board of Cibolo State Bank, president of the Garden Ridge State Bank, mayor of the City of Cibolo, past president of the Schertz-Cibolo Chamber of Commerce, past president and director of the Greater Randolph Area Chamber of Commerce, and was a director of the Schertz-Cibolo Development Corporation, the Guadalupe County MH-MR Clinic and a trustee and chairman of the board of the Gonzales Warm Springs Rehabilitation Hospital.

### Kathleen A. Devine, Director

Comal County, New Braunfels, Texas

Appointed: 1999, Gov. George W. Bush

Ms. Devine is Assistant Vice President, Litigation/Labor Counsel for USAA in San Antonio, and is Certified in Labor and Employment Law by the Texas Board of Legal Specialization. Ms. Devine currently serves on the Board of Directors of the Texas Employment Law Council, is a member and past director of the Greater New Braunfels Chamber of Commerce, and chairs the Texas Legislative Conference Arrangements Committee. She is a member of the American Bar Association, the San Antonio Bar Association, and the Labor and Employment Section of the Texas Bar Association.

### Jack R. Gary, Director

Hays County, San Marcos, Texas

Appointed: 2001, Gov. Rick Perry

Mr. Gary lives in San Marcos and is affiliated with the William M. Gary Partnership, which is involved in farming, real estate and investments. He attended Southwest Texas State University and the University of Houston, where he studied petroleum engineering. Mr. Gary is a member of The Farm Bureau and First Presbyterian Church.

### Frank J. Pagel, Director

Refugio County, Tivoli, Texas

Appointed: 2001, Gov. Rick Perry

Mr. Pagel lives on a farm that has been in his family for three generations and has been involved in agricultural production since 1957. He received a B.S. in Animal Husbandry from Texas A&M College and formerly owned and operated Progreso Aviation and a commercial aerial application business. He served in the United States Air Force as an instructor of all-weather-interceptor jet pilots. Mr. Pagel was named Man of the Year in Agriculture by the Texas County Agricultural Agents Association in 1967. He has been the County Chairman of the Refugio County Republican Party since 1996 and attends Tivoli Presbyterian Church.

### Clifton L. Thomas, Jr., Director

Victoria County, Victoria, Texas

Appointed: 2004, Gov. Rick Perry

Mr. Thomas is a Texas A&M graduate and Founder/CEO of C. L. Thomas, Inc., a wholesale (Thomas Petroleum, Ltd.) and retail (Speedy Stop Food Stores, Ltd.) corporation. He serves on the DeTar Hospital and Wells Fargo Bank Board of Directors and currently resides in Victoria, Texas with his family.

### Margaret M. Grier

Kendall County, Boerne, Texas

Appointed 2004, Gov. Rick Perry

Ms. Grier is the author of *Grassroots Women* and owner of the Wingscape Press. She has served on the Kendall County Advisory Board, the Friends of Cibolo Wilderness, and the Boerne Public Library Foundation. She currently serves on the board of National Federation of Republican Women, and the Hill Country Daily Bread. Grier is also an elder for St Mark's Presbyterian Church in Boerne, her home town.



# Dedicated Departments and Programs – Supporting People and Communities

The Guadalupe-Blanco River Authority's administrative, technical and specialized support services are headquartered in Seguin, Texas. This location includes administrative offices, a river annex building with staff offices and a multi-purpose board/meeting room, and a warehouse facility for the Canyon Hydroelectric, Guadalupe Valley Hydroelectric and Rural Utilities divisions.

Over the years, GBRA has established a number of departments that provide planning and support services throughout the Guadalupe River Basin:

**Business Development and Resource Management** builds relationships with community leaders to promote awareness of GBRA services, expand existing business activities and develop new business opportunities. It also builds partnerships to support community and economic development, and encourages stewardship of water resources and environmental protection.

This year, department staff partnered with Calhoun, Refugio and Victoria counties to help develop a consensus for a regional approach to economic development and job creation. The concept, which is supported and promoted by the Governor's Office, will consolidate existing efforts to create a stronger, more effective approach for corporate recruitment. GBRA is providing a \$50,000 'seed money' matching grant over a three-year period to assist in recruiting corporations and jobs to the region.

GBRA also contributed financial assistance in support of economic development and community projects to the Port Lavaca Chamber of Commerce in

Calhoun County; the Bulverde Library, the Community Resource and Recreation Center, and the Bulverde, Canyon Lake and Greater New Braunfels Chambers of Commerce in Comal County; the Boerne Chamber of Commerce and Kendall County Fair Association in Kendall County; the Tivoli-Austwell Food Pantry in Refugio County; the Luling Zedler's Mill Project in Gonzales County; and the Golden Crescent Regional Planning Commission.

Staff provided technical assistance to the DeWitt Community Development Foundation for an economic development strategic plan; to the Belmont Volunteer Fire Department to obtain grant awards for the purchase of an Automated External Defibrillator (AED) and two new Self-Contained Breathing Apparatus (SCBA's); to the Gonzales Learning & Career Center to obtain a grant for "Project Forward;" and to the City of Seguin for identifying areas for improvement in the development process.

GBRA sponsored several events and festivals that included the Texas Water Safari canoe race from San Marcos to the coast; the Lineman Rodeo in Seguin; Come & Take It in Gonzales; Watermelon Thump in Luling; Crabfest in Calhoun County; Macaroni Fest in Victoria; Chisolm Train Roundup; and county fairs and youth stock shows throughout the district.

## Giving Back... Zedler's Mill

A performing arts center, a water recreation complex, a historic museum, a restaurant, and recreational amenities -- these and other exciting attractions may someday be available to visitors as part of an ambitious restoration project for historic Zedler's Mill in Luling.

The process of making this dream a reality started last year, when GBRA's economic development staff suggested to the City of Luling that it might qualify for a technical assistance grant from the National Park Service.



Their Rivers, Trails and Conservation Assistance program makes the Park Service's expertise and knowledge available to communities to support grass roots partnership efforts for natural resource conservation and outdoor recreation resource development.

Working closely with Luling officials, GBRA staff wrote and submitted a successful grant application which awarded the City of Luling the services of a professional community planner to help develop the Zedler's Mill property into a true community resource.

The community planner, the city and GBRA held several local input meetings for residents to discuss how the property should be redeveloped. During this process, a local pastor -- Jimmy Lammers -- remembered a competition 30 years earlier between the University of Texas and Texas A&M architectural students to restore

Zedler's Mill. Lammers contacted his friend, renowned sculptor and artist Max Greiner, who won the original contest for A&M but could not pursue the project due to lack of available funding.

Greiner suggested contacting A&M to see if the current project could be used as a teaching opportunity. A&M architecture professor Susan Rodiek dedicated the 17 graduating architectural students in her Senior Capstone Studio to prepare site plans, base maps and schematic designs, and present their plans to the community at a public meeting.

In addition, Rodiek also tasked the students with developing advertising and outreach items for the project. They designed brochures, t-shirts, calendars and watercolor paintings to help raise funds and underwrite project costs. A Citizen's Steering Committee selected the best elements

from each of the five conceptual student plans and the best designs for the outreach fundraising pieces.

Next, GBRA invited architects to develop a working plan based on the students' conceptual designs. Architects from Cullen Coltrane of the C.F. Zavala Group in San Antonio, and Don LaBiche of LaBiche Architectural Group of Beaumont volunteered their services and are working with the community to finalize plans for Zedler's Mill.

GBRA will continue to be actively involved with this project -- an outstanding example of what can be accomplished through collaborative partnerships with the people and communities we serve.

## Communications and Education

**C**ommunications and Education works to foster a productive, mutually beneficial relationship between GBRA and the residents, businesses and schools in the Guadalupe River Basin. The department develops and implements communications strategies to ensure that GBRA's mission, projects, services and initiatives are explained clearly and consistently. In addition to providing useful information about GBRA through publications, news releases, and educational programs, department staff encourages citizen involvement and participation to aid in the river authority's decision-making process.

This year, communication staff worked with GBRA network administration to help redesign GBRA's website and added archives of news releases and board minutes; developed an enhanced database program and conducted employee training on outreach techniques; completed a major redesign of GBRA's Water Resources newsletter; participated in the Texas Water Development Board's "State of Water" video for 2005; helped sponsor the "Flood Safety" documentary produced by the Texas Environmental Center; conducted a regional water project briefing for congressional staff members in cooperation with SARA, SAWS and the U.S. Army Corps of Engineers, coordinated the production of GBRA's 2003 Consolidated Annual Financial Report; and worked on the public communication plan for the Lower Guadalupe Water Supply Project (LGWSP), including development of a Citizens' Forum, Technical Forum, and public meetings to provide opportunities for review and comment concerning project components.

A number of major education efforts were shared with schools and community organizations throughout the Guadalupe River Basin. Staff introduced an Archeology Fair for elementary students at the Seguin Outdoor Learning Center funded by a grant from the Texas Historical Commission; distributed two water-related school curriculums targeted to specific grade levels to all schools in GBRA's 10-county area -- the 4th grade ***Journey Through the Guadalupe River Basin*** which has reached over 98,000 students since its introduction in 1989, and the middle school ***River of Life*** program introduced in 2003; conducted teacher inservice and training programs; added education activities to GBRA's website; wrote the curriculum for the Witte Museum's spring 2005 World of Water exhibit; participated in the Canyon Spillway Gorge project; taught components of Teaching Environmental Sciences summer courses at Texas Lutheran University in Seguin and Texas State University in San Marcos; presented activities at summer student camps for Seguin and Marion school districts; conducted National Drinking Water and Water Utilities Awareness Week school and community activities; helped write and pilot the Texas Watch intermediate school Water Quality Testing manual; and coordinated a student field trip of the Guadalupe River Basin for the Gulf of Mexico Foundation.

# All-Hazard Mitigation Action Plan



Tommy Hill, chief engineer and Judy Gardner, manager of communications and education, who served as project officers for GBRA's Hazard Mitigation Plan, review the final document approved by the Federal Emergency Management Agency (FEMA).

The four hurricanes that devastated Florida this year could just as easily have targeted Texas. Our state has experienced its fair share of hurricanes, tornadoes, droughts and floods - and there's a good reason why the Guadalupe River Basin has been called 'flash flood alley.' Natural disasters cannot be escaped, but their effect can be minimized through a process known as hazard mitigation planning.

To reduce the damage and financial impact from these disasters, the Federal Emergency Management Agency (FEMA) enacted new regulations requiring counties, cities and other entities to develop a hazard mitigation plan with action items that target specific mitigation efforts. Each plan must be approved by FEMA.

After November 1, 2004, certain forms of Federal mitigation assistance will only be available to cities and counties that have a FEMA-approved plan in place.

Realizing that the required plan development process would be difficult for many smaller communities, GBRA applied for and received a \$200,000 Pre-Disaster Mitigation (PDM) Grant from the Federal Emergency Management Agency (FEMA), and administered by the Texas Division of Emergency Management (DEM).

Beginning in September 2002, GBRA staff and the consulting firm of H2O Partners in Austin, conducted a series of public meetings and workshops with local officials. The result was a comprehensive All-Hazard Mitigation Action Plan for the GBRA statutory district with specific action

plans developed by the participating entities in the graph below.

Three counties -- Comal, Hays and Guadalupe - developed plans separately from the GBRA grant.

In September 2004, GBRA was notified that this comprehensive plan, "Hazard Mitigation in the Guadalupe River Basin," was formally approved by DEM and FEMA. This cooperative effort, consistent with GBRA's stated mission and strategic plan objectives to 'ensure and promote quality of life for those we serve,' will help build sustainable communities that will sustain fewer losses, recover more quickly, and maintain their eligibility for the full range of future Federal disaster relief.

Upper Basin	Middle Basin	Lower Basin
Kendall County City of Boerne	Caldwell County City of Lockhart City of Luling City of Martindale DeWitt County City of Cuero City of Nordheim City of Yoakum	Gonzales County City of Gonzales City of Nixon City of Waelder
		Calhoun County City of Point Comfort City of Port Lavaca City of Seadrift Refugio County City of Austwell City of Bayside Town of Refugio
		Victoria County City of Victoria

**E**ngineering monitors basin conditions including surface run-off for streams, rivers, lakes, and groundwater in the Guadalupe River Basin. Department staff conduct hydrology and flow monitoring studies; assist with water and wastewater plant design services and process evaluation; monitor rainfall events and river conditions, and coordinate with the National Weather Service River Forecast Center in Fort Worth; and provide assistance to emergency management coordinators and local officials during severe weather events.

GBRA and its engineering staff are currently involved in the following major projects:

**Cibolo Watershed Study** - a joint effort among the San Antonio Water System, the San Antonio River Authority, GBRA and the U.S. Army Corps of Engineers. The approach consists of overall water resources management evaluation including ecosystem restoration, recreation, water supply, ground water recharge, flood damage reduction and watershed management. Phase I of this three-phase study has been completed and the entire project is scheduled to be finished by late 2006.

**Lower Guadalupe Delta Study** - will identify potential projects that could help reduce flood damage and promote ecosystem restoration. GBRA engineers are working with

the Corps of Engineers to finalize the scope of work for Phase I, which will concentrate on developing a detailed hydrologic model.

**Rainfall Telemetry System** - GBRA has just completed the Guadalupe County Rainfall Telemetry System, which consists of 12 automated rain gauge sites. These newest additions bring to 50 the total number of rainfall gauges in the Guadalupe River Basin. This system measures and transmits rainfall data to the National Weather Service River Forecast Center in Fort Worth and helps provide more accurate flood forecasts for the Guadalupe River. Information is also provided to county emergency management personnel to help improve public safety.

**Senate Bill 1 Regional Water Planning** - GBRA engineering employees participate in this effort by serving as members of the Staff Workgroups that review and provide guidance during the planning process. Currently, workgroup members are assisting with the Fall 2005 draft of the Regional Water Plan. The final Plan will be completed by 2006.

## Engineering

*An aerial photograph of the Lower Guadalupe Delta taken by the United States Geological Survey in January 2002.*





## Finance and Administration

**F**inance and Administration is responsible for budgeting, procurement, risk management, investments, capital assets, financial reserves and debt service. It also provides accounts payable, receivable and payroll functions, human resource services, network administration support for all GBRA divisions, develops the five-year financial plan, and coordinates GBRA's Industrial Development Corporation which provides low-interest loans to outside entities.

This year, a private "intranet" system was developed using Internet protocols for internal GBRA communications to provide an inexpensive, fast, and reliable networking and information warehousing system that links GBRA offices, improves internal communications and facilitates access to internal information resources. In addition, a new business management software enhancement - Navision - was added to help capture, organize, share and leverage critical

business information across the organization, as well as with key partners and customers.

The Human Resources Department provided "Extraordinary Customer Service" workshops for employees; completed basic training in all appropriate HIPAA policies and procedures and established the detailed compliance documentation; and reviewed workforce job duties and classifications to ensure compliance affecting exemption and overtime requirements with changes to the Fair Labor Standards Act (FLSA) exemption guidelines.

GBRA was awarded the 30th consecutive Certificate of Achievement for Excellence in Financial Reporting for the FY 2003 Consolidated Annual/Financial Report (CAFR) and a Distinguished Budget Presentation Award from the Government Finance Officer's Association for the FY 2003 budget.

## Guadalupe-Blanco River Trust Giving Back...Protecting a Heritage

**G**uadalupe-Blanco River Trust (Trust) was created to help farmers, ranchers and other property owners preserve their land for the use and enjoyment of future generations. Through the Trust, landowners can create a conservation easement on their property to permanently protect it without giving up ownership of their land. By doing so, they also help to protect the water resources of the Guadalupe River Basin.

In 2004, several generous families placed their properties under the stewardship of the Guadalupe-Blanco River Trust. One landowner in Guadalupe County became concerned that in years to come, her property would be divided and developed. To ensure that it would be preserved and protected, she placed a conservation easement on her 100-acre ranch with frontage on the Guadalupe River and then took an extra step and donated her land to the Trust.

Under the Trust's stewardship, she no longer worries about the future of her beautiful property, with its giant cottonwood stand along the

1,200 feet of frontage on the Guadalupe River. It will remain a pastoral buffer, filtering water as it enters the river and providing a haven for wildlife.

Another family in DeWitt County wanted to preserve their property from excessive grazing, overbuilding and land fragmentation. This beautiful ranch is composed of 75 percent pasture and 25 percent forest with frontage on the Guadalupe River. The riparian zone is primarily in its natural state, thus limiting erosion and providing watershed protection. Placing a conservation easement on their property enabled the owners to put restrictions on building and road structures while continuing to enjoy the ranching, hunting, and fishing lifestyle they love. The property can be sold, but the restrictions of the easement remain in perpetuity to assure that it remains an agricultural property and safe from development.

Landowners in Hays County have also given the Trust a conservation easement for their 100-acre ranch, which was once severely over-

grazed. The current owners have dedicated considerable money, time and effort to restore the native vegetation and want to protect it for the future. The native grasses that have returned to their land include such rarities as big bluestem. This ranch is located in the Blanco River watershed - an area with the highest land fragmentation rate in the state.

According to the U.S. Department of Agriculture, 2.6 million acres of Texas rural land was lost from 1982 to 1997 as it was converted to urban uses -- and this rate is accelerating. GBRA and the Trust are dedicated to helping families and organizations conserve this rural land in the Guadalupe River Basin for its natural, recreational, scenic, historic and productive values.

*This beautiful stretch of the Guadalupe River will be preserved and protected, because the owner placed a conservation easement on the land and donated it to the Guadalupe-Blanco River Trust.*



**P**roject Development coordinates project planning, contact with interested parties for water and wastewater projects, contracts for services, permits and rights of way and special projects. Staff also works with homeowner and lake associations to enhance current lake management and flood response programs, and communicate these procedures to new residents and governmental entities.

**Project Engineering** provides management oversight for the design, review and inspection services for GBRA facilities construction and installation. These departments worked on several major projects this year:

Western Canyon Treated Water Supply Project - consulted with engineers to finalize project design and worked on right-of way acquisition; prepared bid documents; awarded contracts for the water treatment and membrane filtration plant, the raw water intake at Comal Park, two remote pump stations, the raw water and treated water pipelines, and a SCADA-Control system. Construction is well underway. Delivery of treated

water is scheduled for late 2005.

IH-35 Water Supply Project - staff completed title research, survey, appraisal and acquisition for rights-of way; approved the preliminary engineering report; established the pipeline route; bid the pump station component; and explored state funding sources. Project completion and water delivery is scheduled for late 2005.

Luling-Lockhart Treated Water Project - construction specifications were completed; the preliminary engineering report was approved by GBRA and the cities of Luling and Lockhart; right-of-way and property acquisition was substantially completed; bids were developed and a contract awarded; and the pipeline route was selected and construction begun.

Construction of the GBRA headquarters River Annex was completed, and renovation of the main office building and Regional Laboratory in Seguin will begin in January 2005.

## Project Development Project Engineering





# Volunteer Program

This special program was founded in December 2000 to help improve the quality of life in the communities GBRA serves throughout its ten-county district. GBRA employees, who receive no pay for their volunteer service, donate their time, energy, talents and skills to help non-profit or government organizations engaged in civic, health, education, social services and other charitable pursuits.

This year, GBRA volunteers completed their annual full-day project, "Our Day to Shine" -- a full-day event dedicated to one significant project that has broad community impact. They also supported the Coats for Kids Program, the Blue Santa programs in the Seguin,

Victoria and Pt. Lavaca areas, and assisted with the Luling Eagles Lodge Annual Christmas Dinner. In 2004, the scholarship program awarded a total of \$10,000 in scholarships to five graduating seniors in Dripping Springs, Navarro, Gonzales and Victoria. The Volunteer of the Year award was given to Kathy Higgins with GBRA's Calhoun County Rural Water Supply System. She was selected for her leadership in organizing relief efforts for Texas coastal residents affected by Hurricane Claudette, as well as her ongoing support of Coats for Kids.



## Giving Back... Our Day to Shine

**O**n March 20, seventy GBRA employees gathered at the San Marcos Southside Community Center Emergency Shelter to complete an ambitious, one-day renovation project. The Shelter provides a refuge for as many as 125 families, children and others each month who need temporary housing, and is supported by donations of food and supplies from individuals, churches and charitable organizations as well as income from its Thrift Store.

For GBRA's "Our Day to Shine" project, area businesses including McCoy's and Lowe's in San Marcos, Home Depot in New Braunfels, Mattress

Doctors and The Homestead Furniture in Victoria, Pickett's Fine Art and Frame Shop, Gage Furniture and Keepers in Seguin, and Sherwin-Williams, Gardenville, North Carolina Furniture Direct, and the Pavestone Company provided donations or discounts for the project supplies.

The morning began with a volunteer breakfast served by GBRA Hays County Director Jack Gary, Don Rains, Charles Patton, John T. Wade, Jim Neuhaus and Roy Rogilio. San Marcos Mayor Robert Habingreither, and Councilman Bill Taylor also attended. At the end of the day,

the volunteers had completely painted the interior, replaced kitchen appliances, installed a new washer and dryer, ceiling fans, interior doors, beds and new toilet and sink units. They also added additional interior lighting and security lighting, mini blinds and window treatments, and new bed linens. Outside, landscaping improvements included reconditioning soil in the flowerbeds, adding new plants, installing new pavers, replacing gutters and building a new playscape for the children.

*Opposite page l-r: Victoria wastewater division employee Jim Wyatt helps wrap presents for the Blue Santa program; Volunteer of the Year Kathy Higgins accepts her award and congratulations from former astronaut Charles Duke; GBRA employees turn out for the Relay for Life event in Seguin; and graduating seniors accept a total of \$10,000 in scholarships.*

*This page: GBRA volunteers complete the "Our Day To Shine" renovation project for the San Marcos Southside Community Center Emergency Shelter by installing new landscaping, painting the interior of the shelter, and building a playscape.*





# Regional Laboratory

**T**he regional Laboratory provides support services for water and wastewater plants operated by GBRA, offers chemical and bacteriological testing for cities, water districts, industries, consulting firms and private individuals, and conducts environmental monitoring within the river basin.

The GBRA laboratory is responsible for the GBRA Water Quality Program and administers the Texas Clean Rivers Program for the Lavaca-Guadalupe Coastal Basin and the Guadalupe River Basin. These efforts help ensure quality water resources for the district's municipal, industrial, agricultural, recreational and environmental users. The labora-

tory also performs other water quality investigations and study-related monitoring.

Laboratory staff help to identify, monitor and recommend remediation strategies for pollution sources and prepare applications for new, renewed or amended wastewater discharge permits. A variety of educational programs are also provided to schools and community organizations. In 2004, the GBRA Regional Laboratory was certified by the Texas Commission on Environmental Quality (TCEQ) to begin testing for chlorites -- a disinfection byproduct - as part of the analysis of public drinking water samples.

*Mike Urrutia conducts water quality sampling as part of GBRA's data collection for the Clean Rivers Program.*



## Water Supply Projects

One of GBRA's primary responsibilities is to assure the current and future availability of water for municipal, industrial, agricultural and environmental purposes within its ten-county statutory district, the Guadalupe River Basin and the region. GBRA also recognizes the importance of regional water supply efforts and is currently involved in the following major projects:

**The Western Canyon Treated Water Supply Project** will provide a firm supply of treated surface water to communities in Comal and Kendall counties that have existing or projected water supply shortages. These rapidly growing areas currently rely on wells drilled into the limited resources of the Trinity Aquifer, and they experience water quantity and/or quality problems during times of low rainfall or drought.

Project water will be supplied from stored water in Canyon Reservoir. The project cost is approximately \$82,000,000, and includes a raw water intake at the Reservoir, an initial 10 MGD water treatment plant, two remote pump stations, a monitoring and control system, and about 43 miles of raw and treated water pipelines.

The cities of Boerne, Bulverde and Fair Oaks Ranch, the Tapatio Springs

Resort/Kendall County Utility Company, and the Cordillera Ranch and Johnson Ranch developments all have water supply agreements for treated water service from the Project. Additional customers may be added from other certificated water supply areas. The San Antonio Water System (SAWS) and the San Antonio River Authority (SARA) have also contracted to purchase the treated water not initially required by in-district customers. This enables the Project to operate at full capacity from the beginning. The total estimated cost of delivered treated water is \$2.75 per 1,000 gallons.

This year, GBRA awarded the majority of the Project contracts and began construction on the water plant and the raw water intake structure. Delivery of treated water is scheduled to begin in late 2005.

*Excavation begins on the treated water delivery line for the water treatment plant, a major component of the Western Canyon Project.*



## Water Supply Projects, cont.

The **IH-35 Water Supply Project** will develop a treated water delivery system along IH-35 from the San Marcos Water Treatment Plant (SMWTP) to northern Hays County. Raw water from Canyon Reservoir will be diverted from Lake Dunlap through a GBRA-owned pump station and pipeline and pumped to the SMWTP for treatment. The treated water delivery system will consist of a pump station at the SMWTP and approximately 22 miles of various diameter pipe (12"-30") paralleling IH-35 from San Marcos to Buda. All facilities will be located outside of sensitive aquifer recharge zones.

The estimated construction cost of the project is \$12-15 million. Current project customers include the cities of Kyle and Buda, and the GoForth Water Supply Corporation. Treated water will be delivered to each in-district customer on a wholesale basis, with water delivery scheduled for late 2005.

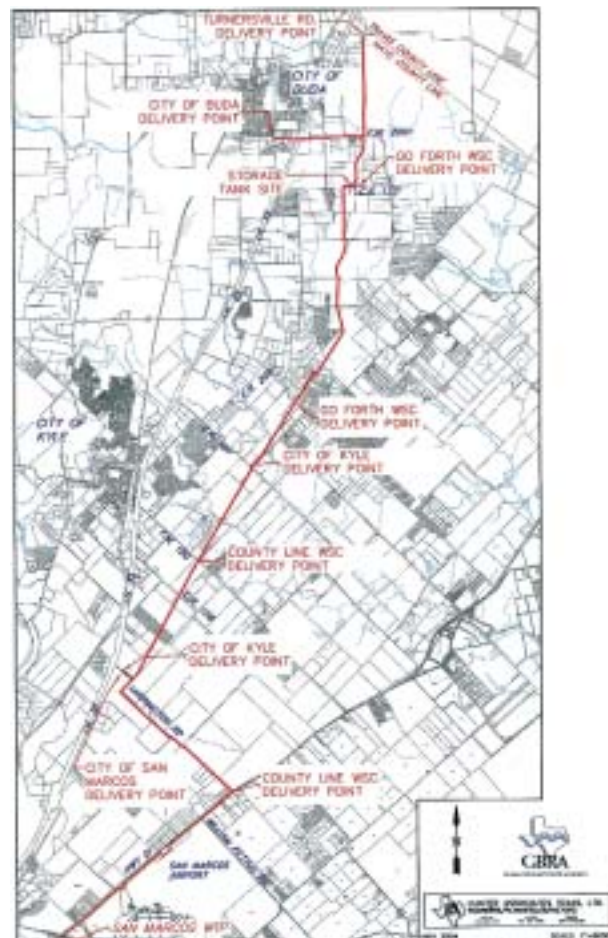
The **Luling-Lockhart Treated Water Project** is a cooperative effort between GBRA and the cities of Luling and Lockhart. The project will use the excess treatment capacity at the Luling Water Treatment Plant to supplement the City of Lockhart's current well water source. The Project will supply up to 1.5 MGD to the City of Lockhart. Additional pumps will be installed at the Luling plant and approximately fifteen miles of 14-inch to 16-inch diameter pipe will provide an interconnect between the Luling plant and the City of Lockhart. The estimated project cost is \$5 million.

The **Lower Guadalupe Water Supply Project (LGWSP)** is sponsored by GBRA, the San Antonio River Authority (SARA) and the San Antonio Water System (SAWS). It is a major component of the Region L portion of the State Water Plan. The LGWSP will provide a new, additional source of water to meet future needs in the South Texas region, while helping to protect spring flows at the Comal and San Marcos Springs and preserving inflows to the San Antonio-Guadalupe bays and estuary system. The LGWSP will provide a firm yield supply of at least 94,500 acre-feet per year from several sources, including leased surface water using GBRA-owned water rights, surface water under a new water right for unappropriated flows below the confluence of the Guadalupe and San Antonio Rivers, groundwater from the Gulf Coast Aquifer System, and other viable sources.

In addition to the water supply benefit of the project for the GBRA service area, the project will help diversify San Antonio's water sources and reduce the city's reliance on the Edwards Aquifer. The project consists of a pump station to divert water upstream of the GBRA Diversion Dam and Salt Water Barrier, off-channel storage facilities, wells and pipelines to provide groundwater to supplement the surface water, a transmission pipeline, storage facilities, and a water treatment plant for delivery of potable water to Bexar County and the surrounding region.

GBRA is working with project partners SARA and SAWS to conduct the necessary environmental and engineering studies, and to solicit the proper governmental and public input for the project. A variety of studies are already underway and citizen and technical review forums have been established for project input. The LGWSP is currently scheduled to begin delivery of water to the San Antonio area in 2012. A complete project description, study reports, public presentation materials, meeting reports and a current newsletter are available on the website at [www.lgwsp.org](http://www.lgwsp.org).

Guadalupe-Blanco River Authority  
IH-35 Water Transmission Main





# Water Resources and Recreation

**G**GBRA manages the Canyon Reservoir Conservation Pool -- the stored water portion of Canyon Reservoir (elevation 909 feet mean sea level and below) -- as a reliable water supply for cities, industries, agricultural producers and other customers. Releases from the conservation pool are made by GBRA to ensure the availability of water, according to established water rights. For many users, it is their sole source, while others contract with GBRA for water to ensure a firm supply during drought. Canyon Dam and Reservoir also provides flood control protection and was completed in 1964 as a cooperative project between the U.S. Army Corps of Engineers and GBRA.

This year, the Water Resources Division made annual principal payments of \$175,047 and \$133,843 in interest for debt service on Canyon Reservoir.

**The Calhoun Canal System** supplies raw water for a variety of customers including Union Carbide Corporation, BP Chemicals Company, Seadrift Coke, the Aransas Wildlife Refuge, and agricultural producers of rice, pasture and row crops, waterfowl operations and aquaculture ventures. It also supplies water for two GBRA managed facilities - the Port Lavaca Water Treatment Plant and the Calhoun County Rural Water Supply System.

The Canal System consists of the Lower Guadalupe Diversion Dam and Salt Water Barrier on the Guadalupe River near Tivoli, two saltwater barriers on Hog and Goff Bayous, a pump station for area refineries, 80 miles of delivery canals and about eight miles of water supply pipeline, operated and maintained by GBRA. Union Carbide and GBRA jointly operate another pump station.

**The Diversion Dam and Salt Water Barrier** provides important water quality protection for the City of Port Lavaca and other agricultural, industrial and municipal customers. At the base of this open concrete structure are two underwater "fabridams" that can be inflated with water if low river levels would allow salt water to move upriver from the coast and contaminate the freshwater intake just upstream of the Barrier.

This year, GBRA inaugurated a new river work barge - the "Miss Guadalupe II" --which features a long-reach digging implement for removing massive logjams in the Guadalupe and San Antonio rivers. Along with the original "Miss Guadalupe," this new equipment helps GBRA support commercial and recreational fisheries and protect flows for municipal, industrial, agricultural and estuary uses.

The System also increased the supply of water to aquaculture ventures, including crawfish and catfish grow-out operations; completed an electrical power generation system to operate the

Goff Bayou water control structures; and participated in seminars hosted by the General Land Office and the Texas rice industry.

**The Coleta Creek Reservoir System** provides the AEP Texas Central Company's coal-fired electric generating plant near Fannin with condenser cooling water and other facility requirements from the 3,100-acre Coleta Creek Reservoir, and helps dissipate the waste heat from the plant. GBRA manages the reservoir's main dam and spillway, two baffle dikes, the discharge flume, pump station and pipeline and a monitoring system.

This year's major project completed significant erosion repair on the south slope of the main dam spillway discharge channel. Using a 70-ton crane, employees placed 45 concrete revetment mats - each weighing 7,000 pounds - into a trench dug along the top slope. The trench was then back-filled, and rebar added to spaces and filled with concrete.

A new Supervisory Control and Data Acquisition (SCADA) System was installed on the spillgates at Dikes 1 and 2 on the Main Spillway. In FY2005, a SCADA system will be installed on the main Spillway controls. When completed, employees will be able to operate all spillgates from the Headquarters Control Room and the Spillway Operation Shelter.



*GBRA Coleta Creek employees install concrete revetment mats as part of an erosion repair project on the Main Dam spillway discharge channel.*



# Water Resources and Recreation, cont.

**A**nother way GBRA 'gives back to communities' is by improving property adjacent to its dams and powerhouses for public use and recreation. Most park and recreation facilities are staffed and operated by GBRA park rangers and offer a wide variety of water recreation and camping opportunities.

**The Coleta Creek Recreation System** features a 200-foot lighted pier, RV and tent campsites, camping cabins, a four-lane boat ramp, picnic and

swimming areas, a nature trail, children's playground, volleyball courts, and a group pavilion on the adjacent park area, and 'gives back to the community' in many ways.

Special hunting events, including the annual Bow Hunt,

three Youth Deer Hunts and the first annual Alligator Hunt, are held each year as a management tool to help control these populations. In FY2004, a total of 83 bow hunters and 24 youth hunters participated in these programs.

Coleta Park employees also hosted 32 bass tournaments! The two largest events were the Annual Coleta Bass Masters Open Team Tournament with 100 entries and the Bass Champs Regional Team Tournament with 147 participating boats. Other special community service programs offered were eight Texas Parks and Wildlife Department Boater Education Courses to promote boating safety on all waters in Lower Basin Region, a Texas Master Naturalist Training Course, the annual Boy Scouts of America Webelos Woods Weekend with over 300 participants, and the YMCA's Summer Camp programs.

Ongoing control of nuisance aquatic vegetation on Coleta Creek continued due to above average rainfall that washed in nutrients and produced thicker than normal growth of hydrilla, milfoil, water hyacinth and the introduction of a new exotic plant -- water lettuce.

**The Lake Wood Recreation Area** features a 488-acre freshwater lake just outside the City of Gonzales, provides a variety of fishing and water recre-

ation opportunities, including 35 acres of park grounds, RV campsites, tent camping areas, picnic sites, and boat docks.

This year, Lake Wood sponsored the annual Come and Take It Canoe Race, an Easter Egg Hunt and KIDFISH, with over 140 children participating. Many short duration flood events caused by above-average rainfall kept staff busy, but several major additions were completed including the construction of a protective shed for park maintenance equipment, improved boat docks and the installation of gravel parking pads at several campsites.

Use of volunteers at Lake Wood continued to help us accomplish our work goals, including 1920 hours of volunteer labor from our Park Host couples, 608 hours from the ISF work crew, and 798 hours from individuals fulfilling Community Service Restitution hours.

GBRA's Rural Utilities division maintains the **Nolte Island** park area adjacent to Lake Nolte in Seguin, between Nolte Dam and the powerhouse. Facilities include a covered pavilion, restrooms, outdoor barbecues, a children's playground and areas for horseshoes and volleyball. All sites can be reserved for group or special events. Nolte Island is also the site of The Texas Electric Cooperative's annual Lineman Rodeo. Approximately 40 three-person teams and 30 apprentice linemen from Texas and New Mexico competed in the two-day event held July 18-19, 2004. Detailed information about GBRA's recreation facilities and reservations is available at [www.gbra.org](http://www.gbra.org).



# Water Treatment

**G**BRA has been providing safe, reliable drinking water to citizens and communities since 1970, and offers professional system management and planning in all areas of municipal water services.

**The Calhoun County Rural Water Supply System** serves the Six-Mile Community, Indianola, Magnolia Beach and the Highway 35 area and provided water to 1,187 customers in 2004. The System completed easement acquisitions for installation of new water mains at U.S. Highway 87 and Sweetwater Road; initiated a disinfection monitoring program required by TCEQ for systems serving less than 10,000 people; inspected customer connections to the Crestview wastewater collection and treatment system to reduce inflow problems during rainstorms; and completed the 'auto-read' system and installed new meters for all retail customers.

**The Hays-Caldwell Water Treatment Plant** is operated by GBRA for the Canyon Regional Water Authority, and treated 227,000,000 gallons of water in 2004.

**The Lockhart Water Treatment Plant** is operated by GBRA under contract with the City of Lockhart. Currently, the city's water supply comes from wells in the Carrizo Aquifer and the water has high concentrations of iron and manganese. The Plant uses oxidation and filtration to increase the efficiency of iron reduction and provide potable water for Lockhart citizens. Major work items completed this year by water plant employees include the EPA Risk Management Plans, security enhancements, rehabilitating Well Number 11, replacing a sludge pump, and treating a total of 485,270,000 gallons of water. The water and wastewater plant employee teams also worked together to clean and install a mixer to reduce iron sludge formation at the well booster station storage tank.

**The Luling Water Treatment Plant Division**, which is owned and operated by GBRA, diverts raw water from the San Marcos River and treats it for

municipal use by the City of Luling. Major work projects for this year include installation and start up of the chloramines feed system, acquisition of an emergency generator, painting equipment and structures, installation of a lifting frame over the raw water valves, and treating 256,310,000 million gallons of water.

**The Port Lavaca Water Treatment Plant Division** provides treated drinking water from the Guadalupe River to the City of Port Lavaca, the Municipal Utility District of Port O'Connor and the Calhoun County Rural Water Supply System. Major projects this year include completing the federally-required Vulnerability Assessment and Risk Management Program for public utilities; a Backwash Recycle Rule operating procedure; developing a multi-year plan to include rehabilitating the 1.0 million gallon clearwell and possible addition of a second clearwell; and helping to reduce corrosion problems in the City of Port Lavaca's cast-iron water mains.

**The San Marcos Regional Water Treatment Plant** is operated by GBRA under contract with the City of San Marcos and treated 1,508,000,000 gallons of water in FY2004. In addition to serving residents of San Marcos, the facility will be expanded by GBRA to provide additional treatment capacity for the IH-35 Water Supply Project. This year, in preparation for this expansion, employees completed the 9-MGD pilot study and the uprating was approved by TCEQ, began construction on the new chlorine dioxide and raw water sample lines, and installed a new high service pump and variable frequency drive. Representatives from Monclovia, Mexico, along with City of San Marcos staff and representatives, toured the plant for the beginning of the "Sister City" project. An additional highlight was the selection of the plant by TCEQ as the location for a water plant security video, with GBRA Chief Operator Sharp and TCEQ regional inspector Chad Ahlgren as participants.



# Wastewater Treatment

**G**BRA operates 11 wastewater treatment plants that help protect the environment by producing a finished product that meets all federal and state standards. This helps promote water conservation, since the final product can also be recycled as non-potable irrigation water.

**The Buda Wastewater Treatment Plant** has been operated by GBRA for the City of Buda since 2001 and treated 110,470,000 gallons of wastewater. Operators achieved a reduction in the amount of alum, as well as the amount of total phosphorus in the plant effluent, by redirecting sludge to the head of the plant to reduce sludge handling requirements. To prepare for the rapid growth that is occurring in this area along the IH-35 corridor, employees worked with the engineering firm of Turner, Collie and Braden to plan a future plant expansion.

**The Lockhart Wastewater Reclamation Division** includes the Larremore Street plant, operated by GBRA since 1994, and the new FM 20 Plant that began operation in 1999. These two facilities treated a combined total of 542,930,000 gallons of wastewater. Major work accomplishments this year include updating the Risk Management plans and installing a new sulfur dioxide feed building and equipment.

**The Victoria Regional Wastewater Reclamation Division** has been in operation since 1972. GBRA operates the Regional and the Willow Street wastewater treatment plants under contract for the City of Victoria. This year, the two plants treated a combined total of 2,788,000,000 gallons of wastewater. Major projects included cleaning the Willow Street Plant Anaerobic Digester and repairing the raw sewage pump station and the emergency diesel generator at the Regional Plant. Annual Chlorine Emergency Training was conducted as required by the Environmental Protection Agency.

**The Wimberley Wastewater Treatment Plant** became part of GBRA's contract operations in February 2004 in order to help the community meet TCEQ permit requirements. Since then, employees submitted a permit renewal application to TCEQ; worked with the plant's primary customer to improve pre-treatment procedures; completed a major cleaning of the plant, lift station, and drain field lines; and met with the Wimberley Water Advisory Committee to report on these accomplishments. The plant treated a total of 1,760,000,000 gallons of wastewater.



*Victoria Regional Wastewater employees, in protective hazmat suits, participate in annual chlorine safety training.*

# Wastewater Treatment, cont.

## GBRA Rural Utilities Division (RUD) Wastewater Treatment Plants

GBRA operates small wastewater treatment plants in rural areas as cost-effective and environmentally sound treatment alternatives to septic tanks. RUD manages the following facilities:

Facility	Total Treated Flows in Million Gallons
<b>Canyon Park Estates Wastewater Reclamation System</b> serves vacation units at Canyon Lake. RUD personnel performed maintenance work on the collection system, rehabilitated the brush aerator, began work on permit renewal, and assisted a contractor with installation of flow meters on all sludge pump return lines.	23.7
<b>Dunlap Wastewater Reclamation System</b> serves the Southbank subdivision near New Braunfels and the River Bend and Longcreek subdivisions. Personnel performed repairs at the River Bend lift station, began permit renewal work and preliminary plans for plant expansion, and assisted a contractor with installation of flow meters on all sludge pump return lines.	38.7
<b>Northcliffe Wastewater Reclamation System</b> serves the Northcliffe residential community near New Braunfels and uses treated effluent to irrigate the adjacent golf course. RUD personnel purchased a flow meter to help identify possible sources of infiltration in the collection system, installed a flow meter on the sludge pump return line, and conducted smoke testing of wastewater lines in cooperation with City of Schertz employees.	54.8
<b>Springs Hill Wastewater Reclamation System</b> serves the Nob Hill and Country Club Estates neighborhoods in Seguin. Personnel conducted smoke testing on the oldest part of the collection system, performed maintenance on the clarifier, repaired the water reuse pump and began work on permit renewal.	31.0
<b>Texas Department of Transportation Guadalupe County Rest Area/IH-10.</b> RUD personnel performed maintenance work on the wastewater irrigation system, which uses treated water for landscape irrigation at this site. They also conducted maintenance on the chlorination and control float systems.	2.2



# Hydroelectric Generation

**G**GBRA operates seven dams and powerhouses on the Guadalupe River in Comal, Guadalupe and Gonzales counties. Two hydroelectric divisions use the natural flows of the Guadalupe River to generate clean, renewable "green power" for customers and communities in the Guadalupe River Basin. These flows pass through the plant, unchanged, and are 'given back' to the river to be reused by others downstream.

The **Guadalupe Valley Hydroelectric Division** operates the dams and powerhouses on Lakes Dunlap, McQueeney, Placid, Nolte, Gonzales (H-4) and Wood Lake (H-5.) Built in the late 1920s and bought by GBRA in 1963, these facilities generated a total of 77,975,500 kWh of electricity in FY2004. This generation is sold to the Guadalupe Valley Electric Cooperative (GVEC) for distribution to its customers. In addition, industrial water is provided to Guadalupe Power Partners' 1,000-megawatt natural gas-fired power plant outside Marion.

GBRA's **Canyon Hydroelectric Division** operates the hydroelectric plant at the base of Canyon Dam in Comal County. Built in 1969, the plant is equipped with two, 3-megawatt generators. It uses natural flows of the Guadalupe River, passed through Canyon Dam at rates between 90 and 600 cubic feet per second, and can produce an average annual generation capacity of 25,000,000 kWh. While no electrical generation occurred in FY2003 due to damage from the July 2002 flood event, the plant was placed back online in October of 2003. This year, it produced a total of 14,930,325 kWh, which is sold to New Braunfels Utilities for distribution to their customers.



*Hydro Division employee, Scott Kolbe, gives a tour of the Nolte Dam power house to a group of school children.*

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Guadalupe-Blanco River  
Authority, Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
August 31, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Nancy L. Ziehl*

President

*Jeffrey R. Enen*

Executive Director



GUADALUPE-BLANCO RIVER AUTHORITY

December 1, 2004

The Honorable Stephen F. Wilson, DVM, Chairman  
and Members of the Board of Directors

Dear Chairman Wilson and Directors,

The Comprehensive Annual Financial Report (CAFR) of the Guadalupe-Blanco River Authority (GBRA) for the fiscal year ended August 31, 2004, is hereby submitted. Responsibility for both the accuracy of the data, as well as the completeness and fairness of the presentation, including all disclosures, rests with GBRA. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds (divisions) of GBRA. All disclosures necessary to enable the reader to gain an understanding of GBRA's financial activities have been included.

This CAFR is presented in four sections: introductory, financial, federal awards and statistical. The introductory section includes this transmittal letter and the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting as well as descriptions of GBRA's operations, Board of Directors, and management. The financial section includes the independent auditors' report, management discussion and analysis, combined financial statements, notes to the combined financial statements and more detailed combining and individual schedules. The notes to the combined financial statements are an essential part of this comprehensive annual financial report and should be read for an enhanced understanding of the statements and information presented within. The federal awards section includes the report on compliance and on internal controls over financial reporting. A single audit report is not included since GBRA did not expend sufficient governmental grant funds to require a single audit. The statistical section includes selected financial and operating information, generally presented on a ten-(10) year basis. The report includes all funds of GBRA.

GBRA provides a variety of services including hydroelectric generation, water and wastewater treatment, municipal, industrial and agricultural raw water supply, and recreation operations. These operations are accounted for in the following divisions.

The *General Division*, located in the general business office in Seguin, consists of technical, accounting, administrative and support staff working under the direction of the General Manager. Revenues are derived from interest earnings on investments as well as administrative and general charges that are paid by GBRA's operating divisions.

The *Guadalupe Valley Hydroelectric Division* operates six hydroelectric plants in Guadalupe and Gonzales counties. All electricity produced by the division is delivered to the Guadalupe Valley Electric Cooperative. Division personnel are responsible for the operation and maintenance of the generating stations as well as the associated dams, lakes, ancillary equipment and adjacent properties.

The *Rural Utilities Division* operates and maintains six wastewater treatment plants in Comal, Hays and Guadalupe counties. These small plants serve housing subdivisions in areas where septic tanks do not provide proper or safe wastewater disposal and the extension of municipal services is not cost effective. Financing for these facilities was provided by private developers, Environmental Protection Agency (EPA) grants, and a community development block grant from the Department of Housing and Urban Development (HUD). The most recent wastewater treatment plant operation to be added to the Rural Utilities Division is the Village of Wimberley Plant. GBRA began operating the plant in January 2004 and is currently working with the Village to design a new or enlarged plant and an expansion of wastewater collection system.

The development and operation of water supply sources and raw water delivery systems is the responsibility of the *Water Resource Division*. The division contracts with municipal, industrial and agricultural users throughout the river basin to provide a dependable supply of surface water. This division is anchored in the upper reaches of the river basin by Canyon Reservoir and in the lower reaches of the basin by the Guadalupe River Diversion Dam and Salt Water Barrier. This division is also responsible for GBRA's water quality program as well as the operation of a regional water quality laboratory located at the general office in Seguin. The regional water quality laboratory provides services to GBRA's other operations in addition to individuals, municipalities and private entities. Additional operations recognized within the Water Resource Division are the Calhoun Canal System, the City of San Marcos Water Treatment Plant, the City of Buda Wastewater Treatment Plant, and the Canyon Regional Water Authority Hays-Caldwell Water Treatment Plant. Each of these treatment plants are owned by their respective municipal organizations but GBRA operates them pursuant to various contractual agreements. The Water Resource Division also includes the recognition of startup treated water delivery systems in Comal County for the City of Bulverde and the new Cordillera development.

GBRA also operates and maintains a water treatment plant for the benefit of the City of Port Lavaca, the Calhoun County Rural Water Supply System, and the Port O'Connor Municipal Utility District (MUD) through its *Port Lavaca Water Treatment Plant Division*. The division receives raw water from the Guadalupe River delivered through 20 miles of canals. It then treats and disinfects the water to drinking water standards before delivering it to the City, Rural Water System, and MUD.

The *Calhoun County Rural Water Supply Division* operates and maintains a treated water distribution system to supply most of the unincorporated areas of Calhoun County.

GBRA contracted with the City of Victoria in 1970 to provide wastewater treatment services through its *Victoria Regional Wastewater Reclamation Division*. The division operates and maintains two plants with a combined treatment capacity of 11.6 million gallons per day (MGD). The Regional Plant uses a complete mix activated sludge process while the Willow Street plant utilizes a conventional trickling filter process. The waste sludge from both plants is dewatered and disposed of in the City's sanitary landfill.

The *Coleta Creek Division* operates and maintains the Coleta Creek Reservoir located thirteen miles southwest of Victoria just off State Highway 59. The reservoir serves as a cooling pond for a coal-fired electric generating plant owned by Topaz Power Group, LLC. This division also operates and maintains recreation facilities that provide grounds for camping and picnicking as well as public access to the lake for fishing, swimming, and boating.

Surface water from the San Marcos River is treated by the *Luling Water Treatment Plant Division* and delivered to the City of Luling for distribution. The plant was constructed in 1978 and has a treatment capacity of 2.5 MGD.

The *Canyon Hydroelectric Division* operates the electric generating plant located at Canyon Dam in Comal County. All power generated by the plant is sold to New Braunfels Utilities for the benefit of the City of New Braunfels. The plant, completed in 1989 with a capacity of 6 megawatts, provides a



beneficial use of waters passed through the dam without interfering with the reservoir's primary purposes of flood control and water supply.

GBRA added the *Lockhart Division* to its list of operations on October 1, 1994. After signing a contract with the City of Lockhart during 1994, GBRA assumed the operation of the City's 1.1 million-gallon per day (MGD) wastewater treatment plant and began construction of a new 1.5 MGD plant. The new plant was completed and fully operational in February 1999. On October 1, 2000, the Lockhart Division was expanded further when GBRA also assumed operation of the City's water well system and 4.0 MGD water treatment plant.

## **ECONOMIC CONDITION AND OUTLOOK**

*The Texas Economy.* According to the latest "Texas Economic Update", published by the Texas Comptroller of Public Accounts, the Texas economy is following national economic trends and that the "state economy is finally rebounding after the sharp decline that began during 2001". The Comptroller further stated that "with nonfarm employment on the rise, and the unemployment rate falling, we have proof that the turnaround is real" and that "after three consecutive years of subpar performance, the Comptroller's latest state economic forecast calls for the return of moderate growth in 2004, 2005 and 2006". Dr. M. Ray Perryman of the Perryman Group reiterated those thoughts in his latest weekly financial forecast column stating "the state economy has taken a definite turn for the better" and "during the next few years, the Texas economy is projected to experience moderate expansion, with the momentum for considerable improvement increasing". The Comptroller projects that during the remainder of 2004 and beyond, the Texas economy should rebound at a relatively healthy 4.3%. The Comptroller stated that the reasons for this are a Sunbelt location, low business costs and a continued migration into the state. Statistically during the last year, nonfarm employment increased 0.8%, personal income change 5.7%, and unemployment dropped from 6.8% to 5.8%. The outlook for the Texas economy over the next year remains positive in the opinion of the State Comptroller due to continued population gains, low interest rates, federal tax cuts and stimulative federal spending in response to fighting terrorism.

*The Local Economy.* GBRA's service area is geographically part of south central Texas. It stretches from the Hill Country through the IH-35 Corridor and onto the Gulf Coast. This geographic diversity in turn provides economic diversity with a unique combination of agriculture, oil and gas, defense, high tech, higher education centers, and heavy industry. This diversity allows the local economy to be among the State's growth leaders and outpace the national economy as well as weather the effects of any global economic problems better than other areas may. The State Comptroller divides the GBRA service area into three principal areas for reporting purposes. These include the Alamo Region being the counties surrounding the City of San Antonio, the Capital Region being the counties surrounding the City of Austin, and the Coastal Bend Region being the counties surrounding the Cities of Corpus Christi and Victoria. The Comptroller continues to project strong economic growth for both the Alamo and Capital Regions particularly now that the Toyota Corporation has commenced construction of a new truck manufacturing plant near San Antonio. The Comptroller's projection for the Coastal Bend Region is one of stable economic growth during the next two years. The challenge for each reporting region according to the Comptroller will be providing the educational skills needed to train the work force of the future. The Comptroller also sees a challenge for the Coastal Bend Region during the new millennium in replacing the slowly declining oil and gas industry. Nevertheless, population and personal income growth in Texas and in particular GBRA's service area, should provide increased opportunities for GBRA to provide additional water and wastewater services to our constituents.

## **MAJOR INITIATIVES**

*For the Year.* GBRA's major initiative for Fiscal Year 2004 was the continuation of an effort to resolve all legal challenges to the amendment of the water right associated with Canyon Reservoir. Previously, GBRA could deliver an average of 50,000 acre-feet of water each year from the reservoir. However during the last several years, GBRA has worked with the Texas Commission on Environmental Quality (TCEQ) to amend this water right to allow an average of 90,000 acre-feet of water to be delivered

each year. This amendment was granted by the TCEQ on August 9, 2001 and later reaffirmed following an appeal by a citizens group. This citizens group subsequently filed lawsuits in State District Court, State Appeals Court, and the Texas Supreme Court against the TCEQ and GBRA seeking to rescind the new permit. GBRA and the TCEQ received positive outcomes in each of these court cases with the final Supreme Court action in GBRA's favor being rendered in March 2003. Subsequent to the final state court decision, the citizens group filed suit in federal court against GBRA and the U.S. Army Corps of Engineers (COE). This action sought to delay or stop the construction of GBRA's Western Canyon Project which will use the new state water permit as its source of water. In September 2004, GBRA and the COE prevailed in the federal case. As a result, with GBRA's increased water permit and its ongoing or anticipated construction of water supply projects identified in the Texas Water Plan, GBRA is well positioned to meet the growing water supply needs of the residents of the Guadalupe River Basin.

Following the successful defense of the water permit amendment and the right to construct the Western Canyon Project, GBRA quicken the pace of development on that project as well as the Interstate 35 Treated Water Supply Project. These projects, which will initially deliver about 15,000 acre-feet of water per year, will provide treated water to portions of Comal, Kendall, Caldwell, Hays, and Bexar counties. As the larger of the two projects, the Western Canyon Project will include a new 10 MGD water treatment plant and 40 miles of transmission pipeline. These facilities will deliver up to 12,000 acre-feet of water per year to the cities of Boerne, Fair Oaks Ranch, and Bulverde. Water will also be provided to the San Antonio Water System, San Antonio River Authority, and several developments in unincorporated areas of Comal and Kendall counties. Currently most of the project's rights-of-way have been acquired and the three construction components, the water treatment plant, raw water intake structure, and treated water pipeline, are all under construction. The Interstate 35 Project, which like the Western Canyon Project will use raw water stored in Canyon Reservoir, will require the construction of a pipeline along IH-35 emanating from the City of San Marcos water treatment plant and terminating in northern Hays County. Customers of this new project will include the Cities of Buda and Kyle, GoForth Water Supply Corporation, and possible other water purveyors in the area. During Fiscal Year 2004, GBRA completed most of the engineering and design of the project and commenced right-of-way acquisition. In the upcoming fiscal year, GBRA anticipates issuing approximately \$21,000,000 of revenue bonds to finance the IH-35 project and commence actual construction during January 2005.

In addition to the effort focused on amending the Canyon Reservoir permit, GBRA also worked to insure existing water supplies are used efficiently and wisely. GBRA actively worked with water users and local governments located within the Guadalupe River basin to educate them on water conservation efforts. GBRA also worked closely with the Edwards Aquifer Authority to insure the aquifer was managed effectively and in accordance with state law thereby insuring adequate springflow into the Guadalupe and San Marcos Rivers. The management of the EAA will require ongoing participation by GBRA in EAA activities.

Construction activity during fiscal year 2004 was quite extensive. The largest construction project was the Western Canyon Project discussed above. An additional project that commenced during FY 2004 is a treated water pipeline from the City of Luling water treatment plant to the City of Lockhart. This pipeline will provide the City of Lockhart a supplemental water source to improve water quality within the City as well as provide additional water to meet the demands of a rapidly growing population. Revenue bonds to finance this project were issued in the amount of \$6,370,000 in May 2004. The proceeds of these bonds will finance rights-of-way acquisition and pipeline construction over the 15 mile distance from the City of Luling to Lockhart. Upon completion, the pipeline is designed to deliver up to 1.5 million gallons of treated water per day. Another construction project that continued in fiscal year 2004 was the expansion of the Seguin headquarters office. Throughout FY 2002, GBRA staff worked with an architectural firm to design the office expansion. Starting in FY 2003 phase one of the project, a new warehouse, was completed while phases two and three were scheduled to be completed in FY 2004 and FY 2005 respectively. During FY 2004, a new river annex building was completed to provide additional meeting room and office space. Finally in FY 2005, GBRA expects to complete the headquarters project with the expansion and remodeling of the existing headquarters building. Together

these expansions will provide much needed office and storage space and better position GBRA to meet the needs of GBRA's existing operations as well as projects being developed to meet the Texas Water Plan.

GBRA's operating divisions experienced relatively normal conditions throughout fiscal year 2004. One exception to this normalcy was the ongoing flood repairs due to the damage caused by the July 3-6, 2002 flood on the Guadalupe River. That flood was the result of a tropical depression stalling over the headwaters of the Guadalupe and Blanco rivers where it released between 30 and 50 inches of rainfall over a four-day period. The copious amount of rainfall caused Canyon Reservoir to completely fill and spill over its emergency spillway for the first time in its 40-year history. Downstream flooding inundated the Canyon Hydroelectric Plant and caused severe structural damage to the dam spillgates at GBRA's TP4 Hydroelectric Plant. Throughout FY 2003 and into FY 2004, GBRA crews worked to repair the damaged equipment, completing the repairs at the Canyon Plant in October 2003 and at the TP4 Hydroelectric Plant in June 2004. Another exception to the day-to-day operations was within GBRA's Rural Utilities Division where GBRA was preparing to expand wastewater treatment services in the areas surrounding the Spring Hill and Dunlap Wastewater Treatment Plants. GBRA worked with a number of developers in addition to the City of Seguin to design an expansion of the collection system being served by both plants and further, to design an approximate 1.0 million gallon per day expansion of the Dunlap Plant. Construction on these two projects should commence sometime during FY 2005. Also within the Rural Utilities Division during FY 2005, GBRA took over operation of the Village of Wimberley wastewater treatment plant. As discussed above, the Village and GBRA are currently collaborating on the design and construction of an expanded wastewater treatment plant and collection system.

*For the Future.* GBRA efforts to insure adequate water supplies have complemented the work of the Texas State Legislature. Emanating from the 1997 legislative session was a new State Water Policy labeled Senate Bill One. One of the principal provisions of this new water plan was the establishment of regional water planning areas. GBRA has been actively involved in and helps to underwrite the administrative costs of the South Central Texas Regional Water Planning Group which was charged with developing a water plan for this area of Texas. This new water plan has now been completed and approved by the Texas Water Development Board. The plan includes several major water supply projects within the Guadalupe River Basin that will require GBRA's future participation.

Perhaps the most significant of these projects is the Lower Guadalupe Water Supply Project. This project will divert water from a point very near the mouth of the Guadalupe River where it enters the Gulf of Mexico. GBRA has agreed with the San Antonio River Authority and the San Antonio Water System to jointly initiate the planning studies and permitting necessary for the project. Over the next several years, the three organizations will conjunctively study the economic, social, and environmental aspects of the project in addition to seeking all the necessary state and federal permits for the project's construction. After the study and permitting phase of the project, construction will begin on the infrastructure necessary to transmit and treat approximately 100,000 acre-feet of water for use within the San Antonio and Guadalupe River basins. Besides the water supply benefit of the project for the Guadalupe River basin, the project also provides substantial benefits by diversifying San Antonio's water source. This water supply diversification will reduce San Antonio's dependence on the Edwards Aquifer thereby better assuring stable springflow from Comal and San Marcos springs.

## **FINANCIAL INFORMATION**

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

benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As demonstrated by the statements and schedules included in the financial section of this report as well as the management discussion and analysis also included herein, GBRA continues to meet its responsibility for sound financial management. GBRA recommends each reader to closely read each section of this report including the oversight review provided by the management discussion and analysis in order to have a thorough understanding of GBRA, its activities, financial position and results of operations.

*Budgeting Controls.* In addition to other internal controls, GBRA also maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with contractual provisions and to properly manage resources. Since GBRA does not have the power of taxation, there is no appropriated budget or encumbrance accounting system. There are no legal requirements to include comparative budget to actual expenditure statements in this report. The staff prepares budget reports monthly that are used as management tools to measure GBRA's operations against the budgets adopted by the Board of Directors prior to the beginning of each year.

*Pension Plan Operations.* The operations of the Retirement Plan for Employees of GBRA was favorable as the actuarial value of the plan assets increased from \$6,366,054 as of January 1, 2003 to \$7,205,740 as of January 1, 2004 or 13.19%. GBRA's annual contribution during fiscal year 2004 contributed to the increase in plan assets, in addition to the growth in the value of the investments held by the plan. These increases caused plan assets, as a percentage of the actuarial accrued liability, to increase from 59% to 63% during the year.

*Debt Administration.* At August 31, 2004, GBRA had 11 bond issues outstanding. A schedule of these issues is included in Footnote B to the financial statements in this report. GBRA does not have the power of taxation nor does it derive any of its revenues from taxes; therefore, it issues no general obligation bonds. Outstanding revenue bonds as of August 31, 2004 were \$125,195,000 while outstanding long-term loans were \$9,509,924. No state law nor GBRA's enabling act requires debt service coverage greater than 1:1, thus a schedule of the revenue bond coverage is not included in the statistical section of this report. Debt service coverage is however required by GBRA to be greater than 1:1 if the size and complexity of the project financed necessitates it. Debt service coverage is discussed further in Footnote I. Each revenue bond issue is insured or credit rated based on the financial strength of GBRA's service contracts. GBRA issued one new bond issues during fiscal year 2004. This issued was for \$6,370,000 to construct a pipeline to transfer water from the Luling Water Treatment Plant to the Lockhart Water Treatment Plant for the City of Lockhart.

*Cash Management.* Cash not required for current operations, debt service payments or construction expenditures is invested in securities authorized by GBRA's investment policy that is approved annually by the Board of Directors. For the year, the average yield on investments approximated 2.11%. This yield compares to an average one-year treasury yield of 1.50%. During most years, GBRA is able to equal or exceed the one-year treasury yield including this past year as short-term interest rates were generally stable throughout the year. Interest earnings on investments were \$180,130 for the year.

GBRA's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits are either insured by federal depository insurance or collateralized with United States government securities. All collateral on deposits is held by GBRA, its agent, or the Federal Reserve Bank in GBRA's name. All investments held by GBRA at August 31, 2004 were classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board. The market value of all GBRA investments was 99.94% of their par value as of August 31, 2004. A complete disclosure of GBRA's investments is found in Footnote D in the notes to the financial statements.



*Risk Management.* GBRA has implemented an intensive loss control program to minimize risk exposures. Employees are well trained in safety practices and maintain a constant vigil to correct safety hazards. A safety committee coordinates the overall program under the direction of the Deputy General Manager while monthly safety meetings are held by each of the operating divisions. During the fiscal year, the safety manual was updated; employee health fairs were held in Seguin and Victoria; and GBRA's safety glasses and boots program continued. Part of the success of GBRA's excellent safety record can be attributed to the support it gets from the Texas Water Conservation Association Risk Management Fund. A schedule of insurance coverage is included in the statistical section of this report.

## **OTHER INFORMATION**

*Independent Audit.* Section 50.371 of the Texas Water Code requires an annual audit of the GBRA's accounting records by the state auditor or by an independent certified public accountant selected by the Board of Directors. The firm of Holtman, Wagner & Company, LLP was selected by the Board for the 2004 fiscal year. We appreciate their professionalism, timeliness and assistance in completing this report. Copies of this report will be filed with the TCEQ, State Comptroller, State Auditor, as well as with the county clerk of each county within the GBRA service area.

*Awards.* The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to GBRA for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended August 31, 2003. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

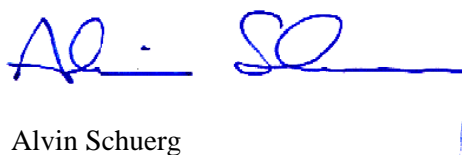
In order to be awarded a Certificate, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such a CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. GBRA has received a Certificate for the last 30 consecutive fiscal years (1973-2003). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

*Acknowledgments.* We congratulate our employees for another successful year of operation. Without their dedication and professionalism, we could not have provided the high level of service to the residents of the GBRA service area. The preparation of the CAFR on a timely basis was made possible by the dedicated efforts of the accounting department and public communications department. Each member has our sincere appreciation for the contributions made in the preparation of this report. In closing, we would be remiss to not recognize the leadership and support each GBRA Director has provided to the staff and this organization. Without that leadership, another successful year and the preparation of this report would not have been possible. We thank you for your dedicated public service.

Sincerely,



W. E. West, Jr.  
General Manager



Alvin Schuerg  
Executive Mgr of Finance and Administration

## Financial Section

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# Independent Auditors' Report

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**HOLTMAN, WAGNER & COMPANY, L.L.P.**

**Certified Public Accountants**

876 Loop 337, Building 501  
New Braunfels, TX 78130  
830-625-1182  
Fax 830-625-1498

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Guadalupe-Blanco River Authority  
Seguin, Texas

We have audited the accompanying financial statements of Guadalupe-Blanco River Authority as of and for the year ended August 31, 2004 as listed in the table of contents. These financial statements are the responsibility of Guadalupe-Blanco River Authority management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Guadalupe-Blanco River Authority as of August 31, 2004, and the respective changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 7, 2004 on our consideration of Guadalupe-Blanco River Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 38 through 42 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Guadalupe-Blanco River Authority's basic financial statements. The introductory section and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Holtman Wagner & Company LLP*

New Braunfels, Texas  
October 7, 2004



# Management Discussion and Analysis

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The Guadalupe-Blanco River Authority's (GBRA) financial statements are presented within the financial section of this Comprehensive Annual Financial Report (CAFR). The components of the basic financial statements include this Management Discussion and Analysis (MD&A), the Basic Financial Statements, and Other Supplementary Information.

The MD&A, as Required Supplemental Information, introduces the basic financial statements and provides an analytical overview of GBRA's financial activities. GBRA's fiscal year ending August 31, 2004 is the second year in which the provisions of the Government Accounting Standards Board Statement Number 34 (GASB 34) have been implemented; therefore, the MD&A that follows presents a comparison of each year under the GASB 34 standard.

## Overview of the Basic Financial Statements

GBRA was created in 1935 as a political subdivision of the State of Texas and structured as a conservation and reclamation district under Article 16, Section 59 of the Texas Constitution. GBRA's principal functions are to control, store, preserve, and distribute the waters of the Guadalupe River Basin for all useful purposes within the ten county district that GBRA serves. In meeting these principal functions, GBRA does not have the power of taxation and instead must rely upon user fees to provide these services.

GBRA's financial statements consist entirely of one enterprise fund because of the nature of GBRA's activities, the reliance upon user fees, and the fact that GBRA does not have any separate component units to report the activities of. The major features of this enterprise fund reporting are:

- **Scope** – All GBRA activities are included in the enterprise fund, the reporting format of which is similar to private businesses.
- **Required Financial Statements** – The financial statements prepared for the enterprise fund include a Balance Sheet; Statement of Revenues, Expenses and Changes in Net Assets; and Statement of Cash Flows.
- **Accounting Basis and Measurement Focus** – Accrual accounting and economic resources focus.
- **Type of Asset/Liability Information** – The enterprise fund reports all current and long-term assets and liabilities, both financial and capital.
- **Type of Inflow/Outflow Information** – The enterprise fund records all revenues and expenses during the year, regardless of when the cash is received from the revenue or when the cash is paid for the expense.

The remaining information that is included within GBRA's basic financial statements are the Notes to the Financial Statements. These Notes are included to provide additional information to assist the readers of the CAFR attain a more complete understanding of GBRA's financial position.

## Condensed Financial Information

The financial statements are designed to provide readers with a broad overview of GBRA's financial position. The Balance Sheet presents information on all of GBRA's assets and liabilities, with the difference between the two reported as Net Assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of GBRA is improving or deteriorating. In Fiscal Year 2004, assets exceeded liabilities by \$47,212,310 which is an increase of \$507,824 from last year. GBRA issued revenue bonds of \$6,370,000 for the construction of a pipeline to transmit water from the Luling Water Treatment Plant to the Lockhart Wastewater Treatment Plant for the City of Lockhart resulting in a change in Investments in Capital Assets Net of Related Debt of \$1,402,477.

The following table presents a Condensed Balance Sheet for August 31, 2004 and 2003:

<b>GUADALUPE-BLANCO RIVER AUTHORITY</b>		
<b>CONDENSED BALANCE SHEET</b>		
<b>AUGUST 31, 2004 AND 2003</b>		
<b>ASSETS</b>	<b>2004</b>	<b>2003</b>
Current Assets		
Unrestricted Assets	\$ 6,444,107	\$ 6,687,025
Restricted Assets	62,877,363	51,993,019
Long-Term Assets		
Restricted Assets	15,589,010	33,617,502
Capital Assets	91,063,359	78,070,476
Other Assets	12,925,614	11,706,515
<b>Total Assets</b>	<b>\$ 188,899,453</b>	<b>\$ 182,074,537</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Payable from Current Assets	\$ 3,508,459	\$ 2,940,944
Payable from Restricted Assets	4,724,318	3,704,325
Long-Term Liabilities		
Bonds and Loans Payable	132,716,027	128,262,823
Advances for Operations	738,339	461,959
<b>Total Liabilities</b>	<b>\$ 141,687,143</b>	<b>\$ 135,370,051</b>
<b>NET ASSETS</b>		
Investments in Capital Assets Net of Related Debt	\$ 29,946,905	\$ 28,544,428
Reserved for Construction	1,339,380	1,328,649
Reserved for Debt Service	1,104,758	1,197,066
Reserved for Insurance	1,323,144	1,207,006
Unrestricted	13,498,123	14,427,337
<b>Total Net Assets</b>	<b>47,212,310</b>	<b>46,704,486</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 188,899,453</b>	<b>\$ 182,074,537</b>

In addition to the Investments in Capital Assets Net of Related Debt component of Net Assets as shown above, GBRA maintains other reserves as part of the total amount of Net Assets. These include reserves for future expansions, debt service payments, bond reserve requirements and insurance reservations. These reserves remained relatively the same from the prior year and are explained in more detail in Footnote A and G.

The following table presents a Condensed Statement of Revenues, Expenses and Changes in Net Assets for August 31, 2004 and 2003:

<b>GUADALUPE-BLANCO RIVER AUTHORITY</b> <b>COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS</b> <b>FISCAL YEARS ENDED AUGUST 31, 2004 AND 2003</b>		
	<b>2004</b>	<b>2003</b>
<b>REVENUE</b>		
Program Revenues:		
General Operating	\$ 1,903,600	\$ 1,736,623
Recreation and Land Use	1,131,879	1,121,211
Hydroelectric Generation	4,786,268	4,753,448
Water Treatment & Distribution	13,385,939	13,673,947
Waste Water Treatment	5,424,095	5,128,068
Interfund Eliminations	(1,886,065)	(1,701,384)
Investment Income	180,130	171,472
Total Revenues	<u>24,925,846</u>	<u>24,883,385</u>
<b>EXPENSES</b>		
Program Expenses:		
General Operating	1,733,509	1,393,849
Recreation and Land Use	1,239,362	1,188,740
Hydroelectric Generation	4,347,466	4,490,125
Water Treatment & Distribution	13,414,051	11,647,922
Waste Water Treatment	5,287,530	5,072,417
Interfund Eliminations	(1,886,065)	(1,701,384)
Total Expenses	<u>24,135,853</u>	<u>22,091,669</u>
Income Before Recognition of Capital Contributions and Deferrals	789,993	2,791,716
Capital Contributions	11,496	422,599
Net Income Before Recognition of Deferrals	<u>801,489</u>	<u>3,214,315</u>
Revenue to be Recognized in Future Years	(293,665)	(124,521)
Change in Net Assets	<u>507,824</u>	<u>3,089,794</u>
Net Assets at August 31, 2003 and 2002	<u>46,704,486</u>	<u>43,614,692</u>
Net Assets at August 31, 2004 and 2003	<u>\$ 47,212,310</u>	<u>\$ 46,704,486</u>

As stated above, changes to GBRA's Net Assets is one measure of whether GBRA's financial position is improving or not. The Fiscal Year 2004 increase in Net Assets of \$507,824 is indicative of strong financial performance and a stable financial position. The components of Net Assets and the means in which it is calculated is apparent in the above Combined Statement of Revenues, Expenses and Changes in Net Assets.

Contributing to the increase in Net Assets was a stable revenue base and a growth in Total Expenses which was less than the previous year's increase in Net Assets. The increase in Total Expenses was primarily the result of increased costs related to studying the availability, cost effectiveness, and environmental consequences of new water supply sources to meet the needs of

the Guadalupe River Basin. The increase in Total Expenses was also the result of professional fees related to certain contested permits, rate matters, and service area disputes.

### **Capital Asset and Long-Term Debt Activity**

As of August 31, 2004, GBRA's total investment in Capital Assets was \$91,063,359. These Capital Assets, shown in the Long-Term Asset section as Capital Assets on GBRA's Balance Sheet, are comprised of a number of different type of assets. Included in this asset type are water rights, dams, canals, water treatment plants, wastewater treatment plants, park facilities, hydroelectric plants, pipelines, and electric transmission facilities. The amount of Capital Assets recognized by GBRA grew by 16.6% or \$12,992,883 during FY 2004. The principal reason for this asset growth was the continuation of the three ongoing construction projects namely (1) the approximate \$80,000,000 Western Canyon Water Supply project to supply water to Comal, Kendall, and Bexar Counties scheduled for completion in 2005, (2) the \$6,370,000 City of Luling to City of Lockhart Treated Water Delivery Project scheduled for completion in 2005, and (3) the General Office Expansion construction project which will provide much needed additional warehouse, meeting room and office space.

GBRA's long-term debt is comprised of outstanding revenue bond issues, bank loans, a loan from the United States related to the construction of Canyon Reservoir, and a loan from an electric generating company related to the construction of a water supply pipeline to that company. The total revenue bonds outstanding at August 31, 2004 were \$125,195,000 which is 3.8% more than the outstanding revenue bond total at the end of the previous year. The reason for this increase in bonded indebtedness was the issuance of \$6,370,000 in Treated Water Delivery System Contract Revenue Bonds (City of Lockhart) for water transfer between the Luling WTP and the Lockhart WTP. While the amount of outstanding revenue bonds increased, the amount of long-term loans outstanding decreased by \$123,659 despite the fact that a \$467,276 loan was added for equipment purchases. This decrease simply reflects the annual principle payments on the existing outstanding loans and the fact that the payments exceeded the amount of the new equipment loan.

More information on GBRA's capital assets and long-term debt is available in footnotes to the Basic Financial Statements. Capital asset information is presented in Footnote E and information about GBRA's long-term debt is available in Footnote B.

### **Infrastructure**

GBRA recognizes all equipment and infrastructure with an original cost greater than \$1,000 and with a life exceeding one year as Capital Assets. Since all of GBRA's activity is accounted for in an enterprise fund similar to the accounting businesses have traditionally employed, GBRA has always recorded the historical cost of Capital Assets and depreciated that cost over the estimated life of the asset.

The condition of GBRA's infrastructure and capital assets is very good. GBRA believes in and practices an extensive preventive maintenance program at all of its facilities. Examples of this program were the repairs completed during the last ten years within the Guadalupe Valley Hydroelectric System. Repairs to the spillgates, turbines, and generators has insured that this System continues to produce cost effective, environmental friendly electricity despite the fact that the dams and plants within this System were built in the 1920's. While the remaining



equipment and infrastructure is generally less than 30 years old, with much of it being less than 10 years old, this equipment is subject to the ongoing preventive maintenance program.

### **Other Potentially Significant Matters**

The GBRA Board of Directors has established on October 1, 2004 a rate of \$88 per acre-foot per year for firm, raw water stored in Canyon Reservoir. Presently, GBRA contracts with about 100 customers throughout the GBRA district to commit approximately 63,000 acre-feet of Canyon Reservoir water. During Fiscal Year 2002, three customers challenged GBRA's firm water rate by petitioning the Texas Commission on Environmental Quality (TCEQ) to review and possibly set a new rate. This petition was still ongoing throughout Fiscal Year 2004 and while GBRA believes it will be resolved favorably, the final resolution is not expected for another 12-24 months.

**GUADALUPE-BLANCO RIVER AUTHORITY  
COMBINED BALANCE SHEET**

**AUGUST 31, 2004 AND 2003**

<b>ASSETS</b>	<b>2004</b>	<b>2003</b>
<b>CURRENT ASSETS</b>		
Unrestricted Assets		
Cash and Cash Equivalents (Note D).....	\$1,235,826	\$1,061,375
Investments-Unrestricted (Note D).....	3,052,491	2,659,906
Interest Receivable.....	33,760	37,496
Accounts Receivable-Operating (Note A5 and H).....	1,774,550	2,579,761
Other Current Assets.....	347,480	348,487
Total Unrestricted Assets.....	6,444,107	6,687,025
Restricted Assets		
Cash and Cash Equivalents (Note D).....	864,574	1,447,500
Investments-Restricted (Note D).....	61,654,140	49,935,855
Interest Receivable.....	256,032	507,047
Accounts Receivable (Notes A5).....	102,617	102,617
Total Restricted Assets.....	62,877,363	51,993,019
Total Current Assets.....	69,321,470	58,680,044
<b>LONG-TERM ASSETS (Note A6)</b>		
Restricted Assets		
Investments-Restricted (Note D).....	15,589,010	33,617,502
Total Restricted Assets.....	15,589,010	33,617,502
Capital Assets		
Land, Water and Storage Rights.....	20,959,447	20,959,447
Dams, Plants and Equipment.....	89,030,513	85,931,131
Construction In Progress (Note A15).....	18,672,954	6,489,516
Less Accumulated Depreciation.....	(37,599,555)	(35,309,618)
Total Capital Assets.....	91,063,359	78,070,476
Other Assets		
Investments-Unrestricted (Note D).....	2,731,797	2,701,316
Long-term Loans Receivable .....	104,000	104,000
Contract Development Costs (Net of Amortization).....	75,707	82,383
Debt Issuance Costs (Net of Amortization).....	2,625,460	2,511,592
Permits and Licenses (Net of Amortization).....	783,530	812,046
Project Development Costs.....	2,501,102	1,235,149
Deferred Costs and Expenses (Note A12 and Note A17).....	4,104,018	4,260,029
Total Other Assets.....	12,925,614	11,706,515
Total Long-Term Assets.....	119,577,983	123,394,493
Total Assets.....	\$188,899,453	\$182,074,537
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Payable from Unrestricted Assets		
Current Portion of Long-Term Loans Payable (Note B).....	\$635,886	\$576,361
Interest Payable.....	91,681	96,619
Accounts Payable-Operating.....	2,780,892	2,267,964
Total Current Unrestricted Liabilities.....	3,508,459	2,940,944
Payable from Restricted Assets		
Current Portion of Revenue Bonds (Note B).....	1,925,000	1,955,000
Interest Payable.....	1,576,963	1,749,325
Accounts Payable-Construction.....	1,222,355	--
Total Current Restricted Liabilities.....	4,724,318	3,704,325
Total Current Liabilities.....	8,232,777	6,645,269
<b>LONG-TERM LIABILITIES (Note B)</b>		
Revenue Bonds Payable.....	125,766,989	121,160,601
Long-Term Loans Payable.....	9,509,924	9,633,583
	135,276,913	130,794,184
Less Current Portion.....	(2,560,886)	(2,531,361)
Total Bonds and Loans Payable.....	132,716,027	128,262,823
Advances for Operations.....	738,339	461,959
Total Long-Term Liabilities.....	133,454,366	128,724,782
Total Liabilities.....	141,687,143	135,370,051
<b>NET ASSETS</b>		
Investments in Capital Assets Net of Related Debt .....	29,946,905	28,544,428
Reserved for Construction (Note A6).....	1,339,380	1,328,649
Reserved for Debt Service (Note A6).....	1,104,758	1,197,066
Reserved for Insurance (Note G).....	1,323,144	1,207,006
Unrestricted.....	13,498,123	14,427,337
Total Net Assets.....	47,212,310	46,704,486
Total Liabilities and Net Assets.....	\$188,899,453	\$182,074,537

*The accompanying notes are an integral part of this statement.*

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FISCAL YEARS ENDED AUGUST 31, 2004 AND 2003**

	<b>2004</b>	<b>2003</b>
<b>REVENUE</b>		
Power Sales.....	\$3,497,610	\$3,291,811
Water Sales and Lake Operations.....	12,612,934	13,218,362
Recreation and Land Use.....	461,196	428,870
Waste Water Treatment Services.....	4,994,556	4,787,951
Laboratory Services.....	337,564	303,199
Rental.....	278,655	265,116
Pollution and Industrial Financing (Note F).....	324,725	341,600
Miscellaneous (Note H) .....	2,239,210	2,079,008
Total Operating Revenue.....	<u>24,746,450</u>	<u>24,715,917</u>
<b>EXPENSES</b>		
Personnel Operating Costs.....	6,800,123	6,328,767
Operating Supplies and Services.....	9,034,504	7,676,099
Maintenance and Repairs .....	3,068,368	2,807,840
Depreciation and Amortization.....	2,819,832	2,757,775
Total Operating Expenses.....	<u>21,722,827</u>	<u>19,570,481</u>
Operating Income .....	3,023,623	5,145,436
<b>Nonoperating Revenues (Expenses)</b>		
Investment Income.....	180,130	171,472
Loss on the Disposal of Capital Assets.....	(734)	(4,004)
Interest Expense.....	(2,413,026)	(2,521,188)
Total Nonoperating Revenues.....	<u>(2,233,630)</u>	<u>(2,353,720)</u>
Income Before Recognition of Capital Contributions and Deferrals.....	789,993	2,791,716
Capital Contributions.....	11,496	422,599
Net Income Before Recognition of Deferrals.....	801,489	3,214,315
Costs to be Recovered (Revenue to be Recognized) in Future Years (Note A17).....	(293,665)	(124,521)
Change in Net Assets.....	507,824	3,089,794
Net Assets at August 31, 2003 and 2002.....	46,704,486	43,614,692
Net Assets at August 31, 2004 and 2003.....	<u>\$47,212,310</u>	<u>\$46,704,486</u>

*The accompanying notes are an integral part of this statement.*

**GUADALUPE-BLANCO RIVER AUTHORITY  
COMBINED STATEMENT OF CASH FLOWS**

**FISCAL YEARS ENDED AUGUST 31, 2004 AND 2003**

	<b>2004</b>	<b>2003</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers.....	\$25,091,341	\$23,028,332
Cash Received from Interfund Administrative Charges.....	2,123,888	1,405,512
Cash Received from Administration of Industrial Revenue Bonds.....	16,875	33,750
Cash Received from Customer Operating Advances.....	7,539	23,154
Cash Paid for Personnel Operating Costs.....	(6,958,210)	(6,508,733)
Cash Paid for Other Operating and Maintenance Costs.....	(10,592,535)	(10,637,559)
Cash Paid for Interfund Administrative Charges.....	(1,727,978)	(1,521,418)
Net Cash Flows From Operating Activities.....	7,960,920	5,823,038
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Net Cash Flows From Noncapital Financing Activities.....	--	--
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from Issuance of Revenue Bonds.....	6,149,968	84,458,109
Proceeds from Customer & Developer Capital Advances.....	189,053	422,599
Proceeds from Customer Loan Repayment.....	--	119,394
Proceeds from Sale of Capital Assets.....	19,973	33,200
Purchase of Capital Assets.....	(3,524,647)	(4,548,349)
Cash Paid for Construction in Progress.....	(13,377,666)	(1,519,133)
Interest Paid.....	(2,065,067)	(2,039,603)
Principal Payments on Revenue Bonds.....	(1,965,000)	(1,740,000)
Principal Payments on Loans.....	(123,659)	(555,997)
Net Cash Flows From (Used by) Capital and Related Financing Activities.....	(14,697,045)	74,630,220
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash Received from Net Investment Decrease.....	11,513,264	388,587
Investment Income Received.....	625,724	602,823
Cash Paid for Net Investment Increase.....	(5,811,338)	(80,673,379)
Net Cash Flows From (Used by) Investing Activities.....	6,327,650	(79,681,969)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>(\$408,475)</b>	<b>\$771,289</b>
<b>CURRENT CASH AND CASH EQUIVALENTS:</b>		
At Beginning of Year.....	\$1,061,375	\$1,266,757
At End of Year.....	1,235,826	1,061,375
Net Increase (Decrease).....	174,451	(205,382)
<b>RESTRICTED CASH AND CASH EQUIVALENTS:</b>		
At Beginning of Year.....	1,447,500	470,829
At End of Year.....	864,574	1,447,500
Net Increase (Decrease).....	(582,926)	976,671
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>(\$408,475)</b>	<b>\$771,289</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating Income .....	\$3,023,623	\$5,145,436
Adjustments to Reconcile Operating Income to Net Cash Flows		
From Operating Activities:		
Depreciation and Amortization.....	2,819,832	2,757,775
Non-Cash Pollution and Industrial Financing Income.....	(307,850)	(307,850)
Net Change in Assets and Liabilities from Operating Activities		
Operating Accounts Receivable.....	1,046,619	(1,790,859)
Other Current Assets.....	1,007	(138,307)
Deferred Costs and Expenses.....	(137,656)	(128,401)
Work in Progress.....	--	1,235
Project Development Costs.....	(75,509)	--
Operating Accounts Payable.....	1,492,031	374,151
Operating Advances.....	98,823	(90,142)
Total Adjustments.....	4,937,297	677,602
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES.....</b>	<b>\$7,960,920</b>	<b>\$5,823,038</b>

**NON-CASH TRANSACTIONS SCHEDULE**

- During each fiscal year 2004 and 2003, \$307,850 of interest expense on the \$4,700,000 of Floating Rate Monthly Demand Water Supply Refunding Revenue Bonds (Footnote B) was paid by SOHIO Chemical Company directly to the Trustee, Chemical Bank
- During fiscal year 2004 and 2003, an adjustment of \$185,215 and (\$467,731) respectively, was made to increase (decrease) investments to fair value

*The accompanying notes are an integral part of this statement.*



**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**AUGUST 31, 2004 AND 2003**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following summary of Guadalupe-Blanco River Authority's (GBRA) more significant accounting policies is presented to assist the reader in interpreting the combined financial statements. These policies, as presented, should be viewed as an integral part of the accompanying combined financial statements.

GBRA implemented the Governmental Accounting Standard Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, in fiscal year 2003. The statement established a comprehensive, integrated financial reporting model for state and local governments, which includes the Management's Discussion and Analysis, Balance Sheet, Statement of Revenues, Expenses and Changes in Net Assets, and Statement of Cash Flows.

GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* and GASB Statement No. 38, *Certain Financial Statement Note Disclosures* were issued in June 2001. Statement No. 37 was issued to clarify certain provisions made in Statement No. 34, and Statement No. 38 was issued to modify, establish and rescind certain financial statement disclosures. The provisions set forth by these two statements were implemented in fiscal year 2003 with GASB Statement No. 34.

1. **Reporting Entity.** Guadalupe-Blanco River Authority is a political subdivision of the State of Texas, created by the Texas Legislature in 1935 by Article 8280-106 Vernon's Texas Civil Statutes. GBRA is a separate self-supporting governmental unit serving a ten county area and is administered by a nine member board of directors who are appointed by the Governor of the State of Texas. The State of Texas does not have a financial accountability with GBRA; therefore, GBRA is not a part of the State's reporting entity. In evaluating the governmental activities and entities to be included in the Authority's financial statements, the management has considered all potential component units. According to the criteria as set forth by the Governmental Accounting Standards Board and based upon the significance of their operational or financial relationships with the Authority there are no separate component units included in the financial statements.
2. **Principles of Accounting.** The accompanying combined financial statements have been prepared on the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under GASB Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting* all proprietary funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 20, 1989. However, from that date forward, proprietary funds have the option of not applying future FASB pronouncements. GBRA has chosen to apply future FASB pronouncements unless they conflict with GASB guidance.
3. **Fund Reporting.** GBRA's accounting system consists solely of eleven (11) enterprise funds. These enterprise funds account for the acquisition, construction, operation and maintenance of GBRA's facilities and services which are entirely or predominately self-supporting through charges to customers.
4. **Budgets and Budgetary Accounting.** GBRA is not required under its enabling act to adopt a budget; therefore, comparative statements of actual expenses to budget expenses are not included within the combined financial statements.
5. **Accounts Receivable.** GBRA considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operating expenses when that determination is made.
6. **Restricted Assets.** Contractually restricted cash, investments, interest receivable and accounts receivable balances are reported as separate line items in the asset section of the balance sheet. Such amounts are physically segregated from other enterprise fund assets pursuant to provisions of the applicable bond indentures.
7. **Capital Assets.** Land is not depreciated since it is considered to have an indefinite useful life. Land rights, storage rights and water rights were primarily acquired prior to November 1, 1970. Since these assets have no evident limited life, no amortization is recognized. Property, plant and equipment are recorded at their historical cost except for contributed assets which are recorded at their fair market value at the time donated. GBRA Board Policy, 411-Capital Assets, provides guidelines for safeguarding and disposing of GBRA's capital assets. This policy identifies capital assets as all equipment and machinery with a useful life exceeding one year and with an original cost exceeding \$1,000. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives as follows:

Asset	Service Lives	Depreciation Method
Dams	30-50 Years	Straight-Line
Plants	30-50 Years	Straight-Line
Equipment	3-15 Years	Straight-Line

8. **Other Assets.** Included within other assets are contract development costs, debt issuance costs, permits and licenses and project development costs. With the exception of project development costs, these assets are amortized on a straight-line basis over the life of the related contract, bond issue, or license. Project development costs represent the capitalization of expenditures during the initial stage of a new project. These costs are accumulated until the viability of the new project is determined. If a project is determined to be viable, the costs are either transferred to capital or intangible assets. If a project is determined not to be viable, the costs are expensed.
9. **Unbilled Revenue.** Revenue relating to unbilled rural water and waste water treatment services has not been recognized since the amounts are immaterial.
10. **Administrative and General Charges.** The operating divisions of GBRA pay administrative and general charges to the General Division for the administrative oversight the General Division provides. These interdivision charges and revenues have been eliminated in the combined statements.
11. **Vacation and Sick Leave.** GBRA allows employees to accumulate vacation and sick leave within certain limitations. Pursuant to Governmental Accounting Standards Board pronouncements, GBRA does not accrue nor record as an expense non-vested sick leave rights. GBRA does record as an expense and liability the value of vested vacation rights which as of August 31, 2004 and 2003 amounted to \$351,707 and \$323,708, respectively.
12. **Contingent Liabilities.** GBRA provides for contingent liabilities when it is probable a liability has been incurred and the amount of loss can be reasonably estimated. At August 31, 2004, GBRA had \$15,333,208 contractual commitments for construction of the Office Expansion project, Western Canyon Construction project, and the Luling-Lockhart Pipeline project.
13. **Operating and Nonoperating Activities.** Proprietary funds, like GBRA, distinguish operating revenues and expenses from nonoperating revenues and expenses. Operating activities result from providing services in connection with GBRA's principal ongoing operations. GBRA's primary operating revenues include charges for water sales and lake operations, power sales, wastewater treatment services, and other services. Operating expenses include the costs of sales and services, general and administrative expenses, and depreciation expense. Nonoperating revenues and expenses are all other activities not meeting the above definitions.
14. **Management's 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 certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, as well as, reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, allowance for doubtful accounts, realization of project development costs, and other accounts. Actual results may differ from these estimates.
15. **Reserved Net Assets.** GBRA recognizes net assets reserved for future construction costs, debt service payments, and insurance in divisions or funds in which assets exceed the related liabilities.

16. **Capitalization of Interest.** In accordance with Financial Accounting Standards Board (FASB) Statement 62, GBRA's policy is to capitalize net interest costs on funds borrowed to finance the construction of fixed assets. GBRA recorded \$3,942,331 of interest expense and \$886,652 of interest income as construction in progress in 2004. GBRA recorded \$1,293,145 of interest expense and \$733,006 of interest income as construction in progress in 2003. The current construction projects, in which net interest costs were recognized, are the Western Canyon Construction project, San Marcos Pipeline project and the Luling-Lockhart Pipeline project.
17. **Deferred Expenses.** Certain utility expenses that do not require funds currently are deferred to such periods as they are intended to be recovered in rates charged to customers. Likewise, certain utility revenue is deferred to such periods in which the costs related to that revenue is recognized. Deferred expenses and revenue will be recognized in future years by setting rates sufficient to provide funds for the related debt service requirements. GBRA adopted the provisions of Statement of Financial Accounting Standards No. 71 "Accounting for the Effects of Certain Types of Regulation" in 1992.

#### NOTE B - LONG TERM LIABILITIES

GBRA currently has \$134,704,924 of debt outstanding from long-term loans and revenue bonds. This is exclusive of defeasance, discounts and premiums associated with these bonds.

The loans and revenue bonds outstanding at August 31, 2004 mature serially through 2033 as follows:

LONG-TERM LOANS					REVENUE BONDS			
Year Ending August 31	Total	Interest	Principal	Balance of Principal Outstanding	Total	Interest	Principal	Balance of Principal Outstanding
				\$9,509,924				\$125,195,000
2005	1,048,736	412,850	635,886	8,874,038	7,796,149	5,871,149	1,925,000	123,270,000
2006	1,048,735	388,663	660,072	8,213,966	9,393,848	5,808,848	3,585,000	119,685,000
2007	857,203	364,229	492,974	7,720,992	9,717,353	5,662,353	4,055,000	115,630,000
2008	665,666	348,836	316,830	7,404,162	9,725,330	5,505,330	4,220,000	111,410,000
2009	665,668	335,221	330,447	7,073,715	9,734,569	5,364,569	4,370,000	107,040,000
2010	665,666	320,829	344,837	6,728,878	9,797,318	5,197,318	4,600,000	102,440,000
2011	665,667	305,607	360,060	6,368,818	9,825,669	5,020,669	4,805,000	97,635,000
2012	665,667	289,495	376,172	5,992,646	9,041,855	4,841,855	4,200,000	93,435,000
2013	665,667	272,433	393,234	5,599,412	13,599,626	4,489,626	9,110,000	84,325,000
2014	641,031	254,552	386,479	5,212,933	8,734,155	4,144,155	4,590,000	79,735,000
2015	606,542	237,738	368,804	4,844,129	7,667,294	3,942,294	3,725,000	76,010,000
2016	606,541	220,448	386,093	4,458,036	7,684,418	3,764,418	3,920,000	72,090,000
2017	606,541	202,056	404,485	4,053,551	7,379,973	3,584,973	3,795,000	68,295,000
2018	606,542	182,481	424,061	3,629,490	6,711,168	3,411,168	3,300,000	64,995,000
2019	606,542	161,629	444,913	3,184,577	6,717,915	3,242,915	3,475,000	61,520,000
2020	606,542	139,405	467,137	2,717,440	6,715,029	3,065,029	3,650,000	57,870,000
2021	606,542	115,705	490,837	2,226,603	6,717,321	2,877,321	3,840,000	54,030,000
2022	606,541	90,414	516,127	1,710,476	6,714,824	2,679,824	4,035,000	49,995,000
2023	606,542	63,411	543,131	1,167,345	6,720,026	2,480,026	4,240,000	45,755,000
2024	606,544	34,562	571,982	595,363	6,715,625	2,270,625	4,445,000	41,310,000
2025	308,890	14,884	294,006	301,357	6,460,776	2,050,776	4,410,000	36,900,000
2026	308,890	7,533	301,357	--	6,064,813	1,834,813	4,230,000	32,670,000
2027					6,068,513	1,623,513	4,445,000	28,225,000
2028					5,761,500	1,401,500	4,360,000	23,865,000
2029					5,758,125	1,183,125	4,575,000	19,290,000
2030					5,758,750	953,750	4,805,000	14,485,000
2031					5,319,250	724,250	4,595,000	9,890,000
2032					5,319,500	494,500	4,825,000	5,065,000
2033					5,318,250	253,250	5,065,000	--
	<u>\$14,272,905</u>	<u>\$4,762,981</u>	<u>\$9,509,924</u>		<u>\$218,938,942</u>	<u>\$93,743,942</u>	<u>\$125,195,000</u>	

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2004 AND 2003**

**NOTE B – LONG-TERM LIABILITIES**

GBRA had the following changes in long-term liabilities for the fiscal years ended August 31, 2004 and 2003 (Exclusive of Interfund Loans Payable).

			Effective			Retired		Retired		Amounts
	Date of	Final	Interest	Original	Outstanding	During	Outstanding	During	Outstanding	Due Within
Series	Issue	Maturity	Rate	Amount	8/31/2002	FY 2003	8/31/2003	FY 2004	8/31/2004	One Year
OBLIGATIONS PAYABLE DIRECTLY BY GBRA										
WATER RESOURCE DIVISION										
U. S. Government Loan										
	01/01/1977	2026	2.5%	\$8,979,862	\$5,524,498	\$170,778	\$5,353,720	\$175,047	\$5,178,673	179,423
First Lockhart National Bank Loan										
	12/31/2001	2007	3.5%	1,750,000	1,588,304	331,778	1,256,526	343,438	913,088	355,722
GE Capital Public Finance Loan										
	03/19/2004	2014	4.8%	467,276	--	--	--	14,574	452,702	38,061
General Improvement Revenue Bonds										
2002	09/15/2002	2027	3.35-4.75%	4,390,000	--	110,000	4,280,000	95,000	4,185,000	100,000
Total Obligations Payable Directly by GBRA				\$15,587,138	\$7,112,802	\$502,556	\$6,610,246	\$628,059	\$10,729,463	\$673,206

**CONTRACT REVENUE BONDS AND LOANS**

**WATER RESOURCE DIVISION**

Hays Energy Ltd. Loan										
	09/23/1999	2024	8.0%	\$3,200,000	\$3,076,778	\$53,441	\$3,023,337	\$57,876	\$2,965,461	62,680
Regional Raw Wtr Delivery System Bonds, San Marcos										
1998	09/15/1998	2024	4.50-6.0%	9,735,000	9,080,000	245,000	8,835,000	255,000	8,580,000	270,000
Western Canyon Regional Water Supply Project Revenue Bonds										
2003	04/01/2003	2033	3.0-5.25%	79,450,000	--	--	79,450,000	--	79,450,000	--

**PORT LAVACA WATER TREATMENT PLANT DIVISION**

Water Supply Revenue Refunding Bonds										
2000	12/15/2000	2016	4.50-5.375%	3,265,000	3,125,000	150,000	2,975,000	155,000	2,820,000	170,000

**VICTORIA REGIONAL WASTE DISPOSAL DIVISION**

Regional Waste Disposal Refunding and Improvement Revenue Bonds											
1989	12/15/1989	2010	6.15-7.10%	5,520,000	2,610,000	--	2,610,000	--	2,610,000	--	(2)
Regional Waste Disposal Refunding Revenue Bonds											
1993	11/15/1993	2004	2.75-4.60%	2,780,000	1,330,000	385,000	945,000	530,000	415,000	415,000	(3)
Regional Waste Disposal Revenue Bonds											
1996	07/18/1996	2010	2.9-4.75%	3,750,000	2,635,000	245,000	2,390,000	255,000	2,135,000	270,000	

**LULING WATER TREATMENT PLANT DIVISION**

Treated Water Delivery System Contract Revenue Bonds (City of Lockhart)										
2004	05/01/2004	2030	3.0-5.0%	6,370,000	--	--	--	--	6,370,000	--

**CANYON HYDROELECTRIC DIVISION**

Hydroelectric Project Revenue Refunding Bonds										
1991	12/01/1991	2016	3.5-6.30%	16,000,000	50,000	50,000	--	--	--	-- (4)
Hydroelectric Project Revenue Refunding Bonds										
2002	04/15/2002	2014	3.5-4.75%	9,705,000	9,705,000	550,000	9,155,000	670,000	8,485,000	695,000 (4)

**LOCKHART WASTEWATER RECLAMATION DIVISION**

Regional Wastewater Treatment System Contract Revenue Bonds										
1996	04/02/1996	2017	2.85%-4.55%	5,480,000	5,455,000	5,000	5,450,000	5,000	5,445,000	5,000
<b>Total Contract Revenue Bonds and Loans</b>				\$145,255,000	\$37,066,778	\$1,793,441	\$119,113,337	\$1,927,876	\$119,275,461	\$1,887,680

**POLLUTION CONTROL BONDS**

**WATER RESOURCE DIVISION**

Water Supply Refunding Revenue Bonds (SOHIO Chemical Company Project)														
1983	05/01/1983	2013	6.55%	\$4,700,000	\$4,700,000	\$	--	\$4,700,000	\$	--	\$4,700,000	\$	--	(1)
<b>Total Pollution Control Bonds</b>				\$4,700,000	\$4,700,000	\$	--	\$4,700,000	\$	--	\$4,700,000	\$	--	

<b>Total Bonds &amp; Loans Payable Prior to Defeasance and Discounts</b>					<b>\$48,879,580</b>		<b>\$130,423,583</b>		<b>\$134,704,924</b>	<b>\$2,560,886</b>
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**NOTE B – LONG-TERM LIABILITIES (CONT.)**

GBRA had the following changes in long-term liabilities for the fiscal years ended August 31, 2004 and 2003 (Exclusive of Interfund Loans Payable).

	8/31/2003	8/31/2004	
<b>Total Bonds &amp; Loans Payable Prior to Defeasance and Discounts</b>	\$130,423,583	\$134,704,924	
Less Deferred Defeasance on Advance Refunding	(1,052,700)	(971,722)	
Less Revenue Bond Discounts	1,423,301	1,543,711	(2)(3)(4)
<b>Net Revenue Bonds and Long-Term Loans Payable</b>	130,794,184	135,276,913	
Less Current Portion	(2,531,361)	(2,560,886)	
<b>TOTAL BONDS AND LOANS PAYABLE</b>	<u>128,262,823</u>	<u>132,716,027</u>	

**INTERDIVISION LOANS ELIMINATED FROM COMBINED BALANCE SHEET****Long-term loans payable to the General Division are as follows:**

	8/31/2003	8/31/2004
GuadalupeValley Hydroelectric Division	449,000	739,000
Rural Utilities Division	59,240	--
Water Supply Division	7,739,037	7,324,037
Port Lavaca Water Treatment Plant Division	8,000	--
Coletto Creek Division	248,598	262,598
Canyon Hydroelectric Division	603,500	128,500
Lockhart Wastewater Reclamation Division	44,367	32,871
<b>Total Long-term loans payable to the General Division</b>	<u>9,151,742</u>	<u>8,487,006</u>

**NOTE B – LONG-TERM LIABILITIES**

1. Included in long-term debt is \$4,700,000 of Floating Rate Monthly Demand Water Supply Refunding Revenue Bonds. These bonds mature on May 1, 2013 and are guaranteed by Standard Oil Company of Ohio.

Issued in 1983, the proceeds of these bonds were used to refund and completely retire an earlier, short-term construction bond issue and to provide additional construction funds. The project financed consists of water supply facilities that carry cooling water to the British Petroleum Chemical (BP Chemical) plant located in Calhoun County, Texas.

Although GBRA owns the water supply facilities and the bond issue bears the GBRA's name, GBRA does not pledge its credit nor is it liable for any principal, premium, interest, or costs associated with the demand feature of the issue except to the extent of revenue collected on this project. Instead, British Petroleum Chemical Company and Standard Oil Company pledge their credit and bear sole responsibility for all debt service payments.

The demand and variable interest rate provisions of this issue were voided on November 2, 1992 pursuant to Section 4.06 of the bond indenture when British Petroleum Chemical Company elected to fix the interest rate. As of this date the bondholders no longer have the right to require purchase of bonds by the remarketing agent or the trustee, as escrow agent. Twenty days after the election of the fixed interest rate, the letter of credit was surrendered by the escrow agent to the bank and canceled. Due to the Guarantee Agreement with Standard Oil Company which guarantees the full payment of all principal and interest on the bonds, there is no financing agreement or debt service requirements for GBRA. Because the Guarantee Agreement preserves the long-term nature of the obligation it is recorded as a long term liability.

2. GBRA issued in Fiscal Year 1990 Regional Waste Disposal Refunding and Improvement Revenue Bonds. These bonds included both current interest bonds and capital appreciation or deep-discount bonds. The original combined discount on these bonds was in the amount of \$1,879,910. GBRA is amortizing the discount over the life of the bonds using the effective interest method. The August 31, 2004 and 2003 discount balance was \$562,147 and \$699,802 respectively.

Part of the proceeds from these bonds were used to purchase U.S. Government securities which were placed in a separate irrevocable trust fund in order to defease a 1982 bond issue which was subsequently called on October 1, 1992.

3. GBRA issued in Fiscal Year 1994 Regional Waste Disposal Refunding Revenue Bonds. The original discount on these bonds was in the amount of \$9,453. GBRA has been amortizing the discount over the life of the bonds using the effective interest method. The August 31, 2004 and 2003 discount balance was \$0 and \$880 respectively.

The proceeds from these bonds were used to purchase U.S. Government securities which were placed in a separate irrevocable trust fund in order to defease and subsequently call a 1970 bond issue and partially defease a 1989 bond issue which was subsequently called on October 1, 1999.

4. GBRA issued in Fiscal Year 2002, Hydroelectric Project (City of New Braunfels, Texas) Revenue Refunding Bonds, Series 2002. These bonds were issued to retire the Series 1991 bonds, except for \$50,000 in principal and associated interest, which matured on December 1, 2002. The Series 2002 bonds were sold at a premium of \$33,774 which is being amortized over the life of the bond. The premium balance at August 31, 2004 and 2003 was \$28,046 and \$30,416 respectively. In addition to the refunding, New Braunfels Utilities contributed \$2,000,000 toward the reduction of the debt and reduced the term of the debt by two years. The refunding produced a net present value benefit (economic gain) of \$1,195,411. The combination of the refunding of the old bonds and the \$2,000,000 advance payment resulted in a net cash flow savings of \$2,972,819.

5. The various bond indentures, resolutions and agreements provide for the establishment of separate restricted accounts for debt service retirement, construction, contingencies, etc. These accounts are reported as restricted assets in the accompanying combined financial statements.

The bond indentures contain flow of funds requirements which generally provide the order in which funds are to be applied. These requirements have been met.

None of the bond indentures of GBRA contain bond coverage requirement provisions, except the General Improvement Revenue Bonds; therefore, coverage data is not applicable for those issues. The General Improvement Revenue Bonds required provisions are disclosed in footnote "Continuing Disclosure Requirements".



**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2004 AND 2003**

**NOTE C - DEFINED BENEFIT PENSION PLAN**

**1. PLAN DESCRIPTION**

GBRA contributes to the Retirement Plan for Employees of Guadalupe-Blanco River Authority which was established June 1, 1966, and restated effective January 1, 1997. The Plan is a single employer, non-contributory, defined benefit plan. The Plan's benefit provisions were established and may be amended by GBRA's Board of Directors. The Plan is administered by the Retirement and Benefit Committee appointed by the GBRA Board. GBRA does not have access nor can it utilize assets within the Retirement Plan Trust.

All full-time GBRA employees who have completed one (1) year of service are eligible to participate in the Plan. Employees are 100% vested in the accrued benefit upon completion of five (5) years of service. Employees with less than five (5) years of service are not vested. Normal retirement age is 65. The Plan also provides benefits for early and late retirement, death, and disability. The retirement benefit at normal retirement is equal to 1.3% of final average earnings times the number of years of credited service. The normal form of payment is a ten (10) year certain and lifetime monthly benefit.

Wells Fargo Bank is the trustee of the plan. There is no stand-alone pension plan report available but a copy of the actuarial report is available from Rudd and Wisdom, Inc. at 9500 Arboretum Boulevard, Suite 200, Austin, Texas 78759.

**2. FUNDING POLICY**

The GBRA Board of Directors has sole authority to establish or amend the obligations to contribute to the plan by participants or the employer.

Employees are not required to contribute to the plan. GBRA makes contributions which are actuarially determined to pay the plan's total cost. GBRA contributes an amount annually (usually in December) for each plan year (ending December 31) that equals the sum of the normal cost using the entry age actuarial cost method plus an amount that will amortize the unfunded actuarial liability over an open period that varies from year to year but that in recent years has been 30 years. The employer contributions were 8.82% of total participant payroll for 2003 and are expected to be 8.65% for the 2004 plan year. All of the costs of administering the plan are paid by GBRA and are not considered in the determination of the employer contribution.

**3. ANNUAL PENSION COST AND NET PENSION OBLIGATION**

For the GBRA fiscal year commencing September 1, 2003 and ending August 31, 2004, the Annual Pension Cost for GBRA of \$538,629 was equal to the employer's required and actual contribution. There is no existing net pension obligation since GBRA has historically contributed the required annual contribution.

THREE-YEAR TREND INFORMATION			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
August 31, 2002	\$380,646	100%	\$ --
August 31, 2003	\$423,589	100%	\$ --
August 31, 2004	\$538,629	100%	\$ --

The required contribution for the fiscal year ending August 31, 2004 was based on the results of the actuarial valuation as of January 1, 2003 using the entry age actuarial cost method and was determined in compliance with the GASB Statement No. 27 parameters. The actuarial assumptions used for the three most recent valuations are shown below:

Actuarial Valuation Date:	January 1, 2002	January 1, 2003	January 1, 2004
Actuarial Cost Method:	Entry age	Entry age	Entry age
Amortization Method:	Level % of payroll, open	Level % of payroll, open	Level % of payroll, open
Amortization Period:	30 years	30 years	30 years
Asset Valuation Method:	5-yr adjusted market value	5-yr adjusted market value	5-yr adjusted market value
Annual Actuarial Assumptions:			
Investment return*	8.25%	8.25%	8.25%
Projected salary increases*	4.0% plus merit	4.0% plus merit	4.0% plus merit
Inflation	4.0%	4.0%	4.0%
Cost-of-living increases	0.0%	0.0%	0.0%

\* includes inflation at the stated rate

**4. REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	January 1, 2002	January 1, 2003	January 1, 2004
Actuarial Value of Assets	\$6,613,194	\$6,366,054	\$7,205,740
Actuarial Accrued Liability (AAL)	\$9,550,335	\$10,754,778	\$11,372,521
Unfunded AAL (UAAL)	\$2,937,141	\$4,388,724	\$4,166,781
Funded Ratio	69%	59%	63%
Covered Payroll	\$5,513,092	\$6,109,780	\$5,941,599
UAAL as a Percentage of Covered Payroll	53%	72%	70%

## NOTE D - CASH, CASH EQUIVALENTS AND INVESTMENTS

The monetary assets of GBRA are held in various forms and accounts. These assets are described and presented in the combined financial statements in two groups. One group is described as "Cash and Cash Equivalents". This group is characterized as having high liquidity with little market risk and includes cash, checking accounts, money market accounts and bank time deposits with an original maturity of less than three months. The second group of monetary assets is presented in the combined financial statements as "Investments". Investments are recorded at their fair value as based upon quoted market prices with the exception of bank certificates of deposit which are recorded at their historical cost which approximates fair value. Investments which may be purchased pursuant to Texas state law and GBRA's investment policy are direct or indirect obligations of the United States of America, any "A" rated obligation of a state of the United States or political subdivision thereof, investment grade repurchase agreements, prime commercial paper rated P-1, obligations of the Federal National Mortgage Association and Government National Mortgage Association, and bank time deposits to the extent collateral is pledged on the amount exceeding Federal Deposit Insurance Corporation (FDIC) coverage.

### 1. CASH AND DEPOSITS

At August 31, 2004, GBRA held \$2,100,400 of restricted and unrestricted cash and cash equivalents. Included in this amount was \$1,700 of cash on hand and the remainder was on deposit at various banks in demand accounts and certificates of deposit with terms less than three months. Also on deposit at banks was \$1,259,333 held as certificates of deposit with terms exceeding three months. These latter time deposits are recognized in the combined financial statements as investments.

Deposits as of August 31, 2004 are categorized below as an indicator of credit risk. Category 1 includes deposits that are insured by the FDIC or collateralized with securities held by GBRA or its agent and listing GBRA as owner. Category 2 includes deposits that are collateralized with securities held by the pledging financial institutions' trust departments or its agent but listing GBRA as owner. Category 3 includes deposits that are either collateralized with securities not listing GBRA as owner or uncollateralized completely. At August 31, 2004 and 2003 bank deposits were entirely insured or collateralized with securities held by GBRA's agent in GBRA's name.

### 2. INVESTMENTS

GBRA customarily invests its funds in certificates of deposit, direct and indirect obligations of the United States or money market investment funds such as the Texas State Treasury's TexPool Fund and the Texas Cooperative Liquid Assets Securities System (Texas CLASS). GBRA usually holds its investments until maturity.

GBRA investments less the bank time deposits listed above are categorized below as an indicator of credit and market risk. Category 1 includes investments that are insured by the Securities Investor Protection Corporation or held by GBRA or its agent and listing GBRA as owner. Category 2 includes uninsured investments held by the counterparty's agent but listing GBRA as owner. Category 3 includes uninsured investments held by the counterparty in their own name.

	Category			Fair
	1	2	3	Value
U. S. Treasury	\$11,718,494	--	--	\$11,718,494
Federal National Mortgage Association	22,759,047	--	--	22,759,047
Federal Home Loan Mortgage Corporation	32,408,640	--	--	32,408,640
Total Categorized Investments	\$66,886,181	--	--	\$66,886,181
Money Market Investment Fund-				
Texas State Treasury – TexPool				14,345,646
Texas CLASS				536,278
TOTAL INVESTMENTS				\$81,768,105

TexPool has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Comptroller of Public Accounts (Comptroller) is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company which is authorized to operate TexPool. Pursuant to the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Lehman Brothers, under an agreement with the Comptroller, acting on behalf of the Trust Company. The Comptroller maintains oversight of the services provided to TexPool by Lehman Brothers and Federated Investors. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy and approves any fee increases.

Texas CLASS is rated "AAA/V1+". Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. The pool invests in a high-quality portfolio of investments legally permissible for Texas local government entities pursuant to the Texas Public Funds Investment Act. MBIA Municipal Investors Service Corporation, which manages the Texas CLASS, is a Securities and Exchange Commission registered investment advisor and provides investment management services specifically for the public sector.

The above investment pools seek to maintain a net asset value of \$1.00 and are designed to be used for investment of funds which may be needed at any time.

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2004 AND 2003**

**NOTE E – CAPITAL ASSETS**

Capital asset activity for the fiscal year end was as follows:

<b>ASSETS</b>				
<b>Classification</b>	<b>Balance August 31, 2003</b>	<b>Additions</b>	<b>Removals</b>	<b>Balance August 31, 2004</b>
Water & Storage Rights	\$ 12,637,226	\$ --	\$ --	\$ 12,637,226
Land & Land Rights	8,322,221	--	--	8,322,221
Total Land, Water and Storage Rights	<u>\$ 20,959,447</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 20,959,447</u>
Structures & Improvements	\$ 71,975,702	\$ 2,757,568	\$ 9,145	\$ 74,724,125
Specialized Equipment	6,804,470	14,738	93,262	6,725,946
Office Buildings & Communications	2,272,403	--	12,230	2,260,173
Shops & Storerooms	92,494	--	2,585	89,909
Auto & Heavy Equipment	2,409,138	617,808	193,979	2,832,967
Office Furniture & Equipment	910,560	84,821	88,526	906,855
Miscellaneous Equipment	1,466,364	49,712	25,538	1,490,538
Total Dams, Plants and Equipment	<u>\$ 85,931,131</u>	<u>\$ 3,524,647</u>	<u>\$ 425,265</u>	<u>\$ 89,030,513</u>
Construction in Progress-Operating	\$ 121,491	\$ 3,483,957	\$ 2,910,995	\$ 694,453
Construction in Progress-Construction	6,366,751	11,609,430	--	17,976,181
Construction in Progress-Other	1,274	1,046	--	2,320
Total Construction in Progress	<u>\$ 6,489,516</u>	<u>\$ 15,094,433</u>	<u>\$ 2,910,995</u>	<u>\$ 18,672,954</u>
Total Capital Assets	<u><u>\$ 113,380,094</u></u>	<u><u>\$ 18,619,080</u></u>	<u><u>\$ 3,336,260</u></u>	<u><u>\$ 128,662,914</u></u>

<b>DEPRECIATION</b>				
<b>Classification</b>	<b>Balance August 31, 2003</b>	<b>Additions</b>	<b>Removals</b>	<b>Balance August 31, 2004</b>
Structures & Improvements	\$ (26,195,048)	\$ (2,098,489)	\$ (6,352)	\$ (28,287,185)
Specialized Equipment	(4,975,206)	(116,278)	(92,320)	(4,999,164)
Office Buildings & Communications	(1,250,729)	(48,402)	(12,230)	(1,286,901)
Shops & Storerooms	(68,253)	(1,920)	(2,585)	(67,588)
Auto & Heavy Equipment	(1,516,671)	(240,722)	(184,860)	(1,572,533)
Office Furniture & Equipment	(519,572)	(118,545)	(83,032)	(555,085)
Miscellaneous Equipment	(784,139)	(67,274)	(20,314)	(831,099)
Total Accumulated Depreciation	<u>\$ (35,309,618)</u>	<u>\$ (2,691,630)</u>	<u>\$ (401,693)</u>	<u>\$ (37,599,555)</u>

NET CAPITAL ASSETS	<u><u>\$ 78,070,476</u></u>	<u><u>\$ 15,927,450</u></u>	<u><u>\$ 2,934,567</u></u>	<u><u>\$ 91,063,359</u></u>
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**NOTE F - POLLUTION CONTROL AND INDUSTRIAL DEVELOPMENT BONDS**

GBRA has assisted industries within the GBRA service area by providing tax-exempt financing for pollution control facilities and private industrial development. GBRA receives annual fees to administer this debt and these fees are recognized as pollution and industrial financing income. Additionally, GBRA owns certain facilities which supply raw water to the BP Chemical Company. BP Chemical pays all the debt service related to these water supply facilities. The amount of debt service that BP Chemical pays is recognized by GBRA as pollution and industrial financing income as well as interest expense.

For each of the remaining pollution control and industrial development bonds listed below, GBRA acted as an issuing conduit so that the user of the bond proceeds benefited from reduced debt service requirements. In each case, the user of the bond proceeds pledge their credit, bear sole responsibility for all debt service, make all payments directly to the trustee, and completely indemnify GBRA for any costs incurred. Due to the character of these bonds, GBRA considers them debts of the third party users rather than debts of GBRA. Therefore, these bonds and the related receivables have been excluded from the combined financial statements in order to avoid misrepresenting the nature of the bonds and distorting GBRA's financial statements. This exclusion is in conformity with the Texas State Auditor's Report dated October 6, 1986 for Water Districts and River Authorities reporting third party conduit financings. The Pollution Control and Industrial Development Bonds outstanding at August 31, 2004 total \$104,390,000 and are as follows:

Series	Date of		Interest Rate	Original Amount	Outstanding 8/31/03	Outstanding 8/31/04
	Issue	Maturity				
Pollution Control Revenue Bonds (Central Power and Light Company Project)						
1996	10/1/95	2015	4.75%	40,890,000	40,890,000	40,890,000
Floating Rate Monthly Demand Pollution Control Revenue Bonds (E. I. duPont Co. Project)						
1982A	7/1/82	2022	6.35%	13,500,000	13,500,000	13,500,000
Sewage and Solid Waste Disposal Facility Bonds (E. I. duPont Co. Project)						
1996	4/1/96	2026	Variable	25,000,000	25,000,000	25,000,000
Sewage and Solid Waste Disposal Facility Bonds (E. I. duPont Co. Project)						
1999	5/1/99	2029	5.5%	25,000,000	25,000,000	25,000,000

**NOTE G - RISK MANAGEMENT**

GBRA is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, natural disasters, and job-related injuries or illnesses to employees for which GBRA carries commercial insurance or participates in the Texas Water Conservation Association Risk Management Fund (Fund). GBRA's relationship with the Fund parallels that with a commercial insurance company. The Fund has the responsibility to defend any suit seeking damages on account of any liability up to the applicable limits of the agreement. GBRA on the other hand has the responsibility to notify the Fund of all potential claims and to reimburse the Fund for amounts paid within the agreement's deductible. GBRA does not have the responsibility to reimburse the Fund for amounts related to the claims of other Fund participants. On January 1, 1994, GBRA changed its medical insurance coverage from a fully-insured plan to a partially self-insured plan. The purpose of the change was to reduce total medical costs for both the employees and GBRA. Medical claims exceeding \$754,563 for the group and \$40,000 per covered individual are insured through Combined Insurance Company of America. The plan is administered by Benesight.

Liabilities are reported when a contingency risk exists that may exceed reasonable cost projections. Annual costs have not exceeded the plan year budget over the past three fiscal years. As a result, GBRA has accumulated in a restricted health insurance investment fund a total of \$522,846. These funds will be available in any future year that health costs exceed that plan year budget.

**NOTE H - FLOOD RECOVERY PROCESS**

Beginning on July 4, 2002, communities and businesses throughout the Guadalupe River Basin experienced flooding conditions, which exceeded the 100-year flood plain in some areas. Since the creation of the Canyon Dam and Reservoir in 1964, this is the first time the reservoir reached its maximum capacity of 943.0 ft. (MSL) causing water to flow over the emergency spillway. The flow crested at 7.4 ft. (950.32 ft. MSL) above the emergency spillway on July 6, 2002.

GBRA suffered damage to several structural and operating facilities as a result of the flood. The most affected was the Canyon Hydroelectric Plant which was inundated with over 10 ft. of water in the plant. The repair of all GBRA facilities cost approximately \$2,325,000. GBRA employees have worked diligently over the past year restoring facilities, maintaining operations, and working with the Federal Emergency Management Administration (FEMA), Natural Resource Conservation Service (NRCS) and the prior flood insurance provider.

The flood insurance coverage reimbursed the majority of the costs, approximately \$1,877,000, associated with the Canyon Hydroelectric Plant, including business interruption reimbursement of \$177,078. All other structural and operating facility costs, uninsurable through the flood insurance policy, were submitted to FEMA, who provides funding to state and local governments for the cost of debris removal from structures as well as repairs, up to the maximum 75% of eligible costs. The financial statements reflect a receivable of \$351,898 and \$585,181 at August 31, 2004 and 2003, respectively, from FEMA.

The removal process of hazardous flood debris from the Guadalupe River for public safety was completed in August 2003 at a cost of \$1,220,018. NRCS reimbursed these expenditures at 100% for in-kind services and 75% of debris removal costs.

Since GBRA had Federal grant expenditures in excess of \$300,000 in fiscal year 2003, a single audit was performed in compliance with OMB Circular A-133. A separate report was issued in 2003 for the single audit. The requirements for single audit increased to Federal grant expenditures in excess of \$500,000 in fiscal year 2004, as a result GBRA was not required to file a single audit report for fiscal year 2004.

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2004 AND 2003**

**NOTE I – CONTINUING DISCLOSURE REQUIREMENTS**

On September 18, 2002, GBRA authorized the issuance of General Improvement Revenue Bonds, Series 2002 in the amount of \$4,390,000 with a delivery date of September 27, 2002. The proceeds are being used for the expansion and construction of the GBRA headquarters, meeting room and office facilities, and an operations warehouse.

Moody's Investors Service, Inc. assigned an underlying rating on the Bonds of "A1" and an additional rating on the Bonds of "Aaa" based upon a municipal bond insurance policy issued by Ambac Assurance Corporation.

The bonds constitute special obligations of GBRA, both principal and interest, payable from and secured by an irrevocable lien on and pledge of the "Pledged Revenues" and the Pledged Revenues are further pledged to the establishment and maintenance of certain funds created in the Resolution authorizing the Bonds. "Pledged Revenues" generally consist of the gross revenues received by GBRA from the sale or commitment of raw water currently stored in Canyon Reservoir and from other sources of firm, dependable supplies of stored water as they are acquired and developed in the "Water Supply System" of GBRA's Water Resources Division.

Under the agreement of these bonds, GBRA is obligated to provide certain updated financial information and operating data annually. The required information is identified below.

**1. DEBT SERVICE REQUIREMENTS**

The amortization schedule associated with these bonds are included in the Other Supplemental Information section of this report.

**2. FUND BALANCES AND COVERAGE**

Interest and Sinking Fund Balances as of August 31, 2004	\$	23,500	
Reserve Fund Balance as of August 31, 2004	\$	--	(1)
Pledged Revenues for the Fiscal Year Ended August 31, 2004	\$	5,387,503	(2)
Net Revenues for the Fiscal Year Ended August 31, 2004	\$	1,512,231	(3)
Average Annual Debt Service Requirements (2003-2027)	\$	295,625	
Coverage Factor based on Pledged Revenues		18.22	
Coverage Factor based on Net Revenues		5.12	

(1) The reserve fund requirements are funded through Ambac Assurance Corporation.

(2) See "Water Sales" under "Raw Water Sales" table.

(3) See "Net Revenues" under "Raw Water Sales" table.

**3. RAW WATER SALES COMPONENT OF WATER RESOURCES DIVISION – HISTORICAL OPERATING STATEMENT**

	Fiscal Year Ended August 31				
	2004	2003	2002	2001	2000
<b>Revenue</b>					
Water Sales (1)	\$ 5,387,503	\$ 5,395,420	\$ 4,112,175	\$ 4,142,438	\$ 3,245,912
Reservation Fees (2)	504,750	504,750	504,750	809,625	--
Recreation and Land Use	81,441	81,920	82,209	90,100	103,316
Rental Income	158,077	145,439	19,860	20,570	17,442
Miscellaneous	185,560	37,519	105,896	39,672	86,045
Total Operating Revenue	\$ 6,317,331	\$ 6,165,048	\$ 4,824,890	\$ 5,102,405	\$ 3,452,715
<b>Expense</b>					
Operating Expenses	\$ 4,197,678	\$ 3,377,812	\$ 3,073,064	\$ 2,417,752	\$ 2,085,261
Maintenance and Repairs	228,875	321,898	334,652	231,316	244,535
Administrative and General	378,547	340,081	314,105	303,186	216,369
Total Operating Expense	\$ 4,805,100	\$ 4,039,791	\$ 3,721,821	\$ 2,952,254	\$ 2,546,165
<b>Net Revenue</b>	\$ 1,512,231	\$ 2,125,257	\$ 1,103,069	\$ 2,150,151	\$ 906,550

(1) Pledged Revenues.

(2) Annual fee paid by the San Antonio Water System and the San Antonio River Authority to preserve 70,000 acre-feet of run-of-the-river water rights currently held by GBRA and Union Carbide in the anticipation of the construction of a water supply delivery project from Refugio County to Bexar County, Texas.



#### 4. CUSTOMER BASE BY TYPE

GBRA receives revenues from the sale or commitment of raw water currently stored in Canyon Reservoir. Such raw water is sold in accordance with various long-term contracts between GBRA and the purchaser where the purchaser agrees to pay for stored water whether or not it ultimately is delivered. There are four types of purchasers: municipal, domestic, industrial and irrigation. The total acre-feet of stored raw water contracted with each type of customer is shown below:

	As of May 31, 2002		As of August 31, 2003		As of August 31, 2004	
	<u>Acre-Feet</u>	<u>% of Total</u>	<u>Acre-Feet</u>	<u>% of Total</u>	<u>Acre-Feet</u>	<u>% of Total</u>
Municipal	42,868	66.42%	44,823	72.78%	46,248	73.40%
Domestic	25	0.04%	25	0.04%	24	0.04%
Industrial	20,739	32.13%	15,833	25.71%	15,830	25.12%
Irrigation	906	1.40%	909	1.48%	903	1.43%
Total contracted acre-feet	<u>64,538</u>	<u>100.00%</u>	<u>61,590</u>	<u>100.00%</u>	<u>63,005</u>	<u>100.00%</u>

#### 5. MAJOR STORED WATER CUSTOMERS (1,000 ACRE-FEET PER YEAR OR MORE)

Municipal and Industrial customers account for the majority of the total acre-feet under contract between GBRA and purchasers, and purchasers with contracts for 1,000 acre-feet or more per year account for over 86% of the total acre-feet currently under contract. For this reason, major stored water customers have been identified as those with contracts for the sale or commitment of raw water in the amount of 1,000 or more acre-feet per year. Major stored water customers for the fiscal year ended August 31, 2004 are shown below:

Customer	Type	Total AF/YR	Revenue	Contract Information		
				Contract Date	Expiration Date	Renewal Option
Municipal						
Canyon Regional Water Authority	Regional Water Authority	7,900	\$ 828,602	10/31/1998	12/31/2039	(1)
New Braunfels Utilities	City	6,720	560,000	01/26/1989	01/25/2009	20 Yrs
City of Seguin	City	3,000	250,000	07/11/1995	12/31/2037	(1)
Canyon Lake WSC	Water Supply Corporation	2,000	166,667	10/01/1994	12/31/2044	(1)
Canyon Lake WSC II	Water Supply Corporation	2,000	166,667	08/27/2001	12/31/2050	(1)
SHWSC I	Water Supply Corporation	1,000	83,334	06/26/1967	12/31/2050	(1)
SHWSC II	Water Supply Corporation	1,000	83,334	06/01/2000	12/31/2050	(1)
San Marcos RWDS Project						
City of San Marcos	City	5,000	416,667	10/01/1989	07/01/2047	(1)
CRWA --Hays Project	Regional Water Authority	2,038	169,833	06/16/1999	12/31/2039	(1)
Buda -- Hays Project	City	1,120	93,333	04/09/2002	12/31/1942	(1)
GBRA Western Canyon						
SAWS	City	4,000	443,578	03/17/2000	12/31/2037	40 Yrs (2x20 Yrs)
Boerne	City	1,861	102,975	02/22/2000	12/31/2037	40 Yrs (2x20 Yrs)
Fair Oaks Ranch	City	1,400	77,467	02/10/2000	12/31/2037	40 Yrs (2x20 Yrs)
Total Major Municipal Customers		39,039	\$ 3,442,455			
Industrial						
Guadalupe Power Partners	Electric Generation	6,840	\$ 564,880	03/17/1999	12/31/2021	30 Yrs (6x5 Yrs)
American Electric Power TCC	Electric Generation	4,000	375,000	09/01/1975	09/01/2025	(1)
Hays Energy Limited Partners	Electric Generation	2,464	205,333	06/25/1999	12/31/2025	(1)
BP Chemical	Chemical Company	1,100	91,667	02/11/1980	02/21/2005	40 Yrs (15 Yrs = (5x5 Yrs))
Total Major Industrial Customers		14,404	\$ 1,236,880			
Other						
Cordillera Ranch	Housing Development	1,000	83,333	10/11/2001	12/31/2037	40 Yrs (2x20 Yrs)
Total Major Other Customers		1,000	\$ 83,333			
Total Major Customers		54,443	\$ 4,679,335			
Total Stored Water Sales		63,005	5,387,503			
Major Customers as a Percentage of Total		86.41%	86.86%			

(1) Contract does not provide for specific renewal options

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2004 AND 2003**

**6. STORED WATER SALES RATE HISTORY**

Price Per Acre-Foot (1)	Effective Date
\$38.75	10/1/1980
44.76	10/1/1985
53.03	10/1/1990
61.00	10/1/1997
69.00	10/1/2000
80.00	10/1/2002
84.00	11/1/2003
88.00	10/1/2004

(1) Excludes out-of-district charges.

**7. OTHER OBLIGATIONS**

**Obligations Payable Directly by GBRA**

The long-term obligations payable directly by GBRA are disclosed in "Note B – Long Term Liabilities" in the "Notes to Combined Financial Statements" section of this report.

**Contract Revenue Bonds**

The contract revenue bonds which are payable from revenue derived from contracts between GBRA and the various parties securing payment to GBRA for debt service payments on the bonds are disclosed in "Note B – Long Term Liabilities" in the "Notes to Combined Financial Statements" section of this report.

**Pollution Control and Industrial Development Bonds**

GBRA has assisted industries within the GBRA service area by providing tax-exempt financing for pollution control facilities and private industrial development which are disclosed in "Note B – Long Term Liabilities" and in "Note E – Pollution Control and Industrial Development Bonds" in the "Notes to Combined Financial Statements" section of this report.

**8. CASH, CASH EQUIVALENTS AND INVESTMENTS OF GBRA**

The following percentages of GBRA's investable funds were invested in the following categories of investments:

Description	Purchase Price	% of Portfolio
Government Securities	\$ 56,187,906	66.00%
Certificates of Deposit	1,259,333	1.48%
Cash and Cash Equivalents	2,100,400	2.47%
Bank Trust Funds	10,698,275	12.57%
Public Funds Investment Pool	14,881,924	17.48%
Total	<u>\$ 85,127,838</u>	<u>100.00%</u>

**NOTE J - SEGMENT INFORMATION, INCLUDING INTERFUND RECEIVABLES/PAYABLES**

GBRA is comprised of eleven (11) enterprise funds. These funds provide various services including raw and treated water supply, wastewater treatment and disposal, water quality monitoring, cooling reservoir operation, parks and recreational opportunities, as well as, hydroelectric generation. Governments that use enterprise funds accounting and reporting standards to report their activities are required to present segment information. A segment is an identifiable activity reported as or within an enterprise fund or an other stand-alone entity that has one or more bonds outstanding with a revenue stream pledged in support of that debt.

Segment information at August 31, 2004 is as follows:

	Water Sales	Calhoun Canal	Port Lavaca Water Plant	Victoria Waste Disposal	Luling Water Plant	Canyon Hydroelectric	Lockhart WWTP	Total
<b>REVENUES, EXPENSES AND CHANGES IN NET ASSETS</b>								
Operating Revenue	\$ 7,823,473	\$ 942,195	\$ 1,270,125	\$ 3,345,364	\$ 399,680	\$ 2,111,453	\$ 920,601	\$ 16,812,891
Operating Expenses	(5,281,322)	(981,083)	(939,566)	(2,362,160)	(449,679)	(949,829)	(677,993)	(11,641,632)
Depreciation and Amortization Exp	(700,577)	(199,201)	(180,813)	(394,123)	(64,333)	(354,641)	(198,450)	(2,092,138)
Operating Income	1,841,574	(238,089)	149,746	589,081	(114,332)	806,983	44,158	3,079,121
Nonoperating Revenue (Expenses)	(937,845)	(308,393)	(136,395)	(253,008)	1,150	(454,453)	(236,605)	(2,325,549)
Capital Contributions	--	--	--	--	--	--	11,496	11,496
Costs to be Recovered (Deferred Rev)	9,336	134,400	(23,723)	(356,737)	--	(243,485)	186,545	(293,664)
Change in Net Assets	913,065	(412,082)	(10,372)	(20,664)	(113,182)	109,045	5,594	471,404
Beginning Net Assets	13,016,288	1,524,819	1,159,537	2,445,521	480,708	517,905	144,745	19,289,523
Residual Equity Transfer	--	--	--	--	--	--	--	--
Ending Net Assets	\$ 13,929,353	\$ 1,112,737	\$ 1,149,165	\$ 2,424,857	\$ 367,526	\$ 626,950	\$ 150,339	\$ 19,760,927
<b>BALANCE SHEET ACTIVITIES</b>								
Total Assets	\$ 126,899,790	\$ 7,485,698	\$ 4,223,387	\$ 7,481,843	\$ 6,841,614	\$ 8,737,834	\$ 5,768,335	\$ 167,438,501
Total Liabilities	(112,970,435)	(6,372,961)	(3,074,222)	(5,056,986)	(6,474,088)	(8,110,884)	(5,617,998)	(147,677,574)
Total Net Assets	\$ 13,929,355	\$ 1,112,737	\$ 1,149,165	\$ 2,424,857	\$ 367,526	\$ 626,950	\$ 150,337	\$ 19,760,927
Revenue Bonds Payable	\$ 94,308,832	\$ 4,700,000	\$ 2,820,000	\$ 4,597,853	\$ 6,353,980	\$ 7,541,324	\$ 5,445,000	\$ 125,766,989
Loans Payable	9,509,924	--	--	--	--	--	--	9,509,924
Interfund Balances:								
Accounts Receivable	451,867	112,133	113,207	243,181	35,000	38,000	55,000	1,048,388
Accounts Payable	624,960	87,732	115,283	211,648	22,119	33,060	19,440	1,114,242
Notes Payable	4,893,237	1,393,139	--	--	--	128,500	32,871	6,447,747
<b>CASH FLOW ACTIVITIES</b>								
<b>Cash Flows</b>								
Operating Activities	\$ 4,646,994	\$ (305,998)	\$ 334,117	\$ 860,181	\$ (43,621)	\$ 1,478,296	\$ 196,584	\$ 7,166,553
Noncapital Financing Activities	(796,785)	345,000	(8,000)	--	--	(475,000)	(11,496)	(946,281)
Capital & Related Financing Activities	(15,882,803)	(47,019)	(326,143)	(956,002)	4,336,834	(1,155,660)	(231,569)	(14,262,362)
Investing Activities	11,892,707	78	4,053	8,835	(4,265,938)	54,209	(69,990)	7,623,954
	\$ (139,887)	\$ (7,939)	\$ 4,027	\$ (86,986)	\$ 27,275	\$ (98,155)	\$ (116,471)	\$ (418,136)
<b>Current Cash and Cash Equivalents</b>								
At Beginning of Year	\$ 88,751	\$ 10,290	\$ 13,576	\$ 112,948	\$ 22,027	\$ 106,937	\$ 52,829	\$ 407,358
At End of Year	106,859	2,351	17,619	27,141	49,302	7,335	(63,642)	146,965
Net Increase (Decrease)	\$ 18,108	\$ (7,939)	\$ 4,043	\$ (85,807)	\$ 27,275	\$ (99,602)	\$ (116,471)	\$ (260,393)
<b>Restricted Cash and Cash Equivalents</b>								
At Beginning of Year	\$ 409,879	\$ --	\$ 5,044	\$ 66,353	\$ --	\$ 252,236	\$ --	\$ 733,512
At End of Year	251,884	--	5,028	65,174	--	253,683	--	575,769
Net Increase (Decrease)	\$ (157,995)	\$ --	\$ (16)	\$ (1,179)	\$ --	\$ 1,447	\$ --	\$ (157,743)
	\$ (139,887)	\$ (7,939)	\$ 4,027	\$ (86,986)	\$ 27,275	\$ (98,155)	\$ (116,471)	\$ (418,136)



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## Other Supplemental Information



**GUADALUPE-BLANCO RIVER AUTHORITY  
COMBINING BALANCE SHEET**

**AUGUST 31, 2004**

	General Division	Guadalupe Valley Hydroelectric Division	Rural Utilities Division	Water Resource Division	Port Lavaca Water Treatment Plant Division
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Unrestricted Assets.....					
Cash and Cash Equivalents.....	\$ 754,964	\$ 5,063	\$ 117,973	\$ 162,090	\$ 17,619
Investments-Unrestricted.....	2,852,680	--	--	--	--
Interest Receivable.....	30,969	8	--	--	--
Accounts Receivable-Operating.....	2,957	517,788	51,662	566,687	143,751
Accounts Receivable-Interfund.....	1,765,164	190,000	91,000	670,095	113,207
Other Current Assets.....	15,726	49,556	10,492	177,998	16,016
Total Current Assets.....	<u>5,422,460</u>	<u>762,415</u>	<u>271,127</u>	<u>1,576,870</u>	<u>290,593</u>
Restricted Assets.....					
Cash and Cash Equivalents.....	209,284	--	64,691	266,714	5,028
Investments.....	123,124	--	200,060	61,047,067	136,399
Interest Receivable.....	4,363	--	6,899	235,640	753
Accounts Receivable.....	--	--	--	102,617	--
Total Restricted Assets.....	<u>336,771</u>	<u>--</u>	<u>271,650</u>	<u>61,652,038</u>	<u>142,180</u>
Total Current Assets.....	<u>5,759,231</u>	<u>762,415</u>	<u>542,777</u>	<u>63,228,908</u>	<u>432,773</u>
<b>LONG-TERM ASSETS</b>					
Restricted Assets.....					
Investments.....	990,736	--	808,800	8,665,574	31,000
Total Restricted Assets.....	<u>990,736</u>	<u>--</u>	<u>808,800</u>	<u>8,665,574</u>	<u>31,000</u>
Capital Assets.....					
Land, Water and Storage Rights.....	511,854	2,196,916	84,199	16,907,124	41,424
Dams, Plants and Equipment.....	1,788,963	9,766,489	3,661,914	29,964,848	5,352,637
Construction In Progress.....	--	259,561	119,189	16,366,532	--
Less Accumulated Depreciation.....	(1,055,632)	(4,966,650)	(2,320,228)	(7,926,100)	(2,650,561)
Total Capital Assets.....	<u>1,245,185</u>	<u>7,256,316</u>	<u>1,545,074</u>	<u>55,312,404</u>	<u>2,743,500</u>
Other Assets.....					
Investments-Unrestricted.....	2,386,984	565	--	1,811	--
Long-term Loans Receivable.....	104,000	--	--	--	--
Contract Development Costs (Net of Amortization).....	--	--	--	1,989	--
Debt Issuance Costs (Net of Amortization).....	--	--	--	1,651,784	148,765
Permits and Licenses (Net of Amortization).....	--	--	--	--	--
Project Development Costs.....	--	--	75,509	2,425,593	--
Interfund Loans Receivable.....	8,487,006	--	--	--	--
Deferred Costs and Expenses.....	--	--	--	3,540,536	867,349
Total Other Assets.....	<u>10,977,990</u>	<u>565</u>	<u>75,509</u>	<u>7,621,713</u>	<u>1,016,114</u>
Total Long-Term Assets.....	<u>13,213,911</u>	<u>7,256,881</u>	<u>2,429,383</u>	<u>71,599,691</u>	<u>3,790,614</u>
Total Assets.....	<u>\$ 18,973,142</u>	<u>\$ 8,019,296</u>	<u>\$ 2,972,160</u>	<u>\$ 134,828,599</u>	<u>\$ 4,223,387</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Payable from Unrestricted Assets.....					
Current Portion of Long-Term Loans Payable.....	\$ --	\$ --	\$ --	\$ 635,886	\$ --
Interest Payable.....	--	--	--	91,681	--
Accounts Payable-Operating.....	589,698	214,253	143,480	1,242,229	87,778
Accounts Payable-Interfund.....	1,565,206	301,551	24,256	894,912	115,283
Total Current Unrestricted Liabilities.....	<u>2,154,904</u>	<u>515,804</u>	<u>167,736</u>	<u>2,864,708</u>	<u>203,061</u>
Payable from Restricted Assets.....					
Current Portion of Revenue Bonds.....	--	--	--	370,000	170,000
Interest Payable.....	--	--	--	1,395,650	22,911
Accounts Payable-Construction.....	--	--	--	1,220,511	--
Total Current Restricted Liabilities.....	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,986,161</u>	<u>192,911</u>
Total Current Liabilities.....	<u>2,154,904</u>	<u>515,804</u>	<u>167,736</u>	<u>5,850,869</u>	<u>395,972</u>
<b>LONG-TERM LIABILITIES</b>					
Revenue Bonds Payable.....	--	--	--	99,008,832	2,820,000
Long-Term Loans Payable.....	--	--	--	9,509,924	--
Interfund Loans Payable.....	--	739,000	--	7,324,037	--
	--	739,000	--	115,842,793	2,820,000
Less Current Portion.....	--	--	--	(1,005,886)	(170,000)
Total Bonds and Loans Liabilities.....	<u>--</u>	<u>739,000</u>	<u>--</u>	<u>114,836,907</u>	<u>2,650,000</u>
Advances for Operations.....	--	--	191,532	95,523	28,250
Total Long-Term Liabilities.....	<u>--</u>	<u>739,000</u>	<u>191,532</u>	<u>114,932,430</u>	<u>2,678,250</u>
Total Liabilities.....	<u>2,154,904</u>	<u>1,254,804</u>	<u>359,268</u>	<u>120,783,299</u>	<u>3,074,222</u>
<b>NET ASSETS</b>					
Investments in Capital Assets Net of Related Debt.....	1,245,185	6,517,316	1,367,517	9,448,154	(76,500)
Reserved for Construction.....	--	--	1,073,551	--	31,000
Reserved for Debt Service.....	--	--	--	--	141,427
Reserved for Insurance.....	1,323,144	--	--	--	--
Unrestricted.....	14,249,909	247,176	171,824	4,597,146	1,053,238
Total Net Assets.....	<u>16,818,238</u>	<u>6,764,492</u>	<u>2,612,892</u>	<u>14,045,300</u>	<u>1,149,165</u>
Total Liabilities and Net Assets.....	<u>\$ 18,973,142</u>	<u>\$ 8,019,296</u>	<u>\$ 2,972,160</u>	<u>\$ 134,828,599</u>	<u>\$ 4,223,387</u>

See accompanying independent auditors' report.

Calhoun County Rural Water Supply Division	Victoria Regional Wastewater Reclamation Division	Coleta Creek Division	Luling Water Treatment Plant Division	Canyon Hydroelectric Division	Lockhart Division	Eliminations	Total
\$ 53,493	\$ 27,141	\$ 7,492	\$ 49,302	\$ 7,335	\$ 33,354	\$ --	\$ 1,235,826
100,030	99,781	--	--	--	--	--	3,052,491
1,794	737	--	143	--	109	--	33,760
64,388	5,228	1,275	--	377,913	42,901	--	1,774,550
79,604	243,181	90,055	35,000	38,000	55,000	(3,370,306)	--
15,359	24,423	8,040	3,270	10,163	16,437	--	347,480
314,668	400,491	106,862	87,715	433,411	147,801	(3,370,306)	6,444,107
--	65,174	--	--	253,683	--	--	864,574
--	--	--	147,490	--	--	--	61,654,140
--	957	--	5,849	1,491	80	--	256,032
--	--	--	--	--	--	--	102,617
--	66,131	--	153,339	255,174	80	--	62,877,363
314,668	466,622	106,862	241,054	688,585	147,881	(3,370,306)	69,321,470
--	746,562	--	4,213,597	109,720	23,021	--	15,589,010
--	746,562	--	4,213,597	109,720	23,021	--	15,589,010
51,396	1,003,391	--	14,075	12,187	136,881	--	20,959,447
2,111,869	14,237,819	1,774,371	1,767,909	12,428,328	6,175,366	--	89,030,513
19,064	--	--	1,796,718	111,890	--	--	18,672,954
(1,156,683)	(9,188,938)	(1,234,619)	(1,471,505)	(4,605,346)	(1,023,293)	--	(37,599,555)
1,025,646	6,052,272	539,752	2,107,197	7,947,059	5,288,954	--	91,063,359
161,210	83,252	--	57,494	--	40,481	--	2,731,797
--	--	--	--	--	--	--	104,000
--	--	--	--	56,766	16,952	--	75,707
--	126,050	--	222,272	389,578	87,011	--	2,625,460
--	--	--	--	783,530	--	--	783,530
--	--	--	--	--	--	--	2,501,102
--	--	--	--	--	--	(8,487,006)	--
--	7,085	--	--	(1,237,404)	926,452	--	4,104,018
161,210	216,387	--	279,766	(7,530)	1,070,896	(8,487,006)	12,925,614
1,186,856	7,015,221	539,752	6,600,560	8,049,249	6,382,871	(8,487,006)	119,577,983
\$ 1,501,524	\$ 7,481,843	\$ 646,614	\$ 6,841,614	\$ 8,737,834	\$ 6,530,752	(11,857,312)	\$ 188,899,453
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ -	\$ 635,886
--	--	--	--	--	--	--	91,681
36,577	117,125	115,044	61,340	41,858	131,510	--	2,780,892
82,485	211,649	75,869	22,119	33,060	43,916	(3,370,306)	--
119,062	328,774	190,913	83,459	74,918	175,426	(3,370,306)	3,508,459
--	685,000	--	--	695,000	5,000	--	1,925,000
--	47,686	--	--	90,998	19,718	--	1,576,963
--	--	--	1,844	--	--	--	1,222,355
--	732,686	--	1,844	785,998	24,718	--	4,724,318
119,062	1,061,460	190,913	85,303	860,916	200,144	(3,370,306)	8,232,777
--	4,597,853	--	6,353,980	7,541,324	5,445,000	--	125,766,989
--	--	--	--	--	--	--	9,509,924
--	262,598	--	--	128,500	32,871	(8,487,006)	--
--	4,597,853	262,598	6,353,980	7,669,824	5,477,871	(8,487,006)	135,276,913
--	(685,000)	--	--	(695,000)	(5,000)	--	(2,560,886)
--	3,912,853	262,598	6,353,980	6,974,824	5,472,871	(8,487,006)	132,716,027
--	82,673	--	34,805	275,144	30,412	--	738,339
--	3,995,526	262,598	6,388,785	7,249,968	5,503,283	(8,487,006)	133,454,366
119,062	5,056,986	453,511	6,474,088	8,110,884	5,703,427	(11,857,312)	141,687,143
1,025,646	1,454,419	277,154	112,690	277,235	(188,917)	8,487,006	29,946,905
--	125,174	--	--	109,655	--	--	1,339,380
--	686,562	--	--	253,748	23,021	--	1,104,758
--	--	--	--	--	--	--	1,323,144
356,816	158,702	(84,051)	254,836	(13,688)	993,221	(8,487,006)	13,498,123
1,382,462	2,424,857	193,103	367,526	626,950	827,325	--	47,212,310
\$ 1,501,524	\$ 7,481,843	\$ 646,614	\$ 6,841,614	\$ 8,737,834	\$ 6,530,752	\$ (11,857,312)	\$ 188,899,453

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS**

**FISCAL YEAR ENDED AUGUST 31, 2004**

	General Division	Guadalupe Valley Hydroelectric Division	Rural Utilities Division	Water Resource Division	Port Lavaca Water Treatment Plant Division
<b>REVENUE</b>					
Power Sales.....	\$ --	\$ 2,151,301	\$ --	\$ --	\$ --
Water Sales and Lake Operations.....	--	--	--	9,041,321	1,270,125
Recreation and Land Use.....	--	--	--	81,441	--
Waste Water Treatment Services.....	--	--	783,854	312,957	--
Laboratory Services.....	--	--	--	328,372	--
Rental.....	--	2,561	--	170,845	--
Administrative and General.....	1,886,065	--	--	--	--
Pollution and Industrial Financing.....	16,875	--	--	307,850	--
Miscellaneous.....	1,489	519,413	60,015	440,965	--
Total Operating Revenue.....	<u>1,904,429</u>	<u>2,673,275</u>	<u>843,869</u>	<u>10,683,751</u>	<u>1,270,125</u>
<b>EXPENSES</b>					
Personnel Operating Costs.....	543,717	988,465	288,699	2,575,215	385,028
Operating Supplies and Services.....	891,966	520,598	197,787	4,327,359	330,852
Maintenance and Repairs.....	154,299	535,931	149,930	703,237	121,002
Administrative and General.....	--	316,883	77,620	651,386	102,684
Depreciation and Amortization .....	143,527	220,932	136,990	922,004	180,813
Total Operating Expenses .....	<u>1,733,509</u>	<u>2,582,809</u>	<u>851,026</u>	<u>9,179,201</u>	<u>1,120,379</u>
Operating Income (Loss).....	170,920	90,466	(7,157)	1,504,550	149,746
<b>Nonoperating Revenues (Expenses)</b>					
Investment Income.....	70,782	312	12,226	74,188	4,256
Gain (Loss) on the Disposal of Capital Assets.....	(829)	1,540	5,668	(2,183)	(406)
Interest Expense .....	--	--	--	(1,319,806)	(140,245)
Total Nonoperating Revenues (Expenses).....	<u>69,953</u>	<u>1,852</u>	<u>17,894</u>	<u>(1,247,801)</u>	<u>(136,395)</u>
Income (Loss) Before Recognition of Capital Contributions and Deferrals.....	240,873	92,318	10,737	256,749	13,351
Capital Contributions.....	--	--	--	--	--
Income (Loss) Before Recognition of Deferrals.....	240,873	92,318	10,737	256,749	13,351
Costs to be Recovered (Revenue to be Recognized) in Future Years.....	--	--	--	143,735	(23,723)
Change in Net Assets.....	<u>240,873</u>	<u>92,318</u>	<u>10,737</u>	<u>400,484</u>	<u>(10,372)</u>
Net Assets at September 1, 2003.....	<u>16,577,365</u>	<u>6,672,174</u>	<u>2,602,155</u>	<u>13,644,816</u>	<u>1,159,537</u>
Net Assets at August 31, 2004.....	<u>\$ 16,818,238</u>	<u>\$ 6,764,492</u>	<u>\$ 2,612,892</u>	<u>\$ 14,045,300</u>	<u>\$ 1,149,165</u>

*See accompanying independent auditors' report.*

Calhoun County Rural Water Supply Division	Victoria Regional Wastewater Reclamation Division	Coieto Creek Division	Luling Water Treatment Plant Division	Canyon Hydroelectric Division	Lockhart Division	Eliminations	Total
\$ --	\$ --	\$ --	\$ --	\$ 1,346,309	\$ --	\$ --	\$ 3,497,610
523,355	--	638,304	397,086	--	742,743	--	12,612,934
--	--	379,755	--	--	--	--	461,196
31,710	3,127,257	--	2,400	--	736,378	--	4,994,556
--	9,192	--	--	--	--	--	337,564
--	--	105,249	--	--	--	--	278,655
--	--	--	--	--	--	(1,886,065)	--
--	--	--	--	--	--	--	324,725
50,801	208,915	8,051	194	765,144	184,223	--	2,239,210
<u>605,866</u>	<u>3,345,364</u>	<u>1,131,359</u>	<u>399,680</u>	<u>2,111,453</u>	<u>1,663,344</u>	<u>(1,886,065)</u>	<u>24,746,450</u>
243,846	795,466	496,989	167,513	102,977	370,295	(158,087)	6,800,123
251,426	796,241	210,440	182,502	769,529	555,804	--	9,034,504
38,213	541,075	346,823	51,991	47,707	378,160	--	3,068,368
64,200	229,378	103,896	47,673	29,616	104,642	(1,727,978)	--
76,133	394,123	81,214	64,333	354,641	245,122	--	2,819,832
<u>673,818</u>	<u>2,756,283</u>	<u>1,239,362</u>	<u>514,012</u>	<u>1,304,470</u>	<u>1,654,023</u>	<u>(1,886,065)</u>	<u>21,722,827</u>
(67,952)	589,081	(108,003)	(114,332)	806,983	9,321	--	3,023,623
3,890	6,468	524	1,307	5,734	443	--	180,130
(1,151)	(3,379)	520	(157)	--	(357)	--	(734)
--	(256,097)	--	--	(460,187)	(236,691)	--	(2,413,026)
<u>2,739</u>	<u>(253,008)</u>	<u>1,044</u>	<u>1,150</u>	<u>(454,453)</u>	<u>(236,605)</u>	<u>--</u>	<u>(2,233,630)</u>
(65,213)	336,073	(106,959)	(113,182)	352,530	(227,284)	--	789,993
--	--	--	--	--	11,496	--	11,496
(65,213)	336,073	(106,959)	(113,182)	352,530	(215,788)	--	801,489
--	(356,737)	--	--	(243,485)	186,545	--	(293,665)
(65,213)	(20,664)	(106,959)	(113,182)	109,045	(29,243)	--	507,824
<u>1,447,675</u>	<u>2,445,521</u>	<u>300,062</u>	<u>480,708</u>	<u>517,905</u>	<u>856,568</u>	<u>--</u>	<u>46,704,486</u>
<u>\$ 1,382,462</u>	<u>\$ 2,424,857</u>	<u>\$ 193,103</u>	<u>\$ 367,526</u>	<u>\$ 626,950</u>	<u>\$ 827,325</u>	<u>\$ --</u>	<u>\$ 47,212,310</u>

**GUADALUPE-BLANCO RIVER AUTHORITY  
COMBINING SCHEDULE OF CASH FLOWS**

**FISCAL YEAR ENDED AUGUST 31, 2004**

	General Division	Guadalupe Valley Hydroelectric Division	Rural Utilities Division	Water Resource Division	Port Lavaca Water Treatment Plant Division
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash Received from Customers.....	\$ 1,489	\$ 2,412,958	\$ 842,762	\$ 10,829,880	\$ 1,232,211
Cash Received from Interfund Administrative Charges.....	2,123,888	--	--	--	--
Cash Received from Administration of Industrial Revenue Bonds.....	16,875	--	--	--	--
Cash Received from Customer Operating Advances.....	--	--	--	7,539	--
Cash Paid for Personnel Operating Costs.....	(543,717)	(988,465)	(288,699)	(2,575,215)	(385,028)
Cash Paid for Other Operating and Maintenance Costs.....	(926,731)	(1,157,039)	(393,086)	(3,263,036)	(410,382)
Cash Paid for Interfund Administrative Charges.....	--	(316,883)	(77,620)	(651,386)	(102,684)
Net Cash Flows From (Used by) Operating Activities.....	671,804	(49,429)	83,357	4,347,782	334,117
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Interfund Operating Loans Received.....	--	290,000	--	541,784	--
Interfund Operating Loans Made .....	(905,784)	--	--	--	--
Principal Payments Made on Interfund Operating Loans.....	--	--	(59,240)	(956,784)	(8,000)
Principal Payments Received on Interfund Operating Loans.....	1,570,520	--	--	--	--
Net Cash Flows From (Used by) Noncapital Financing Activities.....	664,736	290,000	(59,240)	(415,000)	(8,000)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Proceeds from Issuance of Revenue Bonds.....	--	--	--	18,260	--
Proceeds from Customer & Developer Capital Advances.....	--	--	177,557	--	--
Proceeds from Sale of Capital Assets.....	3,761	8,570	5,668	723	--
Purchase of Capital Assets.....	(114,217)	(26,438)	(35,959)	(3,213,199)	(29,509)
Cash Paid for Construction in Progress.....	--	(235,390)	(91,452)	(11,138,477)	--
Interest Paid.....	--	--	--	(1,167,748)	(141,634)
Principal Payments on Revenue Bonds.....	--	--	--	(350,000)	(155,000)
Principal Payments on Loans.....	--	--	--	(123,659)	--
Net Cash Flows Used by Capital and Related Financing Activities.....	(110,456)	(253,258)	55,814	(15,974,100)	(326,143)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Cash Received from Net Investment Decrease.....	--	--	--	11,246,981	10,500
Investment Income Received.....	162,932	313	21,137	414,162	3,608
Cash Paid for Net Investment Increase.....	(1,231,087)	(5)	(89,611)	--	(10,055)
Net Cash Flows From (Used by) Investing Activities.....	(1,068,155)	308	(68,474)	11,661,143	4,053
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....</b>	<b>\$ 157,929</b>	<b>\$ (12,379)</b>	<b>\$ 11,457</b>	<b>\$ (380,175)</b>	<b>\$ 4,027</b>
<b>CURRENT CASH AND CASH EQUIVALENTS:</b>					
At Beginning of Year.....	\$ 470,745	\$ 17,442	\$ 57,927	\$ 133,966	\$ 13,576
At End of Year.....	754,964	5,063	117,973	162,090	17,619
Net Increase (Decrease).....	284,219	(12,379)	60,046	28,124	4,043
<b>RESTRICTED CASH AND CASH EQUIVALENTS:</b>					
At Beginning of Year.....	335,574	--	113,280	675,013	5,044
At End of Year.....	209,284	--	64,691	266,714	5,028
Net Increase (Decrease).....	(126,290)	--	(48,589)	(408,299)	(16)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....</b>	<b>\$ 157,929</b>	<b>\$ (12,379)</b>	<b>\$ 11,457</b>	<b>\$ (380,175)</b>	<b>\$ 4,027</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Operating Income (Loss).....	\$ 170,920	\$ 90,466	\$ (7,157)	\$ 1,504,550	\$ 149,746
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities:					
Depreciation and Amortization.....	143,527	220,932	136,990	922,004	180,813
Non-Cash Pollution and Industrial Financing Income.....	--	--	--	(307,850)	--
Net Change in Assets and Liabilities from Operating Activities					
Operating Accounts Receivable.....	235,762	(257,517)	(1,022)	451,480	(26,826)
Other Current Assets.....	(3,742)	4,090	(2,051)	17,001	(786)
Deferred Costs and Expenses.....	--	--	--	--	--
Project Development Costs.....	--	--	(75,509)	--	--
Operating Accounts Payable.....	125,337	(107,400)	32,106	1,753,058	31,170
Operating Advances.....	--	--	--	7,539	--
Total Adjustments.....	500,884	(139,895)	90,514	2,843,232	184,371
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES.....</b>	<b>\$ 671,804</b>	<b>\$ (49,429)</b>	<b>\$ 83,357</b>	<b>\$ 4,347,782</b>	<b>\$ 334,117</b>

**NON-CASH TRANSACTIONS SCHEDULE**

1. During each fiscal year 2004 and 2003, \$307,850 of interest expense on the \$4,700.00 of Floating Rate Monthly Demand Water Supply Refunding Revenue Bonds (Footnote B) was paid by SOHIO Chemical Company directly to the Trustee, Chemical Bank

2. During fiscal year 2004 and 2003, an adjustment of \$185,215 and (\$467,731), respectively, was made to decrease investments to fair value.

*See accompanying independent auditors' report.*

Calhoun County Rural Water Supply Division	Victoria Wastewater Reclamation Division	Coletto Creek Division	Luling Water Treatment Plant Division	Canyon Hydroelectric Division	Lockhart Division	Eliminations	Total
\$ 594,861	\$ 3,218,075	\$ 1,130,898	\$ 399,680	\$ 2,586,176	\$ 1,842,351	\$ --	\$ 25,091,341
--	--	--	--	--	--	--	2,123,888
--	--	--	--	--	--	--	16,875
--	--	--	--	--	--	--	7,539
(243,846)	(795,466)	(496,989)	(167,513)	(102,977)	(370,295)	--	(6,958,210)
(325,258)	(1,333,050)	(537,663)	(228,115)	(975,287)	(1,042,888)	--	(10,592,535)
(64,200)	(229,378)	(103,896)	(47,673)	(29,616)	(104,642)	--	(1,727,978)
(38,443)	860,181	(7,650)	(43,621)	1,478,296	324,526	--	7,960,920
--	--	14,000	--	60,000	--	(905,784)	--
--	--	--	--	--	--	905,784	--
--	--	--	--	(535,000)	(11,496)	1,570,520	--
--	--	--	--	--	--	(1,570,520)	--
--	--	14,000	--	(475,000)	(11,496)	--	--
--	--	--	6,131,708	--	--	--	6,149,968
--	--	--	--	--	11,496	--	189,053
--	--	1,251	--	--	--	--	19,973
(39,592)	(39,466)	(13,074)	--	--	(13,193)	--	(3,524,647)
(13,628)	--	--	(1,800,502)	(98,217)	--	--	(13,377,666)
--	(131,536)	--	--	(387,443)	(236,706)	--	(2,065,067)
--	(785,000)	--	--	(670,000)	(5,000)	--	(1,965,000)
--	--	--	--	--	--	--	(123,659)
(53,220)	(956,002)	(11,823)	4,331,206	(1,155,660)	(243,403)	--	(14,697,045)
30,419	104,456	--	71,208	49,700	--	--	11,513,264
5,138	5,718	524	3,409	8,444	339	--	625,724
--	(101,339)	--	(4,334,927)	(3,935)	(40,379)	--	(5,811,338)
35,557	8,835	524	(4,260,310)	54,209	(40,040)	--	6,327,650
\$ (56,106)	\$ (86,986)	\$ (4,949)	\$ 27,275	\$ (98,155)	\$ 29,587	\$ --	\$ (408,475)
\$ 109,599	\$ 112,948	\$ 12,441	\$ 22,027	\$ 106,937	\$ 3,767	\$ --	\$ 1,061,375
53,493	27,141	7,492	49,302	7,335	33,354	--	1,235,826
(56,106)	(85,807)	(4,949)	27,275	(99,602)	29,587	--	174,451
--	66,353	--	--	252,236	--	--	1,447,500
--	65,174	--	--	253,683	--	--	864,574
--	(1,179)	--	--	1,447	--	--	(582,926)
\$ (56,106)	\$ (86,986)	\$ (4,949)	\$ 27,275	\$ (98,155)	\$ 29,587	\$ --	\$ (408,475)
\$ (67,952)	\$ 589,081	\$ (108,003)	\$ (114,332)	\$ 806,983	\$ 9,321	\$ --	\$ 3,023,623
76,133	394,123	81,214	64,333	354,641	245,122	--	2,819,832
--	--	--	--	--	--	--	(307,850)
(21,609)	10,342	2,279	--	474,723	179,007	--	1,046,619
(9,447)	(3,904)	(744)	(127)	606	111	--	1,007
--	(137,656)	--	--	--	--	--	(137,656)
--	--	--	--	--	--	--	(75,509)
(15,568)	8,195	17,604	6,505	(249,941)	(109,035)	--	1,492,031
--	--	--	--	91,284	--	--	98,823
29,509	271,100	100,353	70,711	671,313	315,205	--	4,937,297
\$ (38,443)	\$ 860,181	\$ (7,650)	\$ (43,621)	\$ 1,478,296	\$ 324,526	\$ --	\$ 7,960,920



**CANYON DAM AND RESERVOIR SCHEDULE  
AMORTIZATION SCHEDULE FOR U.S. GOVERNMENT LOAN  
AUGUST 31, 2004**

<b>YEAR ENDING</b>				<b>TOTAL</b>
<b>AUGUST 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>REQUIREMENTS</b>	
2005	\$ 179,423	\$ 129,467	\$ 308,890	
2006	183,909	124,981	308,890	
2007	188,507	120,383	308,890	
2008	193,219	115,671	308,890	
2009	198,050	110,840	308,890	
2010	203,001	105,889	308,890	
2011	208,076	100,814	308,890	
2012	213,278	95,612	308,890	
2013	218,610	90,280	308,890	
2014	224,075	84,815	308,890	
2015	229,677	79,213	308,890	
2016	235,419	73,471	308,890	
2017	241,305	67,585	308,890	
2018	247,337	61,553	308,890	
2019	253,521	55,369	308,890	
2020	259,859	49,031	308,890	
2021	266,355	42,535	308,890	
2022	273,014	35,876	308,890	
2023	279,839	29,051	308,890	
2024	286,835	22,055	308,890	
2025	294,006	14,884	308,890	
2026	301,358	7,532	308,890	
	<u>\$ 5,178,673</u>	<u>\$ 1,616,907</u>	<u>\$ 6,795,580</u>	

**SAN MARCOS RAW WATER DELIVERY SYSTEM  
AMORTIZATION SCHEDULE FOR  
HAYS ENERGY LIMITED PARTNERSHIP LOAN  
AUGUST 31, 2004**

<b>YEAR ENDING</b>			<b>TOTAL</b>
<b>AUGUST 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>REQUIREMENTS</b>
2005	\$ 62,680	\$ 234,972	\$ 297,652
2006	67,882	229,769	297,651
2007	73,517	224,135	297,652
2008	79,618	218,033	297,651
2009	86,227	211,425	297,652
2010	93,383	204,268	297,651
2011	101,134	196,517	297,651
2012	109,528	188,123	297,651
2013	118,619	179,033	297,652
2014	128,464	169,187	297,651
2015	139,127	158,525	297,652
2016	150,674	146,977	297,651
2017	163,180	134,471	297,651
2018	176,724	120,928	297,652
2019	191,392	106,260	297,652
2020	207,278	90,374	297,652
2021	224,482	73,170	297,652
2022	243,113	54,538	297,651
2023	263,292	34,360	297,652
2024	285,147	12,507	297,654
	<u>\$ 2,965,461</u>	<u>\$ 2,987,572</u>	<u>\$ 5,953,033</u>

**WATER RESOURCE WATER RIGHT AMORTIZATION SCHEDULE  
FOR FIRST LOCKHART NATIONAL BANK LOAN  
AUGUST 31, 2004**

<b>YEAR ENDING</b>			<b>TOTAL</b>
<b>AUGUST 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>REQUIREMENTS</b>
2005	\$ 355,722	\$ 27,346	\$ 383,068
2006	368,337	14,731	383,068
2007	189,029	2,505	191,534
	<u>\$ 913,088</u>	<u>\$ 44,582</u>	<u>\$ 957,670</u>

**GENERAL IMPROVEMENT REVENUE BONDS  
SERIES 2002  
AMORTIZATION SCHEDULE  
AUGUST 31, 2004**

<b>YEAR ENDING AUGUST 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL REQUIREMENTS</b>
2005	\$ 100,000	\$ 182,725	\$ 282,725
2006	105,000	178,225	283,225
2007	110,000	173,500	283,500
2008	115,000	168,275	283,275
2009	125,000	162,698	287,698
2010	130,000	156,635	286,635
2011	135,000	152,280	287,280
2012	145,000	147,623	292,623
2013	150,000	142,475	292,475
2014	155,000	137,000	292,000
2015	165,000	131,188	296,188
2016	175,000	124,753	299,753
2017	180,000	117,753	297,753
2018	190,000	110,283	300,283
2019	200,000	102,208	302,208
2020	210,000	93,608	303,608
2021	220,000	84,368	304,368
2022	230,000	74,468	304,468
2023	245,000	63,888	308,888
2024	255,000	52,250	307,250
2025	270,000	40,138	310,138
2026	280,000	27,313	307,313
2027	295,000	14,013	309,013
	<u>\$ 4,185,000</u>	<u>\$ 2,637,667</u>	<u>\$ 6,822,667</u>

**FLOATING RATE MONTHLY DEMAND WATER SUPPLY  
REFUNDING REVENUE BONDS, SERIES 1983  
(SOHIO CHEMICAL COMPANY PROJECT)  
AMORTIZATION SCHEDULE  
AUGUST 31, 2004**

<b>YEAR ENDING AUGUST 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL REQUIREMENTS</b>
2005	\$ --	\$ 307,850	\$ 307,850
2006	--	307,850	307,850
2007	--	307,850	307,850
2008	--	307,850	307,850
2009	--	307,850	307,850
2010	--	307,850	307,850
2011	--	307,850	307,850
2012	--	307,850	307,850
2013	4,700,000	153,925	4,853,925
	<u>\$ 4,700,000</u>	<u>\$ 2,616,725</u>	<u>\$ 7,316,725</u>

**REGIONAL RAW WATER DELIVERY SYSTEM CONTRACT REVENUE BONDS, SERIES 1998**  
**CITY OF SAN MARCOS, TEXAS - AMORTIZATION SCHEDULE**  
**AUGUST 31, 2004**

<b>YEAR ENDING AUGUST 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL REQUIREMENTS</b>
2005	\$ 255,000 *	\$ 398,933 *	\$ 653,933
2006	270,000	383,183	653,183
2007	285,000	368,100	653,100
2008	300,000	354,818	654,818
2009	310,000	341,930	651,930
2010	325,000	328,518	653,518
2011	340,000	314,383	654,383
2012	355,000	299,440	654,440
2013	370,000	283,668	653,668
2014	385,000	266,865	651,865
2015	405,000	249,090	654,090
2016	420,000	230,528	650,528
2017	440,000	211,178	651,178
2018	460,000	190,698	650,698
2019	485,000	168,963	653,963
2020	505,000	145,940	650,940
2021	530,000	121,618	651,618
2022	555,000	95,981	650,981
2023	585,000	69,638	654,638
2024	610,000	42,750	652,750
2025	645,000	14,513	659,513
	<u>\$ 8,835,000</u>	<u>\$ 4,880,735</u>	<u>\$ 13,715,735</u>

\* The principal and related interest were due on September 1, 2004 but were paid in fiscal year ending August 31, 2004.

**CONTRACT REVENUE BONDS, SERIES 2003**  
**WESTERN CANYON REGIONAL WATER SUPPLY PROJECT - AMORTIZATION SCHEDULE**  
**AUGUST 31, 2004**

<b>YEAR ENDING AUGUST 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL REQUIREMENTS</b>
2005	\$ --	\$ 3,879,100	\$ 3,879,100
2006	1,440,000	3,879,100	5,319,100
2007	1,505,000	3,814,300	5,319,300
2008	1,575,000	3,746,575	5,321,575
2009	1,620,000	3,699,325	5,319,325
2010	1,685,000	3,634,525	5,319,525
2011	1,755,000	3,567,125	5,322,125
2012	1,825,000	3,496,925	5,321,925
2013	1,915,000	3,405,675	5,320,675
2014	1,990,000	3,329,075	5,319,075
2015	2,070,000	3,249,475	5,319,475
2016	2,180,000	3,140,800	5,320,800
2017	2,295,000	3,026,350	5,321,350
2018	2,415,000	2,905,863	5,320,863
2019	2,540,000	2,779,075	5,319,075
2020	2,675,000	2,645,725	5,320,725
2021	2,815,000	2,505,288	5,320,288
2022	2,965,000	2,357,500	5,322,500
2023	3,110,000	2,209,250	5,319,250
2024	3,265,000	2,053,750	5,318,750
2025	3,430,000	1,890,500	5,320,500
2026	3,600,000	1,719,000	5,319,000
2027	3,780,000	1,539,000	5,319,000
2028	3,970,000	1,350,000	5,320,000
2029	4,170,000	1,151,500	5,321,500
2030	4,375,000	943,000	5,318,000
2031	4,595,000	724,250	5,319,250
2032	4,825,000	494,500	5,319,500
2033	5,065,000	253,250	5,318,250
	<u>\$ 79,450,000</u>	<u>\$ 73,389,801</u>	<u>\$ 152,839,801</u>

**WATER SUPPLY REVENUE BONDS  
(CITY OF PORT LAVACA, TEXAS) SERIES 2000  
AMORTIZATION SCHEDULE  
AUGUST 31, 2004**

<b>YEAR ENDING AUGUST 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL REQUIREMENTS</b>
2005	\$ 170,000	\$ 132,899	\$ 302,899
2006	180,000	123,493	303,493
2007	190,000	113,549	303,549
2008	200,000	103,943	303,943
2009	215,000	94,551	309,551
2010	230,000	84,370	314,370
2011	240,000	73,500	313,500
2012	250,000	62,045	312,045
2013	265,000	49,810	314,810
2014	275,000	36,850	311,850
2015	295,000	22,875	317,875
2016	310,000	7,750	317,750
	<u>\$ 2,820,000</u>	<u>\$ 905,635</u>	<u>\$ 3,725,635</u>

**REGIONAL WASTE DISPOSAL REVENUE BONDS AND  
REFUNDING AND IMPROVEMENT REVENUE BONDS  
(CITY OF VICTORIA, TEXAS) SERIES 1989, 1993 AND 1996  
AMORTIZATION SCHEDULE  
AUGUST 31, 2004**

<b>YEAR ENDING AUGUST 31</b>	<b>1989 SERIES</b>		<b>1993 SERIES</b>		<b>1996 SERIES</b>		<b>TOTAL REQUIREMENTS</b>
	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	
2005	\$ --	\$ --	\$ 415,000	\$ 9,545	\$ 270,000	\$ 89,755	\$ 784,300
2006	435,000	--	--	--	280,000	78,203	793,203
2007	435,000	--	--	--	290,000	65,945	790,945
2008	435,000	--	--	--	305,000	52,851	792,851
2009	435,000	--	--	--	315,000	38,899	788,899
2010	435,000	--	--	--	330,000	24,060	789,060
2011	435,000	--	--	--	345,000	8,194	788,194
	<u>\$ 2,610,000</u>	<u>\$ --</u>	<u>\$ 415,000</u>	<u>\$ 9,545</u>	<u>\$ 2,135,000</u>	<u>\$ 357,907</u>	<u>\$ 5,527,452</u>

*The 1989 series bonds maturing during fiscal years 2006 through 2011 are capital appreciation bonds which were sold at a deep discount and with no stated interest rate. These bonds do not pay interest but rather mature at their face value which exceeds their original discounted sales price.*

**CONTRACT REVENUE BONDS  
(CITY OF LOCKHART, TEXAS) SERIES 2004  
AMORTIZATION SCHEDULE  
AUGUST 31, 2004**

<b>YEAR ENDING AUGUST 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL REQUIREMENTS</b>
2005	\$ --	\$ 294,979	\$ 294,979
2006	150,000	292,729	442,729
2007	150,000	288,229	438,229
2008	155,000	283,654	438,654
2009	160,000	278,729	438,729
2010	165,000	272,829	437,829
2011	175,000	266,029	441,029
2012	180,000	258,929	438,929
2013	190,000	251,434	441,434
2014	200,000	243,039	443,039
2015	205,000	233,926	438,926
2016	215,000	224,584	439,584
2017	225,000	214,791	439,791
2018	235,000	204,324	439,324
2019	250,000	192,669	442,669
2020	260,000	179,756	439,756
2021	275,000	166,047	441,047
2022	285,000	151,875	436,875
2023	300,000	137,250	437,250
2024	315,000	121,875	436,875
2025	335,000	105,625	440,625
2026	350,000	88,500	438,500
2027	370,000	70,500	440,500
2028	390,000	51,500	441,500
2029	405,000	31,625	436,625
2030	430,000	10,750	440,750
	<u>\$ 6,370,000</u>	<u>\$ 4,916,177</u>	<u>\$ 11,286,177</u>



**HYDROELECTRIC PROJECT (CITY OF NEW BRAUNFELS, TEXAS)**  
**REVENUE REFUNDING BONDS, SERIES 2002**  
**AMORTIZATION SCHEDULE**  
**AUGUST 31, 2004**

<b>YEAR ENDING</b>			<b>TOTAL</b>
<b>AUGUST 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>REQUIREMENTS</b>
2005	\$ 695,000	\$ 363,993	\$ 1,058,993
2006	720,000	339,668	1,059,668
2007	750,000	310,868	1,060,868
2008	780,000	280,868	1,060,868
2009	815,000	249,668	1,064,668
2010	850,000	215,438	1,065,438
2011	905,000	178,463	1,083,463
2012	945,000	138,190	1,083,190
2013	995,000	95,193	1,090,193
2014	1,030,000	48,925	1,078,925
	<u>\$ 8,485,000</u>	<u>\$ 2,221,274</u>	<u>\$ 10,706,274</u>

**CONTRACT REVENUE BONDS, SERIES 1996**  
**(CITY OF LOCKHART PROJECT)**  
**AMORTIZATION SCHEDULE**  
**AUGUST 31, 2004**

<b>YEAR ENDING</b>			<b>TOTAL</b>
<b>AUGUST 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>REQUIREMENTS</b>
2005	\$ 5,000	\$ 236,526	\$ 241,526
2006	5,000	236,341	241,341
2007	340,000	229,618	569,618
2008	355,000	215,888	570,888
2009	375,000	201,100	576,100
2010	450,000	183,963	633,963
2011	475,000	164,300	639,300
2012	500,000	143,088	643,088
2013	525,000	120,406	645,406
2014	555,000	96,376	651,376
2015	585,000	70,865	655,865
2016	620,000	43,753	663,753
2017	655,000	14,901	669,901
	<u>\$ 5,445,000</u>	<u>\$ 1,957,125</u>	<u>\$ 7,402,125</u>

## *Federal Awards Section*

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# Report on Compliance and Internal Controls

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## **HOLTMAN, WAGNER & COMPANY, L.L.P.**

### **Certified Public Accountants**

876 Loop 337, Building 501  
New Braunfels, TX 78130  
830-625-1182  
Fax 830-625-1498

### **REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Guadalupe-Blanco River Authority  
Seguin, Texas

We have audited the financial statements of Guadalupe-Blanco River Authority as of and for the year ended August 31, 2004 and have issued our report thereon dated October 7, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### **Compliance**

As part of obtaining reasonable assurance about whether Guadalupe-Blanco River Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

## **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Guadalupe-Blanco River Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we considered to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Guadalupe-Blanco River Authority, in a separate letter dated October 7, 2004.

This report is intended solely for the information and use of the audit committee, management, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Holtman Wagner & Company LLP*

New Braunfels, Texas  
October 7, 2004



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## Statistical Section

Calhoun County Rural Water Corporation  
Canyon Regional Water Authority  
City of Kyle  
City of Lockhart  
City of Luling  
City of Port Lavaca  
City of San Marcos  
Port O'Connor Municipal Utility District

City of Buda  
City of Lockhart  
City of Schertz  
City of Victoria  
Texas Department of Transportation  
Village of Wimberley

**WATER TREATMENT  
CUSTOMERS**

**WATER SALES  
CUSTOMERS**

B.P. Chemical Company  
Canyon Lake Water Supply Corporation  
Canyon Regional Water Authority  
City of Boerne  
City of Buda  
City of Fair Oaks Ranch  
City of Kyle  
City of Port Lavaca  
City of San Marcos  
City of Seguin  
Cordillera Ranch  
Crystal Clear Water Supply Corporation  
Guadalupe Power Partners  
Hays Energy Limited Partnership  
New Braunfels Utilities  
San Antonio Water Systems  
Springs Hill Water Supply Corporation  
Topaz Power Group, LLC



**WASTE WATER  
TREATMENT CUSTOMERS**

**POWER SALES & OTHER  
SERVICES**

Guadalupe Valley Electric Cooperative  
New Braunfels Utilities  
Coleto Creek Park Customers  
Lake Wood Recreational Park Customers  
Nolte Island Park Customers  
Regional Laboratory Customers  
Victoria Laboratory Customers



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**Operating Statistics:**

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
<b>Water Treatment Customers:</b>					
Total Water Distributed (Gal.)					
Calhoun County Rural Water Supply Division	137,396,000	83,603,000	70,348,000	70,501,000	72,392,000
Total Water Treated (Gal.)					
CRWA-Hays/Caldwell Water Treatment Plant System	--	--	--	331,000,000	225,000,000
Lockhart Water Treatment System	--	519,389,102	614,466,054	560,814,000	527,260,000
Luling Water Treatment Plant Division	315,290,000	321,077,000	306,271,000	286,951,000	256,335,000
Port Lavaca Water Treatment Plant Division	723,545,000	798,749,000	755,453,000	642,047,000	686,938,000
San Marcos Water Treatment Plant System	946,459,000	1,498,437,000	1,401,515,000	1,656,000,000	1,586,000,000
<b>Waste Water Treatment Customers:</b>					
Total Wastewater Treated (Gal.)					
Buda Wastewater Treatment Plant	--	--	102,900,000	125,300,000	110,470,000
Crestview Subdivision Wastewater Treatment Plant	1,660,552	2,846,072	1,867,506	1,910,945	2,433,849
Lockhart Wastewater Reclamation System	430,700,000	459,200,000	516,100,000	588,700,000	542,930,000
Rural Utilities Division	130,715,651	148,990,000	152,410,000	147,100,000	150,410,000
Victoria Regional Wastewater Reclamation Division	2,827,000,000	2,687,800,000	2,155,900,000	2,741,000,000	2,788,000,000
Village of Wimberley Wastewater Treatment Plant	--	--	--	--	1,760,000
<b>Water Sales Customers:</b>					
Rice Irrigation (Acres)					
Calhoun Canal System	1,758	1,458	1,475	1,897	2,488
Water Delivered (Gal.)					
Guadalupe Power Partners	--	599,209,000	821,496,000	846,695,620	898,443,000
San Marcos Pipeline	952,000,000	1,525,000,000	1,445,000,000	1,965,000,000	1,713,000,000
<b>Power Sales &amp; Other Services:</b>					
Total Generation (kWh)					
Guadalupe Valley Hydroelectric Division	29,738,100	74,338,600	77,361,500	64,974,600	77,975,500
Canyon Hydroelectric Division	5,509,240	25,930,989	16,493,895	--	14,930,325
Annual Permits					
Lake Wood Recreation Area	66	59	45	34	35
Coleto Creek Regional Park	229	211	241	246	262
Camping Permits					
Lake Wood Recreation Area	2,548	2,459	2,105	2,323	2,030
Coleto Creek Regional Park	12,051	11,255	12,326	11,856	12,736
Camping Cabins					
Coleto Creek Regional Park	--	--	425	568	573
Day Use Permits					
Lake Wood Recreation Area	3,248	3,127	2,501	2,671	2,641
Coleto Creek Regional Park	17,055	15,455	15,056	15,052	14,771

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## **MISCELLANEOUS STATISTICAL DATA**

Authority Created Under .....	Vernon's Civil Statutes, Article 8280-106
Year Created .....	1935
Domicile .....	New Braunfels, Texas
Last Revision of Enabling Act .....	1975
Last Revision of Bylaws .....	1995
Population of District .....	471,774
Area of District .....	7,300 Sq. Mi.
Average Annual Rainfall of District .....	33.02 In.
Number of Employees .....	150

### **Offices:**

Administrative Office .....	Seguin, Texas
Operations Office .....	Buda, Texas
Operations Office .....	Fannin, Texas
Operations Office .....	Gonzales, Texas
Operations Office .....	Lockhart, Texas
Operations Office .....	Luling, Texas
Operations Office .....	Port Lavaca, Texas
Operations Office .....	San Marcos, Texas
Operations Office .....	Victoria, Texas

### **Rivers:**

Guadalupe	
Total River Miles .....	431.6
Average Discharge .....	1,240,000 acre feet/year
Blanco	
Total River Miles .....	89.8
Average Discharge .....	110,100 acre feet/year
San Marcos	
Total River Miles .....	74.2
Average Discharge .....	259,400 acre feet/year
Comal	
Total River Miles .....	2.0
Average Discharge .....	219,800 acre feet/year

### **Dams and Reservoirs:**

Canyon	
Conservation Pool	
Capacity .....	386,210 acre feet
Surface Area .....	8,240 acres
Elevation .....	909.0 ft. (MSL)
Flood Control Pool	
Capacity .....	346,000 acre feet
Surface Area .....	12,890 acres
Elevation .....	943.0 ft. (MSL)
Coletto Creek	
Capacity .....	35,084 acre feet
Surface Area .....	3,100 acres
Elevation .....	98.0 ft. (MSL)
Dunlap	
Capacity .....	5,900 acre feet
Surface Area .....	410 acres
McQueeney	
Capacity .....	5,050 acre feet
Surface Area .....	400 acres
TP-4	
Capacity .....	2,624 acre feet
Surface Area .....	248 acres
Nolte	
Capacity .....	1,550 acre feet
Surface Area .....	153 acres
H-4	
Capacity .....	6,500 acre feet
Surface Area .....	696 acres
H-5	
Capacity .....	4,000 acre feet
Surface Area .....	488 acres
Lower Guadalupe Diversion Dam and Salt Water Barrier	
Capacity .....	600 acre feet
Surface Area .....	100 acres

Source: *The Texas Almanac, Bureau of Census and GBRA*

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**SCHEDULE OF INSURANCE IN FORCE**

**AUGUST 31, 2004**

<b>Name of Company</b>	<b>Policy Number</b>	<b>Policy Period</b>	<b>Details of Coverage</b>	<b>Liability Limits</b>
TWCA Risk Management Fund	Contract 024	7/01/04 to 7/01/05	Workmans Compensation	Statutory
TWCA Risk Management Fund	Contract 024	7/01/04 to 7/01/05	Commercial General Liability	\$1,000,000
			Excess GL Liability	\$2,000,000
			Legal Defense for Breach of Contract	\$50,000
			Punitive Damages	\$100,000
			Sudden Events Pollution Liability	\$100,000
TWCA Risk Management Fund	Contract 024	7/01/04 to 7/01/05	Business Automobile Liability	\$1,000,000
			Excess AL Liability	\$2,000,000
TWCA Risk Management Fund	Contract 024	7/01/04 to 7/01/05	Automobile Physical Damage	\$1,206,054
TWCA Risk Management Fund	Contract 024	7/01/04 to 7/01/05	Errors and Omissions Liability	\$1,000,000
			Excess E&O Liability	\$4,000,000
TWCA Risk Management Fund	Contract 024	7/01/04 to 7/01/05	Commercial Property including Inland Marine, Mobile Equipment, Rented Property & Equipment	\$37,339,295
Fidelity Deposit Company of Maryland	CCP135585010	6/01/04 to 6/01/05	Employee Dishonesty Coverage	\$100,000
Hartford Life & Accident Insurance Company	ETB-101146	3/17/04 to 3/17/07	Group Travel Accident Policy	\$1,250,000
Hartford Casualty Insurance Company	65BSBCP2866	3/09/04 to 3/09/05	Faithful Performance Bonds	\$90,000
Texas Windstorm Insurance Association	31765902	8/30/04 to 8/30/05	Windstorm & Hail in Wind Counties	\$2,115,994
Delta Lloyds Insurance Company	Various	8/01/04 to 8/01/05	Flood	\$1,000,000
		8/30/04 to 8/30/05		\$130,400
		9/06/04 to 9/06/05		\$8,011,000
American International Specialty Lines Insurance Co	CPL1274378	5/01/04 to 5/01/05	Contractor's Pollution Liability	\$1,000,000
Great American Insurance Group	OMH586-14-88-00	7/01/04 to 7/01/05	Ocean Marine for Ms. Guadalupe II	
			Hull	\$294,236
			P & I	\$1,000,000
			Pollution	\$1,000,000

NOTE: All current and past insurance premiums relating to the above listed policies have been paid.

**SCHEDULE OF REVENUE****LAST TEN FISCAL YEARS**

Year	General Division	Guadalupe			Port Lavaca		Calhoun		Victoria		Luling		Lockhart Division	Total
		Valley Hydro Division	Rural Utilities Division	Water Resource Division	Treatment Plant Division	Rural Water Supply Division	Regional Wastewater Reclamation Division	Coleta Creek Division	Water Treatment Plant Division	Canyon Hydro Plant Division				
1995	\$ 1,047,539	\$ 2,073,977	\$ 575,027	\$ 4,295,631	\$ 1,033,439	\$ 699,559	\$ 2,138,445	\$ 1,025,002	\$ 469,465	\$ 1,478,745	\$ 308,404	\$ 15,145,233		
1996	1,201,600	1,567,455	611,568	4,061,778	1,082,484	814,878	2,158,481	1,275,036	368,226	1,489,618	469,568	15,100,692		
1997	1,269,607	1,988,417	625,126	3,263,022	1,097,924	758,500	2,513,197	1,049,630	345,106	1,459,746	622,153	14,992,428		
1998	1,376,435	2,376,300	949,947	3,727,704	1,173,523	813,990	2,656,578	919,249	359,812	1,465,209	679,812	16,498,559		
1999	1,353,743	2,738,125	914,087	5,567,104	1,120,689	800,263	4,944,190	1,011,135	335,344	1,407,819	690,286	20,882,785		
2000	1,458,014	1,984,571	1,021,682	6,659,578	1,171,726	1,486,264	3,742,496	1,034,418	374,318	1,442,073	757,107	21,132,247		
2001	1,696,819	2,260,884	825,266	8,699,366	1,168,174	655,717	3,092,305	1,052,803	410,982	1,472,567	1,323,931	22,658,814		
2002	1,786,543	2,306,153	788,994	8,761,465	1,502,353	545,898	3,286,971	1,020,687	392,338	3,458,402	1,564,944	25,414,748		
2003	1,830,569	2,470,700	806,014	10,669,629	1,213,439	596,634	3,145,709	1,121,676	382,214	2,289,365	2,058,819	26,584,768		
2004	1,974,382	2,675,127	861,763	10,755,756	1,273,975	608,605	3,348,453	1,132,403	400,830	2,117,187	1,663,430	26,811,911		

Note: Table includes operating and non-operating revenues and interfund transfers.

Source: Comprehensive Annual Financial Reports of the Guadalupe-Blanco River Authority.

**SCHEDULE OF EXPENSES****LAST TEN FISCAL YEARS**

Year	General Division	Guadalupe			Port Lavaca		Calhoun		Victoria		Luling		Lockhart Division	Total
		Valley Hydro Division	Rural Utilities Division	Water Resource Division	Treatment Plant Division	Rural Water Supply Division	Regional Wastewater Reclamation Division	Coleta Creek Division	Water Treatment Plant Division	Canyon Hydro Plant Division				
1995	\$ 1,119,171	\$ 1,913,589	\$ 583,204	\$ 2,418,335	\$ 929,993	\$ 626,361	\$ 2,098,182	\$ 1,000,588	\$ 384,461	\$ 1,465,742	\$ 294,323	\$ 12,833,949		
1996	1,152,805	1,701,975	655,657	2,860,671	993,953	615,525	2,140,877	1,108,703	388,856	1,475,339	445,422	13,539,783		
1997	1,218,921	1,771,045	658,226	2,668,039	999,143	639,933	2,480,965	1,064,858	382,882	1,451,130	621,547	13,956,689		
1998	1,074,999	1,685,366	696,284	2,958,861	1,074,668	687,666	2,545,032	958,750	393,154	1,465,581	654,503	14,194,864		
1999	1,231,453	1,980,938	875,455	3,903,922	1,098,525	676,350	5,255,882	1,020,217	375,314	1,408,162	674,348	18,500,566		
2000	1,359,264	2,162,494	597,797	5,436,482	1,172,893	752,456	3,393,639	1,080,886	399,361	1,442,346	739,163	18,536,781		
2001	1,084,890	1,968,597	632,473	6,534,870	1,200,560	624,267	2,849,578	1,105,174	434,561	1,474,749	1,341,835	19,251,554		
2002	1,330,769	2,163,469	631,459	7,522,176	1,177,601	626,578	2,968,990	1,104,290	429,876	3,347,251	1,414,816	22,717,275		
2003	1,393,849	2,418,067	955,560	8,387,020	1,224,668	651,259	3,038,393	1,188,766	491,331	2,245,543	1,500,518	23,494,974		
2004	1,733,509	2,582,809	851,026	10,355,272	1,284,347	673,818	3,369,117	1,239,362	514,012	2,008,142	1,692,673	26,304,087		

Note: Table includes depreciation, amortization and interest expenses net of deferred costs, depreciation on contributions, and interfund transfers.

Source: Comprehensive Annual Financial Reports of the Guadalupe-Blanco River Authority.

**SCHEDULE OF ADDITIONS TO PLANTS AND EQUIPMENT****LAST TEN FISCAL YEARS**

Year	General Division	Guadalupe			Port Lavaca		Calhoun		Victoria		Luling		Lockhart Division	Total
		Valley Hydro Division	Rural Utilities Division	Water Resource Division	Treatment Plant Division	Rural Water Supply Division	Regional Wastewater Reclamation Division	Coleta Creek Division	Water Treatment Plant Division	Canyon Hydro Plant Division				
1994	\$ 38,313	\$ 121,663	\$ 31,045	\$ 75,456	\$ 66,125	\$ 118,304	\$ 46,576	\$ 9,761	\$ 468	\$ 5,581	\$ --	\$ 513,292		
1995	82,310	284,540	352,189	116,116	45,397	39,790	44,263	76,965	4,340	--	14,486	1,060,396		
1996	82,237	16,507	596,284	238,074	18,140	51,537	52,196	37,857	19,223	--	27,859	1,139,914		
1997	114,322	3,360	6,810	51,021	51,261	88,651	20,598	14,309	10,092	--	125,631	486,055		
1998	161,831	45,397	161,627	51,324	42,556	23,948	75,332	8,723	9,816	--	24,548	605,102		
1999	244,758	836,197	72,833	1,021,619	97,229	158,133	3,024,557	34,598	7,000	--	4,563,051	10,059,975		
2000	121,374	235,631	6,508,494	12,024,435	34,420	85,282	356,723	24,831	50,459	--	15,900	19,457,549		
2001	275,473	44,438	24,434	591,611	49,484	89,244	146,814	104,780	18,399	135,890	783,130	2,263,697		
2002	172,390	1,020,586	8,688	2,000,658	25,257	115,088	142,369	95,154	8,763	99,193	150,057	3,838,203		
2003	115,774	1,057,456	31,397	2,470,569	37,202	191,897	77,682	37,499	1,256	--	598,990	4,619,722		

Source: Comprehensive Annual Financial Reports of the Guadalupe-Blanco River Authority.

**REVENUE BY SOURCES****LAST TEN FISCAL YEARS**

Year	Pollution and Industrial Financing	Power Sales	Water Sales and Lake Operations	Rental, Recreation and Land Use	Waste Water Treatment Services	Laboratory Services	A & G Income	Interest	Other	Total
1995	\$ 344,611	\$ 3,382,223	\$ 5,163,818	\$ 479,030	\$ 2,827,562	\$ 199,131	\$ 921,862	\$ 281,927	\$ 1,545,069	\$ 15,145,233
1996	696,830	2,991,973	5,527,405	443,955	2,933,150	191,992	1,076,835	361,023	877,529	15,100,692
1997	343,108	3,342,844	5,492,742	455,476	3,502,900	218,554	1,090,320	327,246	219,238	14,992,428
1998	338,931	3,400,986	5,982,056	482,541	3,691,598	213,717	1,167,357	421,457	799,916	16,498,559
1999	473,689	3,251,819	6,852,807	470,544	3,708,004	238,356	1,219,690	285,802	4,382,074	20,882,785
2000	319,484	2,965,144	8,561,831	531,795	3,995,200	242,393	1,314,898	340,257	2,861,245	21,132,247
2001	342,850	3,546,680	11,150,387	546,084	4,279,142	242,157	1,450,843	451,859	648,812	22,658,814
2002	307,850	5,564,628	11,116,968	559,420	4,675,744	293,643	1,543,741	339,672	1,024,578	25,426,244
2003	341,600	3,291,811	13,218,362	693,986	4,787,951	303,199	1,701,384	171,472	2,497,603	27,007,368
2004	324,725	3,497,610	12,612,934	739,851	4,994,556	337,564	1,886,065	180,130	2,249,972	26,823,407

Note: This table includes interfund transfers. Other Revenue includes Miscellaneous Income and Gain (Loss) on Sale of Capital Assets.

Contributed Capital is included as Other Revenue beginning in FY 2002, as restated for GASB 34.

Source: Comprehensive Annual Financial Reports of the Guadalupe-Blanco River Authority.

**EXPENSES BY FUNCTION****LAST TEN FISCAL YEARS**

Year	Personnel Operating Costs	Operating Supplies and Services	Maintenance and Repairs	Depreciation and Amortization	Interest Expense	A & G Expense	Total
1995	\$ 3,811,004	\$ 3,092,742	\$ 1,792,795	\$ 1,049,777	\$ 2,208,274	\$ 879,357	\$ 12,833,949
1996	4,192,602	3,265,426	1,749,369	1,082,239	2,223,885	1,026,262	13,539,783
1997	4,382,347	3,181,721	1,643,605	1,304,971	2,420,440	1,023,605	13,956,689
1998	4,437,629	3,060,501	1,889,602	1,397,232	2,402,552	1,007,348	14,194,864
1999	4,599,864	3,772,662	5,306,739	1,477,227	2,367,259	976,815	18,500,566
2000	5,262,353	5,444,092	2,213,079	1,612,612	2,866,554	1,138,091	18,536,781
2001	5,698,017	4,785,074	2,619,838	1,987,409	2,815,158	1,346,058	19,251,554
2002	6,109,711	5,889,469	2,694,737	3,988,166	2,604,965	1,430,227	22,717,275
2003	6,508,733	7,676,099	2,807,840	2,882,296	2,521,188	1,521,418	23,917,574
2004	6,958,210	9,034,504	3,068,368	3,113,497	2,413,026	1,727,978	26,315,583

Note: This table includes interfund transfers. Depreciation and amortization is net of costs to be recovered in future years and net of depreciation taken on contributions.

Source: Comprehensive Annual Financial Reports of the Guadalupe-Blanco River Authority.