Making Memories

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Guadalupe-Blanco River Authority of Texas Comprehensive Annual Financial Report Fiscal Year Ended August 31, 2012



Guadalupe-Blanco River Authority 933 E. Court Street • Seguin, Texas 78155 830 • 379 • 5822

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Guadalupe-Blanco River Authority of Texas Annual Pinancial Report Piscal Year Ended August 31, 2012

Financial information compiled by the GBRA Accounting Department. Introductory Section, Year in Review and story narratives compiled by the Communications and Education Department. Report designed by Connie Rothe.

The Guadalupe-Blanco River Authority is an Equal Opportunity Employer. It is the policy of GBRA not to discriminate against any employee or applicant for employment because of race, age, color, religion, sex, national origin, political affiliation, veteran status or disability.

Outdoor Texas

Making Memories

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Guadalupe-Blanco River Authority of Texas

Established by the Texas Legislature

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

Sound Management and Administration

GBRA is governed by a board of nine directors who are appointed by the Governor and confirmed by the Texas Senate. Directors serve six-year terms, with three directors appointed or reappointed every two years. Board committees meet prior to each monthly meeting to recommend and review policies, programs and actions for consideration. Management and administrative duties are carried out by the general manager and staff in accordance with policies established by the board.

Planning for the Basin and Texas

GBRA's primary responsibilities are to develop, conserve and protect the water resources within its 10-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 for the Guadalupe River basin are carefully coordinated within the broader consideration of regional and statewide water needs.

Self-Supporting Operations

GBRA cannot levy or collect taxes, assessments, or pledge the general credit of the State of Texas. Funding for special projects comes from state and federal grants. All other revenues for maintenance and operation are obtained from the products and services GBRA provides to customers throughout the basin.

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.

GBRA Board of Directors



Grace G. Kunde, Chair Guadalupe County Reappointed: 2009, Gov. Rick Perry



Oscar H. Fogle, Vice-Chair Caldwell County Reappointed: 2011, Gov. Rick Perry



Arlene N. Marshall, Secretary-Treasurer Calhoun County Reappointed: 2011, Gov. Rick Perry



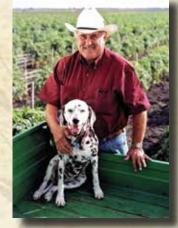
Myrna P. McLeroy, Director Gonzales County Reappointed: 2011, Gov. Rick Perry



James L. Powers, Director Hays County Appointed: 2008, Gov. Rick Perry



Dennis L. Patillo, Director Victoria County Appointed: 2011, Gov. Rick Perry



Frank J. Pagel, Director Refugio County Reappointed: 2008, Gov. Rick Perry



Rusty Brockman, Director Comal County Appointed: 2011, Gov. Rick Perry



Tommy Mathews, Director Kendall County Appointed: 2011, Gov. Rick Perry

GBRA is governed by nine directors, appointed by the Governor of the State of Texas and confirmed by the Senate. The 10 counties in GBRA's statutory district are represented on a rotating basis. Each director serves a six-year term with three directors appointed or re-appointed every two years.

Director of Project Development Coordination Response Flood Vacant Chief Strategic Communications and Public Affairs Officer Development LaMarriol Smith Communication and Education Contact Acquisition Teresa VanBooven Tommy Schulte Lower Basin Property Permit/ Recreation Lake Wood Economic Development **Community Projects** Rural Water and Resource Management of Business Development Community Affairs Upper Basin **Executive Manager** Coleto Creek Recreation David Welsch Port Lavaca WTP Relations Customer Crestview Guadalupe-Blanco River Authority WWTP Director of Water **Quality Services** Debbie Magin Calhoun Canal Management Watershed Barbara Gunn Coleto Creek Resources Reservoir Human Operational Chart **Board of Directors** Laboratory Regional General Manager William E. West, Jr. Executive Manager of Finance and Administration **Operations Manager** Alvin Schuerg Angela Whitley Information Technology Hydroelectric Lower Basin Bryan Serold Canyon **Clean Rivers** Hydroelectric Program Guadalupe Valley San Marcos RWDS Susan Hubbert Sandra Terry Accounting and Finance Manager of Project Recreation Guadalupe Valley Gary Asbury Engineering of Water Resources and GPP RWDS Construction **Executive Manager** Utility Operations James Murphy Lockhart WWTP Lockhart WTP Engineering Chief Engineer Thomas Hill **Rural Utilities** WWTP of Science, Intergovernmental Relations Luling Hydrology Executive Manager General Counsel Bruce Wasinger WWTP **Todd Votteler** Public Policy Buda and Policy **Operations Manager** Upper Basin John Smith San Marcos WTP Western Canyon WTP

Basin Map

Operations

- 1. Canyon Park Estates Wastewater Treatment Plant
- 2. Canyon Dam and Reservoir and Canyon Hydroelectric Plant
- 3. Cordillera Ranch Water Distribution System and Wastewater Treatment Plant
- 4. Comal Trace Water Distribution System and Johnson Ranch Water Distribution System and Wastewater Treatment Plant
- 5. Western Canyon Water Treatment Plant
- 6. Buda Wastewater Treatment Plant
- 7. Shadow Creek Wastewater Treatment Plant
- 8. Sunfield Wastewater Treatment Plant
- 9. San Marcos Water Treatment Plant and IH-35 Treated Water Delivery System
- 10. Northcliffe Wastewater Treatment Plant
- 11. Guadalupe Power Partners Raw Water Delivery System
- 12. Dunlap Wastewater Treatment Plant
- 13. Lake Dunlap (TP-1) Hydroelectric Plant and Regional Raw Water Delivery System
- 14. Lake McQueeney (TP-3) Hydroelectric Plant
- 15. Lake Placid (TP-4) Hydroelectric Plant
- 16. GBRA Main Office and Regional Laboratory
- 17. Lake Nolte (TP-5) Hydroelectric Plant and Nolte Island Park
- 18. Springs Hill Wastewater Treatment Plant
- 19. Lockhart Wastewater Treatment Plant #1
- 20. Lockhart Wastewater Treatment Plant #2
- 21. Lockhart Water Treatment Facility
- 22. Luling Water Treatment Plant and Luling to Lockhart Treated Water Delivery System
- 23. Lake Gonzales (H-4) Hydroelectric Power Plant
- 24. Lake Wood Park (H-5) Hydroelectric Power Plant
- 25. Coleto Creek Park and Reservoir
- 26. Diversion Dam and Salt Water Barrier
- 27. Crestview Subdivision Wastewater Treatment Plant
- 28. Port Lavaca Water Treatment Plant and Calhoun County Rural Water and Canal System Division

CBRA Year in Review

September 2011

• The Austin-San Antonio Corridor Growth Summit, held Sept. 9, 2011, in San Marcos, Texas, provided more than 450 attendees with insight into the various infrastructure needs, population movement and explosive development occurring along the Interstate 35 and Highway 130 corridors. Bill West, GBRA general manager, served as a panelist at the forum and explained what projects GBRA was undertaking in order to address the water supply and related infrastructure needs in that region.

• During the GBRA Board of Directors meeting in September, the Board voted unanimously in favor of a resolution supporting Proposition 2, a constitutional amendment that allowed for the issuance of additional general obligation bonds by the Texas Water Development Board in an amount not to exceed \$6 billion. Voters ultimately approved the measure in the November 2011 elections.

October 2011

• On Saturday, Oct. 1, more than 50 participants in 29 boats set off in Gonzales paddling down the Guadalupe River from Lake Wood to the U.S. Hwy. 183 Bridge in the Come and Take It Canoe Race.

• The GBRA Board of Directors adopted several changes to its "rules and

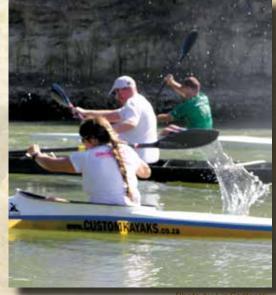


Photo by Liz Sedlacek

regulations" governing Coleto Creek Park and Recreational Facility during its October board meeting held in Port Lavaca, Texas. The most significant change had to do with the prohibition of boats with above-water exhaust.

November 2011

• Twenty-four members of the Edwards Aquifer Recovery Implementation Program (EARIP) steering committee, including a representative of the GBRA, voted in favor of approving the draft habitat conservation plan (HCP) and associate documents during a meeting Monday, Nov. 7 at the GBRA River Annex in Seguin, Texas. About 60 people attended the meeting that put forth the vote culminating four years of EARIP work balancing aquifer water use and supply with the needs of endangered and threatened species.

• GBRA's Lake Wood Recreational Area boat ramp was temporarily closed on Monday, Nov. 21, to deepen the existing ramp cove and to prepare for construction of a new ramp. GBRA and a Texas Parks and Wildlife Department boat ramp grant funded the construction of the ramp.

December 2011

• A trial that began Dec. 5 in U.S. District Court in Corpus Christi stemming from a lawsuit filed by The Aransas Project (TAP) against the Texas Commission for Environmental Quality (TCEQ) threatened to upend Texas' water regulatory scheme and profoundly affect the authority of the state to regulate the use of its water. The suit alleged that the TCEQ violated the "taking" provision of Section 9 of the federal Endangered Species Act. TAP contended that during the of 2008-09, a reduced amount of fresh water reaching the coastal marshes caused the salinity to rise so high that the wintering whooping cranes were unable to find sufficient food and water. TAP alleged that those conditions weakened the birds and led to the deaths of 23 whooping cranes. GBRA filed for and was granted defendant intervener status in the case. The well observed trial, which lasted through Dec. 16, featured more than 20 expert witnesses, hundreds of



exhibits and thousands of documents. At press time, no ruling had been issued on the case.

• The GBR Trust in December purchased 170 acres in Calhoun County immediately adjacent to the existing 646 acre Hog and Schwing's Bayou Preserve. With funding provided from the Coastal Impact Assistance Program through the Texas General Land Office the GBR Trust acquired an important parcel of wetlands and wildlife habitat that will link the original preserve property to the Guadalupe Delta Wildlife Management Area administered by the Texas Parks and Wildlife Department. This area of the Texas Coast is winter home to large numbers of waterfowl who migrate up and down the Central Flyway and also supports endangered species such as the whooping crane.

Photo by Connie Rothe

• The Texas Water Development Board approved by resolution a \$4,400,000 loan from the Water Infrastructure Fund to the GBRA (Gonzales, Lee, Caldwell, Hays, Comal, Guadalupe, and Kendall counties) to finance development costs of the Mid-Basin Water Supply Project. The GBRA plans to use the funding to perform a feasibility study for the GBRA's Mid-Basin Water Supply Project to identify surface and groundwater supplies and transmission delivery options to meet the needs for entities in Hays, Caldwell, Comal, Guadalupe and Kendall Counties. The study will include population and water demand projections, customer identification, evaluation of alternative water management strategies, and evaluation of infrastructure configurations to deliver the water supply.

January 2012

• New officers were installed and began presiding at the GBRA Board of Directors meeting in January 2012. Newly re-elected officers included Grace Kunde of Guadalupe County as chair, Oscar Fogle of Caldwell County as vice-chair, and Arlene Marshall of Calhoun County as secretary/treasurer.

• Because of illegal activity undertaken in the stump field on Lake Dunlap that resulted in the lake level remaining low until the end of January, the Guadalupe-Blanco River Authority (GBRA) Board of Directors had its monthly meeting Wednesday, Jan. 18, 2012, authorizing the general manager to act, as necessary, regarding the lake level. Additionally, GBRA officials published stump-removal guidelines for its hydroelectric lakes in Comal, Guadalupe, and Gonzales counties.

• The GBR Trust recognized GBRA's Board Chair Grace Kunde with a resolution at GBRA's January board meeting for her service as a trustee. GBR Trust Executive Director Steve Jester presented Kunde with a framed copy of the resolution.

February 2012

• In a notification letter from the Water Environment Association of Texas (WEAT), the organization named GBRA's Cordillera Ranch Wastewater Treatment Plant as its "Municipal Wastewater Treatment Plant of the Year, Category 1." WEAT officials said the award is presented to a municipal wastewater treatment plant in Texas that has consistently exhibited outstanding performance of daily activities beyond the normal call of duty. Category 1 facilities are those that have flow rates of less than a million gallons per day. The Cordillera facility is a membrane wastewater treatment plant and is authorized to discharge 64,000 gallons per day. Cordillera plant operators received the award during a ceremony in April.

March 2012

• The Texas Water Utilities Association (TWUA) recognized GBRA's Regional Laboratory Director Josephine "Josie" Longoria with an "Outstanding Service" award for the Lab Analyst Section during its Annual School held March 4 in Corpus Christi. The award is given for Longoria's contributions to the industry, the environment and public health.

• The GBR Trust along with resource management specialists from Texas Parks and Wildlife Department and the U.S. Department of Agriculture's Natural Resources Conservation Service offered a free riparian area workshop for landowners. The workshop was held on March 28 in Victoria.

Officials with GBRA and Walton International (Walton) signed a Letter of Intent (LOI) in March to negotiate toward a plan to bring new
water to the fast-developing region of Hays, Caldwell, Comal, Guadalupe and Gonzales counties and, together with other stakeholders,

positioning it for responsible and sustainable growth. The action brought GBRA's Mid-Basin Project — a recommended strategy in the 2011 South Central Texas Regional Water Planning Group's projects in the State Water Plan — closer to fruition.

April 2012

• For the first time since the Canyon Lake Hydro Plant began operation in January of 1989, GBRA crews dewatered the aeration weir in April to replace the weir gates. The project required hydro crews to wedge in place and sand bag plywood covers outside gate openings so that the weir areas could be dewatered. All existing hinge systems and remaining pieces of metal gates inside of the weir area were removed. New hinge systems were installed as well as new gates and latches.



Photo by Mike Schultze



• On April 29, 2012 Lake Nolte (Meadow Lake) was lowered approximately 18 inches for several days so that GBRA hydroelectric crews could perform maintenance.

• The certified public accounting firm of Thompson, Williams, Biediger, Kastor & Young, L.C., of San Antonio thoroughly reviewed a variety of policy, management and fiscal processes at GBRA and found the organization had "no management process control deficiencies." From the period of April 23 through June 5, 2012, the firm conducted its audit as mandated by the Texas Commission on Environmental Quality.

• On April 13, GBRA released a "request for qualifications (RFQ)" inviting engineering firms to submit qualifications for preparing a feasibility study for the new regional water supply and power generation project.

 The GBRA's Coleto Creek Park and the Texas Parks and Wildlife Department's 19th Annual Coleto Creek Kids Fishing Tournament was held at Coleto Creek Park and Reservoir. Open

to all youth between ages 2 and 16, the event aims to help them discover the joys of fishing and develop an appreciation of lakes, rivers and the wildlife around them.

May 2012

• The Honorable Arlene N. Marshall, GBRA director for Calhoun County and former Calhoun County judge, died May 21 at the age of 71. Marshall had been appointed to GBRA's Board of Directors in January 2008 by Gov. Rick Perry. During her tenure on the board, Marshall was elected and served as Secretary/Treasurer of the board beginning Dec. 15, 2010, and was re-elected to that position for the 2012 calendar year.

• GBRA officials awarded five \$2,000 academic scholarships to five area students within the Authority's 10-county district. The scholarships, presented annually, are part of GBRA's Employee Volunteer Program. Recipients included Ana Laura Gonzales and Haley Imhoff, both from Seguin High School in Guadalupe County, Christopher Sestak from Navarro High School in Guadalupe County, Matthew Clark from Canyon Lake High School in Comal County, and Marshal Hanzel from San Marcos High School in Hays County.

June 2012

 About 135 paddlers and kayakers hopped in the waters of the San Marcos River near the former Aquarena Springs Center on June 9 for the start of the 50th Texas Water Safari – the "world's toughest canoe race." At the conclusion of the race in Seadrift, 94 of the original 135 entrants crossed the finish line.

• To commemorate the 10-year anniversary of the flood event and creation of the Canyon Lake Gorge, the Gorge Preservation Society (GPS), GBRA and the U.S. Army Corps of Engineers, hosted a "media day" and "VIP celebration." The June 27 "media day" provided

members of the media an opportunity to tour, photograph and videotape the gorge first hand. Two days later, more than 60 local officials and gorge enthusiasts met on the Canyon Lake Spillway and at the Tye Preston Memorial Library to recognize the people and share memories of the event. Comal County Judge Sherman Krause also offered a proclamation from the county.

July 2012

 Officials of the GBRA Port Lavaca Water Treatment Plant temporarily substituted chlorine as the disinfecting agent in the drinking water treatment process in place of its regularly used chlorine/ammonia compound. The TCEQ recommends the substitution procedure on a periodic basis in order to provide more stability to the disinfecting process and to remove any excess ammonia that might accumulate in the distribution systems over time.



August 2012

GBRA Scholarship Recipients

Photo by Tammy Beutna

• GBRA officials modified a designated "no-wake" speed area on Lake Dunlap to a "no-wake" area in a tree stump field designated by buoys. The modification was made through cooperation with representative of the Preserve Lake Dunlap Association, including a number of past presidents and other who have worked with GBRA historically, in an effort to maximize the recreational area of Lake Dunlap while maintaining safe conditions and a balance for all the various types of lake usages.

Outdoor Texas - Making Memories

One of the park hosts interviewed for our stories about majestic parks in Texas reveals that his wife once wanted to try out a "new" park. He told her to find one she liked and they would go there. After all, the ease of packing up quickly to see new places is a perk of living in a house with wheels.

Her search brought them full circle, right back to the same park. Why? "This is home," he says.

One of the main reasons people feel comforted by and affectionate toward their homes on wheels is not the home itself, but the people they find along the way — other campers and park staff. Every park featured in this report is different in size, recreational activities, camping amenities and proximity to fun and interesting non-camping activities. But almost every camp visitor interviewed said one of their favorite things about "their" park is the people they see each year. They cherish these friendships.

Part of this is a result of being on vacation 24-7, which encourages a relaxed state of mind. But the closeness of nature in a park setting erodes barriers. The public puts up privacy fences and plants hedges and trees to separate themselves from strangers or traffic. People drive to and from work in cars, park in enclosed garages and spend evenings behind the walls of their homes.

In the parks, the barriers are rocks, water and stands of trees or brush. People sleep in cabins, tents and RVs, and then they go outside to enjoy nature and other people. They can row, swim, hike or bike to get away from human beings, but in the end, nature brings people back together. Whether hiking or fishing together, or sitting around a campfire, or moving a neighbor's camp in the face of rising floodwaters, or attending a butterfly festival, living in nature's house unites us. Enjoy these peeks into nature's house — with or without an RV.

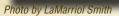
Strace D. Kurde

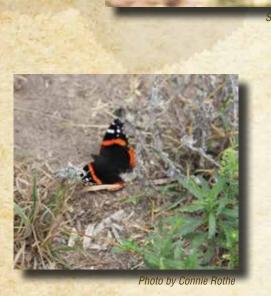
Grace G. Kunde Chair, Board of Directors

March 14

W. E. "Bill" West, Jr. General Manager

Vignettes Written by Barbara Elmore









Photos by Connie Ro





Guadalupe River State Park

Highlights: The Guadalupe River

Less than an hour's drive from San Antonio, the 2,000 acres of Guadalupe River State Park is the anti-frantic alternative to interstate highways. Life here is busy, but in a rugged sense, with the flowing Guadalupe River in place of flowing traffic. "The river is a magical place," says Scott Taylor, park superintendent. Where the river has cut its way through, 40-foot bluffs are exposed on the opposite side of the day-use area of the park.

This slice of Hill Country became more magical in September, when the state added 640 acres, including five more miles of trails. They call the new section the Bauer Unit, and the land is untouched except for trails, giving visitors the chance to experience nature in the raw.

The nearness to San Antonio offered Tom and Carole Anderson, both teachers, the chance to spend family time camping with their three sons. "If there were quick changes in the weather, we were not far from home," says Tom. About 15 years ago, he began volunteering for the park and is president of the Friends of the Guadalupe River/Honey Creek State Natural Area. His group plans events to benefit the park. An annual Halloween party has attracted between 1,100 and 1,200 local residents in recent years. A butterfly festival brought in nearly 300 visitors.

Campsites offer several choices, from nine walk-in spots to 37 with water only and 48 with water and electricity. The latter are the most popular, says Taylor, because campers can use their RVs. The sites are multi-use.

Visitors can also take organized wildlife tours. Park employees are responsible for the adjacent Honey Creek State Natural Area, where Friends volunteers lead Saturday morning tours. Activities are free with \$7 admission for anyone 13 and older.

Guadalupe River State Park 350 Park Road 31 Spring Branch

Camping: Yes

Reservations: Recommended

Fees: \$14-\$20 nightly plus daily entrance fee (\$7); weekly rates available

WiFi: Yes, in some areas

Water-electricity

Coleto Creek Park

Highlights: Squeaky clean and great fishing

When Coleto Creek Park opened three decades ago, Helen Meyer of Refugio and her sister brought their children there to celebrate birthdays. When Helen and Sonny Meyer retired and sold their home, they decided to try full-time RV life. Now in their third RV, they are still living in parks and relishing the culture.

For six months each year from right after Labor Day to April 15, you can find the Meyers here. Sometimes they visit Victoria, a 10-minute drive, to eat. They return to Refugio, 38 miles away, to get mail. But for 31 years, they have not missed a trip to Coleto Creek.

As park pioneers, they saw few fellow campers at first. "We have been here when there were only three trailers," says Helen. Now 250,000 people visit annually to camp, fish, swim and hike. The Meyers have learned to reserve their spot a year in advance. Their favorite activities over the years have been fishing, reuniting with old friends, and enjoying the services of the park rangers or park hosts when they need help.

The Meyers are not alone in their affection for the park. In 2010, readers of the Victoria Advocate gave the park a "best lake" nod in a survey. Chief Ranger Wilfred Korth credits the park's grooming and blue waters for its popularity. "We strive to maintain it and people consistently say we are the cleanest park they come to," he says. The chief ranger has also won the Texas Travel Industry Association's award for Outstanding Achievement in Nature Tourism.

Coleto Creek Park 365 Coleto Park Road Victoria

Camping: Yes

Reservations: Yes, up to one year in advance

Fees: Primitive camping, \$23 per vehicle (eight people maximum); RVs, \$29 to \$35 nightly; rental RVs, \$105 nightly; camping cabins, \$65-\$85 nightly

WiFi: Yes Water-electricity; dump station





Photo by Janet Thom



Photos by Connie Rothe









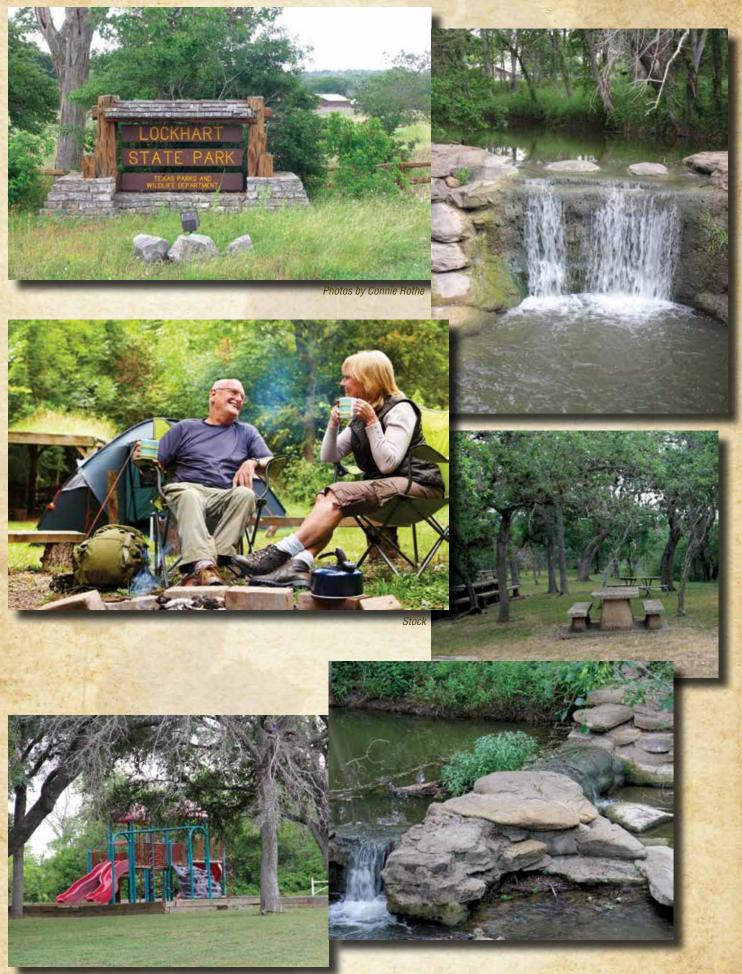
Photo by Connie Roth







15



Lockhart State Park

Highlights: The only state-maintained golf course in Texas

When a flash flood swelled Clear Fork Creek in Lockhart State Park some time back, John and Kathy Danner were prepared to move. Some campers had already relocated because of the fivehour downpour.

The Danners, Michigan residents who have been hosts at the park for three years, stayed put. But they did help with the cleanup and will have memories of the flash flood for years to come.

Unlike many park hosts who are year-round RV inhabitants, the Danners maintain a lake home in Michigan. They enjoy returning to Lockhart each winter because of its small size, its location near major cities, and because of their roles. John mows the golf course and plays five or six times a week. "That's part of the benefit of volunteering -- you get your golf free." Kathy works with the park's school programs.

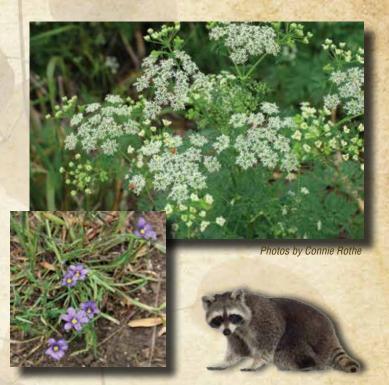
In addition to the nine-hole golf course, Lockhart State Park has a swimming pool, three miles of hiking trails, and a recreational hall overlooking town, says J Hess, park superintendent. "Visitors come to camp and play golf, and we are also accessible to other places in Texas because of our location."

The Danners found Lockhart to be a good fit. "We are not into the big parks where you have hundreds of campers," says John. "The park is quiet and very close to town -- it's not remote." Austin, with a major airport, is 40 minutes away. San Antonio is an hour's drive.

As for the flood, the creek dropped quickly, leaving only memories, says John. "It was my first time to see a true flash flood."

Lockhart State Park 4179 State Park Road Lockhart

Camping: Yes Fee: \$18 to \$21 nightly, plus \$3 park entry fee Reservations: Recommended WiFi: No Water, electricity, sewer











Lions-Shelly Park

Highlights: Bottomland forests flush with migrant birds

Green Kingfishers live in Texas year-round, but if you want to narrow down the viewing area a bit, visit this pretty little park on the banks of the Mission River. Because of its forests, it's a main stop on the Great Texas Coastal Birding Trail. Refugio Chamber of Commerce clerk Aggie Hurst says the kingfisher lives at the park and "sometimes you can see him."

Seen less often (and maybe just a legend) is an alligator that may or may not make its home in a park pond.

Although Lions-Shelly Park is for day use only, the adjacent Jeter RV Park, with 14 camping spaces, hosts overnight visitors when they can find a camping spot.

The park enchants people because of its natural beauty. "It's secluded and quiet, and people like that," says Kevin Shreckengost, park superintendent. Lions-Shelly also features a complete bathroom where people can shower. Visitors return annually, he says.

That's likely because the park offers something for everyone, adds longtime resident Hurst. "There are trails that go down by the river. Kids go down there and fish when the river has water." A Boy Scout troop helped build a bird-watching deck, which has benches all the way around it, she adds. Pecan trees fill the park. A large, open-air pavilion offers a spot for family reunions and other parties. There are basketball hoops and a playground for children.

And there's still the matter of that alligator. Does she believe it's there? "I've been told one lives there, but I've never seen it," Hurst said.

Lions-Shelly Park 301 W. Empresario St. Refugio

Camping: Yes, at Jeter RV Park, adjacent Reservations: No Fees: \$35 per night/\$200 per week/\$450 per month WiFi: No Water-electricity-sewer





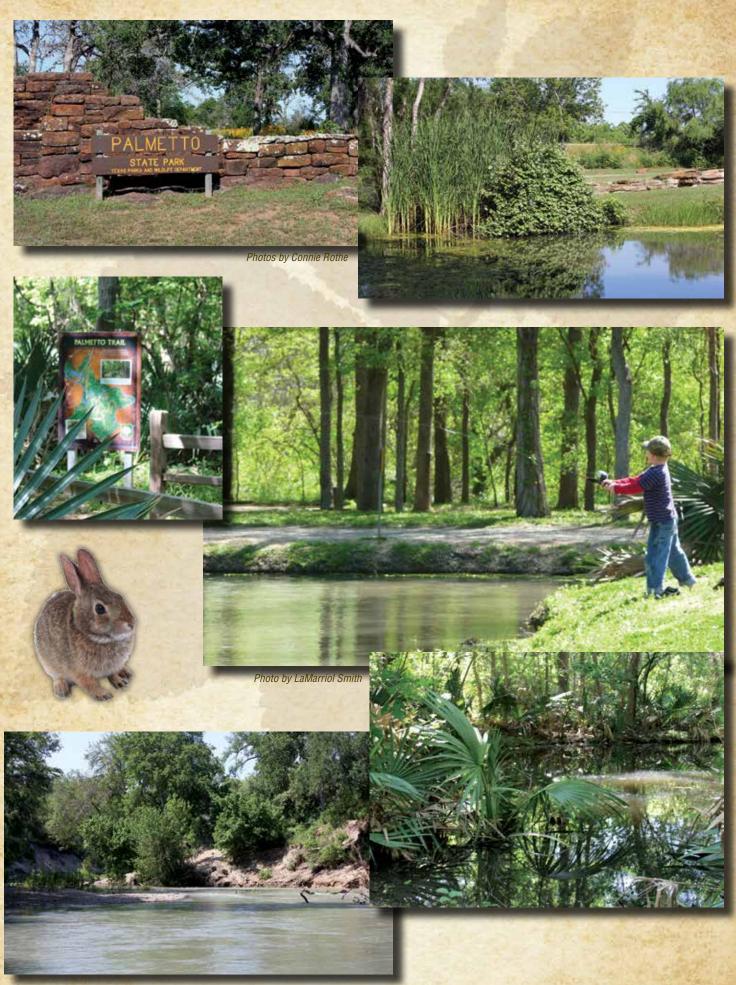


















Palmetto State Park

Highlights: Sea of purple wild iris and spiderwort in early spring

Children who arrive here each June for the Wild Outdoor Adventure and Ecology Program are doing what children do naturally. Meanwhile, they are also helping pay for future park cabins.

Two summers of the action-packed day camps, run by Friends of Palmetto, have built one sleeping cabin, says Park Superintendent Todd Imboden. The camps offer a bonus for families who want to spend vacation time together. While the children take archery lessons and learn about reptiles, adults watch birds, fish, swim in the San Marcos River, hike on the five miles of trails, or head off in a canoe.

The new cabin, one of five planned, sleeps six and features a heater and air-conditioner, microwave oven, refrigerator and a wraparound porch.

Named for the dwarf palmettos (Sabal minor) that populate watery areas, the lush state park opened in 1936 thanks to construction by the Civilian Conservation Corps. The 19 RV hookups and 18 tent sites stay constantly occupied, Imboden says.

Checking in visitors might be "Park Host George," whose full name is George Page, or his wife Janis. The Pages are fifth wheelers who stay in Palmetto each August to December. As hosts, they offer 25 hours of work each week in exchange for a campsite. While there they might help build a bridge or a canoe rack, mow the grass, empty the grills and pick up trash.

For people who enjoy camp life, Palmetto offers a rich experience. "The grandkids can visit and ride their bikes," Page says. With a fun staff and no set hours, it's a dream job.

Palmetto State Park 78 Park Road 11 Gonzales

Camping: Yes Reservations: Yes Call for fees: 830-672-3266 WiFi: No Water-electricity-sewer

Matagorda Osland Wildlife Management Area

Highlights: Matagorda Lighthouse

Matagorda Island WMA shimmers amidst briny water like an mirage: People want to visit because it's remote. Because it's remote, few people go.

This was not always so. When it was Matagorda Island State Park, a state-operated ferry named the McBride carried passengers to the island. There, workers shuttled visitors inland, says Matt Nelson, project leader for the Central Coast Wetlands Ecosystem Project.

An electrical fire disabled the McBride in 2003, and the 38-milelong barrier island, which ranges from a half-mile to 4 miles wide, became a wildlife management area with no budget and no employees, in 2005. The only way to get there now is by private boat. Once on dry land, visitors are on their own and rely on walking or bicycling to get around.

Still, the ambience attracts campers to the 12 primitive shelters on the island's bay side, says Pam Yeamans, administrative assistant in Nelson's office. Campers must plan well, as they will not find restrooms, electricity or water. The campsites are not crowded, she adds. "Sometimes a Boy Scout troop uses them."

Visitors who want to see the Matagorda Lighthouse, a cast iron, 92-foot-tall beacon which holds a spot on the National Register of Historic Places, should plan on walking or pedaling three miles.

Island wildlife includes deer, hogs, rabbits and birds, says Yeamans, who visits the island occasionally. "Shelling is good," she adds. "And it is quiet and peaceful."

To locate transportation, contact the Port O'Connor Chamber of Commerce at 361-983-2898, or visit its website, www. portoconnorchamber.org. The chamber maintains a list of guides who ferry visitors for a fee.

Matagorda Island Wildlife Management Area Between Espirito Santo Bay and Gulf of Mexico

Camping: Primitive Reservations: No Fees: Limited Public Use Permit (\$12) Camp free on Sunday Beach WiFi: No



Photos by Connie Rothe









Photos by Connie Rothe





Photos by Connie Rothe





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notos by LaMarriol Smith





Canyon Lake Corps of Engineers Park

Highlights: Canyon Lake Gorge

If painted arrows point you to your destination, thank a park host. If your children have taught you about water safety after attending a Canyon Lake program, thank a park host -- maybe Ron Gable, because working with children is his favorite activity.

This deer-packed park is halfway between Austin and San Antonio. Because of its location and features, it attracts people from all over the world, says Park Ranger Samuel Price.

One of the features visitors often enjoy is a hike through the nearby Canyon Lake Gorge. It was formed in July 2002 when floodwaters flowed from Canyon Reservoir over the spillway at 67,000 cubic feet per second. Unearthed in the gorge were 110-million-year-old dinosaur tracks, millions of fossils, geologic formations and beautiful lagoons and waterfalls.

Ron Gable and his wife Rose have been living in the park in their RV for two years. They helped open the new Crane's Mill Park, where they are staying now. They also have been gate attendants when their help was needed. For the most part, however, they enjoy the park host role the most.

The Gables enjoy their relationships with other campers and with the Corps. And the clear waters of the park make for good boating and fishing, Ron adds. You can find the couple in the park on weekends, but in the middle of the week, they might take overnight jaunts.

Canyon Lake Core of Engineers Park 601 C.O.E. Rd. Canyon Lake

Camping: Yes. Four parks for public; two parks for military only

Reservations: Yes. Call 877-444-6777

Fees for Potter's Creek and Crane's Mill (RV hookups available): \$24 per night for single RV; \$40 per night for screened-in shelter; \$18 per night for tent

Fees for tent camping in Canyon and North: \$12 per night WiFi: No

Water, electricity, dump stations





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Texas

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President Geffrey R. Ener

Executive Director



December 19, 2012

The Honorable Grace G. Kunde, Chair and Members of the Board of Directors

Dear Chair Kunde and Directors,

The Comprehensive Annual Financial Report (CAFR) of the Guadalupe-Blanco River Authority (GBRA) for the fiscal year ended August 31, 2012, 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. One of the principal foundations of GBRA's financial recording and reporting system is a framework of internal controls designed to better assure the appropriate use of all GBRA assets and the timely recording of the essence of each financial transaction. As a result of these controls, it is GBRA's belief that 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 also been included.

One of the important components of the CAFR is the Management Discussion and Analysis (MD&A) report included immediately following the Independent Auditor's Report. The MD&A provides an overview or executive summary of sorts for the information contained in the CAFR. As such, it is an easily readable, easily understandable source of information related to GBRA's financial activities for fiscal year 2012 and furthermore, this data is presented in comparison to the two previous years. GBRA encourages all users of this CAFR to read the information contained in the MD&A.

PROFILE OF THE GUADALUPE-BLANCO RIVER AUTHORITY

The Texas Legislature created GBRA in 1935 as a political subdivision of the State of Texas with the mandate to develop, conserve and protect the water resources of the Guadalupe River Basin and to make those waters available for beneficial use. While there have been many milestones during GBRA's almost eighty years of existence, perhaps none are more important that working with the U.S. Army Corps of Engineers in the creation of Canyon Reservoir during the 1950's and 1960's. GBRA now holds a permit to 90,000 acre-feet of water per year from Canyon Reservoir for use within the river basin. GBRA's permit to this water further facilitates other operations such as hydroelectric generation; water and wastewater treatment; treated water distribution; municipal, industrial and agricultural raw water supply; laboratory analyses; 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 capable of producing 16 megawatts. All electricity produced by the division is delivered to the Guadalupe Valley Electric Cooperative for consumption principally within the river basin. 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. The most recent wastewater treatment plant operation to be added to the Rural Utilities Division is the Sunfield Municipal Utility District's (MUD) Wastewater Treatment Plant. GBRA began operating the plant in Fiscal Year 2009 utilizing personnel from the nearby City of Buda and Shadow Creek wastewater plants that are also operated by GBRA. GBRA's operation of these three plants using the same personnel provides a cost effective means for both the City and MUDs to safely and properly meet their wastewater treatment needs.

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, industries 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, the Western Canyon Water Treatment Plant, and the relatively new treated water delivery and wastewater treatment systems in Comal County for the Comal Trace, Johnson Ranch, and Cordillera real estate developments.

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, which commenced operation in 1969, receives raw water from the Guadalupe River delivered through 20 miles of canals. GBRA 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* began in 1974 and currently operates and maintains a treated water distribution system to supply approximately 1,338 homes and businesses located throughout most of the unincorporated areas of Calhoun County.

The *Coleto Creek Division* operates and maintains the Coleto Creek Reservoir located thirteen miles southwest of Victoria just off State Highway 59. The reservoir, which was completed and filled in 1981, serves as a cooling pond for a coal-fired electric generating plant owned by Coleto Creek Power, LP. 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 and the City of Lockhart 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 that became fully operational in February 1999. On October 1, 2000, the Lockhart Division was expanded further when GBRA assumed operation of the City's water well system and water treatment plant.

ECONOMIC CONDITION AND OUTLOOK

The Texas Economy. According to the Texas Comptroller of Public Accounts, the Texas State economy represents one of the world's largest economies outpacing most countries around the globe. Data collected by the Comptroller's office collects reveals that job growth, sales tax collections, and new vehicle sales are all signaling the fact that Texas has emerged from the recession and embarked on a renewed growth path better than most other states. In fact unlike most states, Texas has regained over 100% of the jobs lost during the recession while nationally, only 48% of the "recession lost" jobs have been recovered. There are a number of factors which allowed Texas to dodge many of the recession's worst consequences. Historically these factors included large natural resource deposits and plentiful land used for cattle ranching and farming. Today however, the State boasts a growing diversity of business opportunities with substantial growth in the transportation, computer, semiconductor and telecommunication industries. These are further aided by the ocean going import-export trade via four large Texas seaports, a large trading partner just across the Rio Grande international border, a banking sector better capitalized than most of the remainder of the nation, and a housing market which had not inflated to unsustainable "bubble" levels prior to the recession. Furthermore, the Federal Reserve Bank (FED) of Dallas believes at least 35% of the State's employment is in "basic or exportable" industries that provides out-of-state revenue and a stimulation of growth. One additional factor that the President of the Dallas FED notes that is beneficial to the Texas economic story is the business attitude of the State which encourages firms to invest.

One unfortunate aspect of the Texas economic story continues to be the exceptional drought which for all practical purposes covers the western two-thirds of the State. Conversation storage in the State's water supply reservoirs has dropped precipitously over the last three years. Several reservoirs, principally in West Texas, have less than 5% of capacity remaining behind the dam. This has caused agricultural losses which when coupled with losses in agricultural support industries are in the billions of dollars. While water rationing and conservation has allowed most residents, municipalities, and industries to cope with the drought, significant rain and perhaps a new round of State water projects will be required to allow the State to recover and mitigate the effects of future droughts.

The Local Economy. GBRA's service area is geographically part of south central Texas. It stretches from the Texas 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, tourism, seawater ports, and heavy industry. This diversity allows the local economy to be among the State's growth leaders and outpace the national economy. 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 three counties in the Alamo Region, two in the Capital Region, with the remaining five counties being in the Coastal Bend Region.

The northern region of the GBRA district is sandwiched between the Austin and San Antonio MSAs. This location and the vibrant economies of these two cities have correspondingly elevated the economy of the northern Guadalupe River Basin over the last several decades. Noted Baylor University economist Dr. Ray Perryman, states in his July Financial Newsletter that the Austin MSA is forecasted to

have a 3.55% real gross product increase over the next three decades while the San Antonio MSA is likely to see a 3.28% growth rate. In fact, both of these cities are ranked in the top twenty nationally when judged on job growth and this will obviously float the economic possibilities of the surrounding areas of the GBRA district along with them. Another noteworthy growth factor for the local economy has been the oil and gas exploration boom related to the Eagle Ford Shale discovery. This formation stretches across 23 Texas counties and two of those counties are located in the middle stretch of the GBRA district. The economic impacts of this discovery and the corresponding well drilling and servicing activity cannot be understated. Millions of dollars of new economic activity related to the Eagle Ford Play is flowing through the communities located within Gonzales and DeWitt Counties of the GBRA district. The economic ripple effects can be seen in new housing, new hotel/motel construction, expanding automobile dealerships, and growth in agricultural related business to name a few. GBRA's role in assisting the area's economy and population growth is to continue providing high quality water and wastewater treatment while also seeking future water supplies in order to better assure the district's future economic vitality.

MAJOR INITIATIVES

For the Year. GBRA's major initiative for Fiscal Year 2012 was the provision of adequate water resources for the Guadalupe River Basin along with the planning necessary for additional, future supplies of water. This initiative was evident in GBRA's work with committees and stakeholder groups established by the Texas Legislature related to instream surface water flows, fresh water flows for bays and estuaries, the future desired conditions for Texas groundwater aquifers, and the proper regulation of the Edwards Aquifer. Because of the Guadalupe River's dependency upon water emanating from the Edwards Aquifer's Comal and San Marcos springs, GBRA helped to establish and participated in the development of a Recovery Implementation Plan for the aquifer. A major milestone was recently reached by GBRA, a local stakeholder group, and the Edwards Aquifer Authority when a formal Habitat Conservation Plan (HCP) was adopted and sent to the United States Fish and Wildlife (USFWS) for their review and adoption. With the hoped for adoption of the HCP by the USFWS, it should end decades of contentiousness over the use of the Edwards Aquifer and establish a more equitable use regime, particularly during times of drought. Another major water and environmental related study project that GBRA participated in during the year was the Senate Bill 3 – Bays and Basin Area Stakeholder Group. The principal focus of this stakeholder effort was the determination of the range of water volumes in the Guadalupe River Basin that are necessary under various seasonal and other events to support environmental needs. This stakeholder group also recently completed its work and submitted a report to the Texas Commission on Environmental Quality. The TCEQ subsequently approved the stakeholder groups "flow" recommendations along with amendments suggested by GBRA. While GBRA continued to protect the existing Guadalupe River Basin water supplies during 2012, it was also planning the development of future supplies. Throughout Fiscal Year 2012, GBRA's staff and consultants were actively exploring future water supply projects including both groundwater and surface water sources. GBRA's principle effort on this front included the issuance of \$4.4M in new bonds to fund a feasibility study related to the conjunctive use of Guadalupe River surface water and groundwater in the Gonzales County stretch of the river.

Still another major initiative that GBRA participated in during Fiscal Year 2012 was a whooping crane endangered species lawsuit filed against the Texas Commission on Environmental Quality (TCEQ) by a group of parties located along the Texas Gulf Coast. The suit alleges that the TCEQ has mismanaged the water in the Guadalupe and San Antonio River basins during drought conditions to the detriment of the endangered whooping cranes. Since many of GBRA's water rights might be affected by this suit, GBRA sought and was granted intervention into the suit on the side of the TCEQ. The case went to trial in the Corpus Christi Federal Court in December 2012. Although the judge has not rendered her opinion yet, GBRA's belief is that the Plaintiff's case is without merit since the current whooping crane flock numbers are at a level higher than at any time since recovery efforts began.

A list of significant initiatives for Fiscal Year 2012 also must include GBRA's continuing support for three tax-exempt organizations which it helped to create and which work side-by-side with GBRA in

the protection of the Guadalupe River Basin's natural resources. These organizations include the Guadalupe Blanco River Trust, San Antonio Bay Foundation, and the Gorge Preservation Society. GBRA's financial and staff support of these organizations allows each of them to work with volunteers, interested landowners, and other conservation minded organizations to recognize and protect many of the unique natural attributes of the Basin.

From an operational perspective, in many respects Fiscal Year 2012 was reasonably routine. No major storms impacted the Texas Gulf Coast and no major floods occurred in the Guadalupe River Basin. The absence of any emergency conditions resulted in minimal overtime and call out hours and the completion of numerous maintenance and repair projects. However, Fiscal Year 2012 was not a normal year from a rainfall perspective. The Guadalupe River Basin as well as most of Texas suffered through a continuing drought. Operationally, the lack of rainfall significantly decreased GBRA's hydroelectric energy generation to approximately one-half of the long term annual average. The drought also resulted in Canyon Reservoir declining from a "full pond" at 909 feet mean sea level (msl) down to approximately 900 msl at fiscal year-end. If the drought persists another year, more stringent conservation measures may become necessary to stretch the remaining water until the drought subsides.

For the Future. As touched on above, GBRA's 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 (SB1). 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. While the new water plan has been completed and approved by the Texas Water Development Board, the regional planning groups continue to update projected future water demands and the water supply projects that are anticipated to meet those demands. The plan includes several major water supply projects within the Guadalupe River Basin that will require GBRA's future participation.

While much of GBRA's water supply planning has traditionally focused on developing additional surface water supplies within the Guadalupe River Basin, GBRA's focus in recent years has been on committing existing surface water supplies that are currently not fully utilized. Consistent with this focus, GBRA has worked with a number of entities and potential water customers to determine how GBRA's run-of-river water rights located near the mouth of the river may be beneficially used. GBRA has also begun to look at other possible water supply alternatives including the use of groundwater. Principal among these possibilities is the development of groundwater from the Simsboro Aquifer which lies north and east of GBRA's district and the development of Carrizo Aquifer water in the Gonzales County area of GBRA's district. It is incumbent on both GBRA and the SB1 regional water planning group to continue to study and ultimately implement various water supply projects in order to meet the water demands of the rapidly growing Guadalupe River Basin.

In addition to the effort focused on future water supply alternatives, 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 Basin to educate them on water conservation efforts. GBRA also worked closely with the Edwards Aquifer Authority, Guadalupe Basin Coalition, and the Edwards Aquifer Recovery Implementation Group 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 appropriate management of the aquifer will require ongoing efforts by GBRA to insure the protection of the Comal and San Marcos Springs. On the federal level, GBRA will continue to participate with the Texas Water Conservation Association and the National Water Resource Association in efforts to further Texas's federal initiatives to obtain funding for water projects in the State.

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 on pages 40 through 44, GBRA continues to meet its responsibility for sound financial management. GBRA recommends readers 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.

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 nor any legal requirement to include comparative budget to actual expenditure statements in this report. Nevertheless, the GBRA staff diligently prepares the Annual Work Plan and Budget to assure projects are prioritized and the use of funds is effective and efficient.

GBRA's financial policies and the resulting rates and financial structure provide support to the management and decision making of the organization. Since GBRA is not a taxing district, it must rely solely upon the service rates that are adopted and the customer revenue that is generated to support GBRA's projects and operations. One strategy that GBRA has adopted through the years to mitigate the volatility of its revenue stream is to diversify operations. One group of operations are "rate-based" and these operations are structured in such a way that financial gains and losses may result. A second group of operations are "contract-based" and these operations are structured to yield an exact cost of service to customers with no corresponding financial gain or loss to GBRA. This strategy has allowed GBRA to expand its operations through the years, meet its legislative mandate of providing water and wastewater services, minimize financial risk, while still accumulating the financial reserves important to any viable organization. Another rate strategy that GBRA has employed is the requirement of a debt coverage factor on all bond issues that are of a regional, multi-customer nature. This coverage factor has allowed GBRA to expand its financial reserves and position the organization to assimilate the monetary impacts of natural disasters, unscheduled repair projects, and customer defaults while also providing funds for new project start up. These strategies have been particularly useful this past year in dealing with the effects of the drought, ongoing whooping crane lawsuit, and studies to determine the most appropriate new water supply project.

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 Thompson, Williams, Biediger, Kastor & Young, LC was selected by the Board for the 2012 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, the county clerk of each county within the GBRA district as well as many other information repositories located throughout the State.

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, 2011. 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 38 consecutive fiscal years (1973-2011). We believe our current report continues to conform to the Certificate of Achievement program requirements.

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

Independent Auditor's Report



4801 N.W. LOOP 410, SUITE 725 SAN ANTONIO, TEXAS 78229 210/341-2581 FAX 210/341-2588 cpas@twbky.com Thompson, Williams, Biediger, Kastor & Young, L.C.

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Independent Auditor's Report

To the Board of Directors Guadalupe-Blanco River Authority

We have audited the accompanying financial statements of Guadalupe-Blanco River Authority, as of and for the years ended August 31, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of Guadalupe-Blanco River Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Guadalupe-Blanco River Authority, as of August 31, 2012 and 2011, and the respective changes in financial position and cash flows thereof for the years 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 December 19, 2012 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 grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress on pages 40 through 44 and page 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements. We do not express an opinion or provide any assurance on the information provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Guadalupe-Blanco River Authority's financial statements as a whole. The introductory section, other supplemental schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The other supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the durity statements as a whole. The introductory and statistical statements, and accordingly, we do not express an opinion or provide any assurance on them.

Ihmpan Williams Dudger. Nastra Unug. L.C.

Certified Public Accountants

San Antonio, Texas

December 19, 2012

Management Discussion and Analysis

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 implemented the provisions of the Government Accounting Standards Board Statement Number 34 (GASB 34) in 2002 and as such, the MD&A that follows presents a comparison of each of the last three years.

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 are utilized.
- > **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 Years 2012, 2011 and 2010 respectively, assets exceeded liabilities by \$67,164,118; \$65,091,678; and \$64,900,534. During this period, Net Assets have increased \$2,263,584 which indicates a continued improvement in GBRA's financial position. A significant reason for this increase in Net Assets is the underlying \$6,492,589 increase in Unrestricted Current Assets during the same period. Included within this Unrestricted Current Assets amount is an increase in Cash, Cash Equivalents and Unrestricted Investments of \$4,498,114 due to positive cash flows from operations. Another notable account change is

the \$2,003,899 increase in Restricted Current Assets due to the receipt of proceeds of a new bond issue sold during the year the funds of which have not been expended as of year-end. A third significant account change is a \$4,973,484 decrease in Long-Term Capital Assets. This reduction is principally the result of terminating the Victoria Regional Wastewater Reclamation Division at the end of its forty year contract period and the return of the operation to the City of Victoria. The following table presents a Condensed Balance Sheet for August 31, 2012, 2011 and 2010:

CONDENSED BALANCE SHEET			
AUGUST 31, 2012, 2010, AND 2010			
ASSETS	2012	2011	2010
Current Assets			
Unrestricted Assets	\$ 15,917,835	\$ 10,943,736	\$ 9,425,246
Restricted Assets	10,689,823	6,677,557	8,685,924
Long-Term Assets			
Restricted Assets	3,432,878	3,519,141	3,025,803
Capital Assets	181,598,659	185,435,861	186,572,14
Other Assets	 14,653,443	 16,370,113	 16,331,59
Total Assets	\$ 226,292,638	\$ 222,946,408	\$ 224,040,71
LIABILITIES AND NET ASSETS			
Current Liabilities			
Payable from Current Assets	\$ 3,991,739	\$ 4,269,626	\$ 4,119,10
Payable from Restricted Assets	7,432,846	7,011,225	7,267,56
Long-Term Liabilities			
Bonds and Loans Payable	139,328,530	138,750,165	137,691,43
Advances for Operations	589,733	489,947	514,03
Deferred Income	 7,785,672	 7,333,767	 9,548,04
Total Liabilites	159,128,520	157,854,730	159,140,17
NET ASSETS			
Investments in Capital Assets Net of Related Debt	\$ 35,853,611	\$ 40,790,810	\$ 43,235,43
Restricted for Construction	1,017,064	527,138	1,160,35
Restricted for Debt Service	1,163,979	3,688,262	4,238,09
Restricted for Insurance	3,814,269	1,171,147	1,122,87
Unrestricted	25,315,195	 18,914,321	15,143,77
Total Net Assets	67,164,118	65,091,678	64,900,53
Total Liabilites and Net Assets	\$ 226,292,638	\$ 222,946,408	\$ 224,040,71

The Net Assets amount in the above statement is subdivided into an Unrestricted Net Asset amount, three Restricted Net Assets amounts, and a final amount described as Investments in Capital Assets Net of Related Debt. This latter subdivision of Net Assets declined over the statement period due to the aforementioned loss of the Victoria Wastewater Division, The three restricted Net Asset subcomponents include reserves for future expansions, debt service payments, and insurance reservations. These reserve accounts are explained in more detail in Footnotes A and G.

The following table presents a Condensed Statement of Revenues, Expenses and Changes in Net Assets for August 31, 2012, 2011 and 2010:

GUADALUPE-BLANCO RIVER AUTHORITY			
COMBINED STATEMENT OF REVENUES, EXPENSES	, AND CHANG	ES IN NET ASSETS	
FISCAL YEARS ENDED AUGUST 31, 2012, AUGUST 3	31, 2011, AND	AUGUST 31, 2010	
REVENUE	2012	2011	2010
Program Revenues			
General Operating	\$ 2,436,582	\$ 2,399,699	\$ 2,424,228
Recreation and Land Use	1,850,043	1,530,967	1,488,608
Hydroelectric Generation	4,066,405	4,286,489	4,112,320
Water Treatment & Distribution	35,010,758	33,537,536	32,476,705
Waste Water Treatment	3,703,918	4,294,646	6,384,223
Interfund Eliminations	(2,431,049)	(2,399,623)	(2,368,385)
Total Revenues	44,636,657	43,649,714	44,517,699
EXPENSES			
Program Expenses			
General Operating	2,069,049	2,057,017	2,204,192
Recreation and Land Use	1,782,927	1,552,674	1,584,768
Hydro electric Generation	3,787,974	3,832,811	3,696,431
Water Treatment & Distribution	23,617,188	23,670,202	22,488,464
Waste Water Treatment	3,783,035	4,491,665	6,169,499
Interfund Eliminations	(2,431,049)	(2,399,623)	(2,368,385)
Total Expenses	32,609,124	33,204,746	33,774,969
NON OPERATING REVENUES (EXPENSES)			
Grant Income	563,047	549,534	430,424
Investment Income	146,506	288,242	237,079
Gain (Loss) on Disposal of Capital Assets	(122,715)	(1,748,901)	16,790
Interest Expense	(6,684,592)	(6,812,918)	(7,184,205)
Total Non Operating Revenues (Expenses)	(6,097,754)	(7,724,043)	(6,499,912)
Income Before Recognition of Capital Contributions and Deferrals	5,929,779	2,720,925	4,242,818
Capital Contributions	-		414,096
Net Income Before Recognition of Deferrals	5,929,779	2,720,925	4,656,914
Revenue to be Recognized in Future Years	(886,614)	(534,847)	(1,015,402)
Income Before Special Items	5,043,165	2,186,078	3,641,512
SPECIAL ITEM S			
Costs for the Whooping Crane Endangered Species Lawsuit	(2,970,725)	(1,994,934)	(1,195,792)
Change in Net Assets	2,072,440	191,144	2,445,720
Net Assets September 1, 2011 and 2010 and 2009	65,091,678	64,900,534	61,954,814
Restatement of Net Assets			500,000
Net Assets September 1, 2011 and 2010 and 2009	65,091,678	64,900,534	62,454,814
Net Assets August 31, 2012 and 2011 and 2010	\$ 67,164,118	\$ 65,091,678	\$ 64,900,534

As stated above, changes to GBRA's Net Assets is one measure of whether GBRA's financial position is improving or not. The Fiscal Years 2012, 2011, and 2010 increases in Net Assets of \$2,072,440, \$191,144, and \$2,445,720 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 Condensed Statement of Revenues, Expenses and Changes in Net Assets. From these components, one can readily ascertain that the significant reduction in growth of Net Assets during FY 2011 was the expenditures

related to GBRA's involvement in a Whooping Crane endangered species lawsuit. Since this case has serious implications on the management of water rights within the State of Texas, including GBRA's water rights, GBRA's involvement is essential. The case went to trial in December 2011 and as a result, GBRA once again expended a considerable amount of funds on the case in FY 2012 with a total of over \$2.9M spent during the year. However, revenue increases coupled with the reduction in other expense types allowed the Change in Net Assets to recover during FY 2012 to pre-case levels. Furthermore, since the trial court case is over, expenditures for this issue should decline precipitously and the economic impact upon GBRA should be similarly mitigated.

Contributing to the increase in Net Assets was an increase in Program Revenues between FY 2010 and FY 2012 of approximately \$1M, a slight reduction of Program Expenses over the same period of approximately \$1M, and the differential between the two. While various factors caused this result, principal among them was a commitment to increase customer rates and fees where and when necessary, as well as an aggressive plan to control discretionary spending.

GBRA's normal, annual contributions into its Defined Benefit Pension Plan have been in the amounts of \$970,248; \$1,020,832; and \$1,013,649 for Fiscal Years 2010, 2011, and 2012 respectively. Due to declining equity market conditions throughout much of 2008 and 2009 and due to GBRA's adoption of more conservative actuarial assumptions, the Plan's Unfunded Actuarial Accrued Liability (UAAL) increased \$2,303,132 between the January 1, 2008 and 2010 actuarial reports. In order to arrest this increasing UAAL, the GBRA Board of Directors approved supplemental contributions into the Plan of \$4,600,000 over the last four years. Additional supplemental contributions may also be approved in those future years when GBRA's annual financial operating results are favorable.

Capital Asset and Long-Term Debt Activity

As of August 31, 2012, 2011, and 2010 respectively, GBRA's total investment in Long-Term Capital Assets net of depreciation were \$181,598,659, \$185,435,861, and \$186,572,143. These capital assets which are shown in the long-term asset section of GBRA's Balance Sheet are comprised of a number of different types 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 declined by 2.7% or \$4,973,484 during period FY 2010-2012. The principal reason for this asset decrease as previously mentioned was the return of assets to the City of Victoria when the City elected to terminate GBRA's operating contract after 40 years and resume ownership and operation of the associated plants.

GBRA's long-term debt is comprised of outstanding revenue bond issues, bank loans, and a loan from the United States Government related to the construction of Canyon Reservoir. The total revenue bonds outstanding, exclusive of bond discounts and premiums, as of August 31, 2010, 2011, and 2012 respectively were \$132,305,000; \$133,875,000; and \$133,416,000. Between Fiscal Years 2010 and 2012, revenue bonds outstanding increased by \$1,111,000 which represents the annual principal repayment on the existing GBRA bond issues, the defeasance of existing bond issues, and the offsetting new bond issues approximating \$27M. GBRA's long-term loans outstanding as of fiscal year end 2010, 2011, and 2012 respectively amounted to \$10,360,529; \$9,732,455; and \$11,315,248. These varying amounts represent the annual principal repayments of the various loans offset by new bank loans approximating \$2.4M over this period related to the purchase of new equipment.

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 \$2,000 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, 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 generally very good. Most of GBRA's equipment and infrastructure is generally less than 30 years old, with much of it being less than 15 years old, nevertheless this equipment is subject to the ongoing preventive maintenance program. One area of concern is the infrastructure within the Guadalupe Valley Hydroelectric System (GV Hydro). This system is comprised of six low-head hydroelectric dams, power houses and ancillary equipment all of which was originally constructed in the 1920's and 1930's. Due to the age of many of the GV Hydro components and an inadequate amount of funds to fully address all equipment replacement needs, a major emphasis will be required in the next few years to return this System to the level of equipment condition present in GBRA's other operations. An essential first step in this GV Hydro upgrade effort has already been initiated with the completion of a hydroelectric rate study and an agreement on an increased rate with the System's sole customer.

Other Potentially Significant Matters

The GBRA Board of Directors established on October 1, 2012 a rate of \$125 per acre-foot per year for committed, firm raw water. Presently, GBRA contracts with about 100 customers throughout the GBRA district to commit approximately 90,000 acre-feet of firm, raw water. Currently the source of this water is water stored in Canyon Reservoir. The permitted yield of Canyon Reservoir is 90,000 acre-feet per year which means that GBRA has fully committed the Reservoir to customers. Therefore in the future, GBRA must develop new sources of water to supply customers but these new supplies are expected to be considerably more expensive than current supplies. This has the potential to create a difficult transition for GBRA and its customers as higher priced water is financially blended with today's lower priced water.

As previously mentioned, a small group of plaintiffs filed a federal lawsuit in Corpus Christi, Texas against the Texas Commission on Environmental Quality (TCEQ) during 2010. The suit alleges that the TCEQ has mismanaged the water rights in the Guadalupe and San Antonio River Basins and as a result, insufficient freshwater reaches the San Antonio Bay during droughts thereby adversely impacting whooping cranes, which are listed as an endangered species under the Federal Endangered Species Act (Act). The federal judge has allowed GBRA to intervene in the case on the side of the TCEQ to protect its water rights in the Guadalupe River Basin. GBRA does not agree with the plaintiffs allegations nor does GBRA believe plaintiffs can prove the basic cause and effect between freshwater flows and whooping crane health as required by the Act. Therefore, GBRA does not believe this case will diminish its State approved water rights or its financial position however GBRA must await the judge's decision in the case to determine the best path forward.

GUADALUPE-BLANCO RIVER AUTHORITY BALANCE SHEET

SSETS	2012	2011
CURRENT ASSETS	2012	2011
Unrestricted Assets		
Cash and Cash Equivalents	\$ 5,247,350	\$ 3,860,02
Investments-Unrestricted	7,831,014	4,720,22
Interest Receivable		57,19
Accounts Receivable-Operating	. 2,348,334	1,855,4
Other Current Assets	. 431,249	450,87
Total Unrestricted Assets	15,917,835	10,943,73
Restricted Assets		
Cash and Cash Equivalents	., 7,768,710	4,340,29
Investments-Restricted	. 2,868,323	2,297,69
Interest Receivable	. 52,790	39,57
Total Restricted Assets	. 10,689,823	6,677,55
Total Current Assets	. 26,607,658	17,621,29
LONG-TERM ASSETS		
Restricted Assets		
Investments-Restricted	. 3,432,878	3,519,14
Total Restricted Assets	. 3,432,878	3,519,14
Capital Assets		
Land, Water and Storage Rights	. 35,386,830	35,296,77
Dams, Plants and Equipment	. 206,238,251	206,155,31
Construction In Progress	1,601,475	177,22
Less Accumulated Depreciation	. (61,627,897)	(56,193,43
Total Capital Assets	. 181,598,659	185,435,86
Other Assets		
Investments-Unrestricted	. 5,465,795	7,667,5
Long-Term Loans Receivable	. 393,739	190,8
Contract Development Costs (Net of Amortization)	. 23,215	29,5
Debt Issuance Costs (Net of Amortization)	. 2,526,896	2,582,12
Permits and Licenses (Net of Amortization)	. 555,406	583,92
Project Development Costs	1,548,159	648,8
Net Pension Asset	. 4,008,739	4,106,44
Deferred Costs and Expenses	. 131,494	560,90
Defented Costs and Expenses	151,171	,
Total Other Assets		16,370,11
Total Other Assets Total Long-Term Assets	. 14,653,443 . 199,684,980	16,370,1 205,325,1
Total Other Assets	. 14,653,443 . 199,684,980	16,370,1
Total Other Assets Total Long-Term Assets	. 14,653,443 . 199,684,980	16,370,1 205,325,1
Total Other Assets Total Long-Term Assets	. 14,653,443 . 199,684,980	16,370,1 205,325,1
Total Other Assets Total Long-Term Assets Total Assets	. 14,653,443 . 199,684,980	16,370,1 205,325,1
Total Other Assets Total Long-Term Assets Total Assets	. 14,653,443 . 199,684,980	16,370,1 205,325,1
Total Other Assets Total Long-Term Assets Total Assets ABILITIES AND NET ASSETS CURRENT LIABILITIES Payable from Unrestricted Assets	. 14,653,443 . 199,684,980 . \$ 226,292,638	16,370,1 205,325,1 \$ 222,946,40
Total Other Assets Total Long-Term Assets Total Assets ABILITIES AND NET ASSETS CURRENT LIABILITIES	. 14,653,443 . 199,684,980 . \$ 226,292,638 . \$ 526,529	16,370,1 205,325,1 \$ 222,946,44 \$ 514,53
Total Other Assets Total Long-Term Assets Total Assets ABILITIES AND NET ASSETS CURRENT LIABILITIES Payable from Unrestricted Assets Current Portion of Long-Term Loans Payable	. 14,653,443 . 199,684,980 . \$ 226,292,638 . \$ 526,529 . 60,187	16,370,1 205,325,1 \$ 222,946,44 \$ 514,53 63,74
Total Other Assets Total Long-Term Assets Total Assets ABILITIES AND NET ASSETS CURRENT LIABILITIES Payable from Unrestricted Assets Current Portion of Long-Term Loans Payable Interest Payable	\$ 526,529 60,187 526,023	16,370,1 205,325,1 \$ 222,946,44 \$ 514,5 63,7 3,691,2
Total Other Assets Total Long-Term Assets Total Assets ABILITIES AND NET ASSETS CURRENT LIABILITIES Payable from Unrestricted Assets Current Portion of Long-Term Loans Payable Interest Payable Accounts Payable-Operating	\$ 526,529 60,187 526,023	16,370,1 205,325,1 \$ 222,946,44 \$ 514,5 63,7 3,691,2
Total Other Assets Total Long-Term Assets Total Assets ABILITIES AND NET ASSETS CURRENT LIABILITIES Payable from Unrestricted Assets Current Portion of Long-Term Loans Payable Interest Payable Accounts Payable-Operating Total Current Unrestricted Liabilities	\$ 526,529 60,187 3,405,023 . \$ 3,991,739	\$ 514,57 \$ 514,57 \$ 63,77 3,691,22 4,269,65
Total Other Assets Total Long-Term Assets Total Assets ABILITIES AND NET ASSETS CURRENT LIABILITIES Payable from Unrestricted Assets Current Portion of Long-Term Loans Payable Interest Payable Accounts Payable-Operating Total Current Unrestricted Liabilities Payable from Restricted Assets Current Portion of Revenue Bonds	\$ 526,529 . \$ 526,529 . \$ 526,529 . 60,187 . 3,405,023 . 3,991,739 . 5,675,000	\$ 514,57 \$ 514,57 \$ 514,57 63,77 3,691,27 4,269,67 5,220,00
Total Other Assets Total Long-Term Assets Total Assets ABILITIES AND NET ASSETS CURRENT LIABILITIES Payable from Unrestricted Assets Current Portion of Long-Term Loans Payable Interest Payable Accounts Payable Total Current Unrestricted Liabilities Payable from Restricted Assets	\$ 526,529 . \$ 526,529 . \$ 526,529 . 60,187 . 3,405,023 . 3,991,739 . 5,675,000 . 215,000	\$ 514,51 \$ 514,51 \$ 63,74 \$ 691,22 \$ 5,220,00 159,10
Total Other Assets Total Long-Term Assets Total Assets ABILITIES AND NET ASSETS CURRENT LIABILITIES Payable from Unrestricted Assets Current Portion of Long-Term Loans Payable Interest Payable Accounts Payable-Operating Total Current Unrestricted Liabilities Payable from Restricted Assets Current Portion of Revenue Bonds Current Portion of Long-Term Loans Payable Interest Payable	\$ 526,529 . \$ 526,529 . \$ 526,529 . \$ 526,529 . \$ 60,187 . 3,405,023 . \$,675,000 . 215,000 . 1,542,846	16,370,1 205,325,1 \$ 222,946,40
Total Other Assets Total Long-Term Assets Total Assets ABILITIES AND NET ASSETS CURRENT LIABILITIES Payable from Unrestricted Assets Current Portion of Long-Term Loans Payable Interest Payable. Accounts Payable-Operating Total Current Unrestricted Liabilities Payable from Restricted Assets Current Portion of Revenue Bonds Current Portion of Long-Term Loans Payable Interest Payable Total Current Restricted Liabilities	14,653,443 199,684,980 226,292,638 226,292,638 526,529 60,187 3,405,023 3,991,739 5,675,000 215,000 1,542,846 7,432,846	16,370,1 205,325,1 222,946,44 222,946,44 \$ 514,5 63,7 3,691,2 4,269,6 5,220,00 159,10 1,632,12 7,011,22
Total Other Assets Total Long-Term Assets Total Assets ABILITIES AND NET ASSETS CURRENT LIABILITIES Payable from Unrestricted Assets Current Portion of Long-Term Loans Payable Interest Payable. Accounts Payable-Operating. Total Current Unrestricted Liabilities Payable from Restricted Assets Current Portion of Revenue Bonds Current Portion of Long-Term Loans Payable Interest Payable Total Current Restricted Liabilities Total Current Restricted Liabilities Total Current Restricted Liabilities Total Current Restricted Liabilities	14,653,443 199,684,980 226,292,638 226,292,638 526,529 60,187 3,405,023 3,991,739 5,675,000 215,000 1,542,846 7,432,846	16,370,1 205,325,1 222,946,44 222,946,44 \$ 514,5 63,7 3,691,2 4,269,6 5,220,0 159,14 1,632,12 7,011,2
Total Other Assets Total Long-Term Assets Total Assets ABILITIES AND NET ASSETS CURRENT LIABILITIES Payable from Unrestricted Assets Current Portion of Long-Term Loans Payable Interest Payable. Accounts Payable-Operating. Total Current Unrestricted Liabilities Payable from Restricted Assets Current Portion of Revenue Bonds Current Portion of Long-Term Loans Payable Interest Payable Total Current Restricted Liabilities Total Current Restricted Liabilities Total Current Restricted Liabilities Total Current Restricted Liabilities Total Current Liabilities Total Current Liabilities LONG-TERM LIABILITIES	. 14,653,443 . 199,684,980 . 226,292,638 . 226,292,638 . 526,529 . 60,187 . 3,405,023 . 3,991,739 . 5,675,000 . 215,000 . 1,542,846 . 7,432,846 . 11,424,585	16,370,1 205,325,1 \$ 222,946,44 \$ 514,57 63,77 3,691,22 4,269,6 5,220,00 159,11 1,632,12 7,011,22 11,280,88
Total Other Assets Total Long-Term Assets Total Assets ABILITIES AND NET ASSETS CURRENT LIABILITIES Payable from Unrestricted Assets Current Portion of Long-Term Loans Payable Interest Payable Accounts Payable-Operating Total Current Unrestricted Liabilities Payable from Restricted Assets Current Portion of Revenue Bonds Current Portion of Long-Term Loans Payable Interest Payable Total Current Restricted Liabilities Payable from Restricted Liabilities Payable from Restricted Liabilities Total Current Portion of Long-Term Loans Payable Interest Payable Total Current Restricted Liabilities Total Current Restricted Liabilities Total Current Restricted Liabilities Total Current Liabilities LONG-TERM LIABILITIES Revenue Bonds Payable	14,653,443 199,684,980 \$ 226,292,638 \$ 226,292,638 \$ 526,529 . 60,187 . 3,405,023 . 3,991,739 . 5,675,000 . 1,542,846 . 1,424,585 . 134,068,813	16,370,1 205,325,1 \$ 222,946,40 \$ 514,53 63,77 3,691,27 4,269,61 5,220,00 159,10 1,632,112 7,011,22 11,280,82 134,911,40
Total Other Assets Total Long-Term Assets Total Assets ABILITIES AND NET ASSETS CURRENT LIABILITIES Payable from Unrestricted Assets Current Portion of Long-Term Loans Payable Interest Payable. Accounts Payable-Operating. Total Current Unrestricted Liabilities Payable from Restricted Assets Current Portion of Revenue Bonds Current Portion of Long-Term Loans Payable Interest Payable Total Current Restricted Liabilities Total Current Restricted Liabilities Total Current Restricted Liabilities Total Current Restricted Liabilities Total Current Liabilities Total Current Liabilities LONG-TERM LIABILITIES	14,653,443 199,684,980 \$ 226,292,638 \$ 226,292,638 \$ 526,529 . 60,187 . 3,405,023 . 3,991,739 . 5,675,000 . 1,542,846 . 7,432,846 . 11,424,585 . 134,068,813 . 11,676,246	16,370,1 205,325,1 \$ 222,946,44 \$ 222,946,44 \$ 514,55 63,77 3,691,22 4,269,66 5,220,00 159,11 1,632,12 7,011,22 11,280,88 134,911,44 9,732,4.
Total Other Assets Total Long-Term Assets Total Assets ABILITIES AND NET ASSETS CURRENT LIABILITIES Payable from Unrestricted Assets Current Portion of Long-Term Loans Payable Interest Payable Accounts Payable-Operating Total Current Unrestricted Liabilities Payable from Restricted Assets Current Portion of Revenue Bonds Current Portion of Long-Term Loans Payable Interest Payable Current Portion of Long-Term Loans Payable Interest Payable Total Current Restricted Liabilities Total Current Restricted Liabilities Total Current Restricted Liabilities Total Current Liabilities. LONG-TERM LIABILITIES Revenue Bonds Payable Long-Term Loans Payable	$\begin{array}{c} 14,653,443\\ \hline 199,684,980\\ \hline 226,292,638\\ \hline 226,292,638\\ \hline 226,292,638\\ \hline 3,405,023\\ \hline 3,405,023\\ \hline 3,991,739\\ \hline 5,675,000\\ \hline 215,000\\ \hline 1,542,846\\ \hline 11,424,585\\ \hline 134,068,813\\ \hline 11,676,246\\ \hline 145,745,059\\ \hline \end{array}$	16,370,1 205,325,1 \$ 222,946,44 \$ 222,946,44 \$ 514,55 63,77 3,691,22 4,269,60 5,220,00 159,14 1,632,12 7,011,22 11,280,88 134,911,44 9,732,4 144,643,88
Total Other Assets Total Long-Term Assets Total Assets ABILITIES AND NET ASSETS CURRENT LIABILITIES Payable from Unrestricted Assets Current Portion of Long-Term Loans Payable Interest Payable Accounts Payable-Operating Total Current Unrestricted Liabilities Payable from Restricted Assets Current Portion of Revenue Bonds Current Portion of Long-Term Loans Payable Interest Payable Current Portion of Long-Term Loans Payable Interest Payable Total Current Restricted Liabilities Total Current Restricted Liabilities Total Current Restricted Liabilities Total Current Liabilities. LONG-TERM LIABILITIES Revenue Bonds Payable Long-Term Loans Payable Long-Term Loans Payable	$\begin{array}{c} 14,653,443\\ 199,684,980\\ \hline 199,684,980\\ \hline 226,292,638\\ \hline 226,292,638\\ \hline 0,187\\ -3,405,023\\ -3,991,739\\ \hline 5,675,000\\ -215,000\\ -1,542,846\\ -7,432,846\\ -7,432,846\\ -11,424,585\\ \hline 134,068,813\\ -11,676,246\\ \hline 145,745,059\\ -(6,416,529)\\ \hline \end{array}$	16,370,1 205,325,1 \$ 222,946,44 \$ 514,5; 63,7; 3,691,2; 4,269,6; 5,220,00 159,10 1,632,11; 7,011,2; 11,280,8; 134,911,44 9,732,4; 144,643,8; (5,893,6);
Total Other Assets Total Long-Term Assets Total Assets ABILITIES AND NET ASSETS CURRENT LIABILITIES Payable from Unrestricted Assets Current Portion of Long-Term Loans Payable Interest Payable Accounts Payable-Operating Total Current Unrestricted Liabilities Payable from Restricted Assets Current Portion of Revenue Bonds Current Portion of Long-Term Loans Payable Interest Payable Total Current Restricted Liabilities Total Current Restricted Liabilities Total Current Restricted Liabilities Total Current Restricted Liabilities. Total Current Liabilities. Long-Term Loans Payable Long-Term Loans Payable Less Current Portion Total Bonds and Loans Payable	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	16,370,1 205,325,1 \$ 222,946,44 \$ 222,946,44 \$ 514,5 63,7 3,691,2 4,269,66 5,220,00 159,10 1,632,12 7,011,22 11,280,8 134,911,44 9,732,4 144,643,88 (5,893,66) 138,750,10
Total Other Assets	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	16,370,1 205,325,1 \$ 222,946,44 \$ 222,946,44 \$ 514,5: 63,7: 3,691,2: 4,269,6: 5,220,00 159,10 1,632,11: 7,011,2: 11,280,8: 134,911,4: 9,732,4: 144,643,8: (5,893,6) 138,750,10: 489,9:
Total Other Assets	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	16,370,1 205,325,1 \$ 222,946,40 \$ 222,946,40 \$ 514,53 63,77 3,691,22 4,269,66 5,220,00 159,10 16,332,11 7,011,22 11,280,88 134,911,44 9,732,42 144,643,83 (5,893,66) 138,750,11 489,90 7,333,70
Total Other Assets	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	16,370,1 205,325,1 \$ 222,946,40 \$ 222,946,40 \$ 514,53 63,77 3,691,27 4,269,61 5,220,00 159,10 1,632,11 7,011,22 11,280,82 134,911,44 9,732,42 144,643,83 (5,893,66) 138,750,11 489,90 7,333,70 146,573,82
Total Other Assets	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	16,370,1 205,325,1 \$ 222,946,40 \$ 222,946,40 \$ 514,53 63,77 3,691,27 4,269,61 5,220,00 159,10 1,632,11 7,011,22 11,280,82 134,911,44 9,732,42 144,643,83 (5,893,66) 138,750,11 489,90 7,333,70 146,573,82
Total Other Assets	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	16,370,1 205,325,1 \$ 222,946,44 \$ 222,946,44 \$ 514,55 63,77 3,691,22 4,269,66 5,220,00 159,14 1,632,12 7,011,22 11,280,88 134,911,44 9,732,4 144,643,83 (5,893,66) 138,750,10 489,99 7,333,77 146,573,8 157,854,77
Total Other Assets	$\begin{array}{c} 14,653,443\\ 199,684,980\\ \hline 199,684,980\\ \hline 226,292,638\\ \hline 226,292,638\\ \hline 3,991,739\\ \hline 3,405,023\\ \hline 3,991,739\\ \hline 5,675,000\\ 215,000\\ \hline 1,542,846\\ \hline 7,432,846\\ \hline 11,424,585\\ \hline 134,068,813\\ \hline 11,676,246\\ \hline 145,745,059\\ \hline (6,416,529)\\ \hline 139,328,530\\ \hline 589,733\\ \hline 7,785,672\\ \hline 147,703,935\\ \hline 159,128,520\\ \hline 35,853,611\\ \hline \end{array}$	16,370,1 205,325,1 \$ 222,946,40 \$ 222,946,40 \$ 63,70 3,691,22 4,269,62 5,220,00 159,10 1,632,12 7,011,22 11,280,83 134,911,44 9,732,42 144,643,83 (5,893,66) 138,750,10 489,99 7,333,70 146,573,88 157,854,77 40,790,8
Total Other Assets	14,653,443 199,684,980 \$ 226,292,638 \$ 226,292,638 \$ 226,292,638 \$ \$ 526,529 60,187 3,405,023 3,991,739 5,675,000 215,000 1,542,846 7,432,846 11,424,585 134,068,813 11,676,246 145,745,059 (6,416,529) 139,328,530 589,733 7,785,672 147,703,935 159,128,520 35,853,611 1,017,064	16,370,1 205,325,1 \$ 222,946,44 \$ 222,946,44 \$ 514,51 63,74 3,691,29 4,269,63 5,220,00 159,10 1,632,12 7,011,22 11,280,82 134,911,44 9,732,43 144,643,83 (5,893,66) 138,750,11 489,99 7,333,70 146,573,85 157,854,73 40,790,8 527,12
Total Other Assets	14,653,443 199,684,980 \$ 226,292,638 \$ 226,292,638 \$ \$ 526,529 60,187 3,405,023 3,991,739 5,675,000 215,000 1,542,846 7,432,846 11,424,585 134,068,813 11,676,246 145,745,059 (6,416,529) 139,328,530 589,733 7,785,672 147,703,935 159,128,520 35,853,611 1,017,064 1,163,979	16,370,1 205,325,1 \$ 222,946,44 \$ 222,946,44 \$ 514,53 63,7- 3,691,22 4,269,66 5,220,00 159,10 1,632,11 7,011,22 11,280,83 134,911,44 9,732,43 144,643,83 (5,893,66) 7,333,70 146,573,85 157,854,77 40,790,8 527,11 1,171,14
Total Other Assets	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	16,370,1 205,325,1 \$ 222,946,44 \$ 222,946,44 \$ 514,55 63,7' 3,691,2' 4,269,6' 5,220,00 159,10 1,632,11' 7,011,2' 11,280,8' 134,911,44 9,732,4' 144,643,8' (5,893,6') 138,750,11' 489,90 7,333,70' 146,573,8'' 157,854,7'' 40,790,8 527,11' 1,171,14' 3,688,20''
Total Other Assets	14,653,443 199,684,980 \$ 226,292,638 \$ 226,292,638 \$ 226,292,638 \$ 226,292,638 \$ 60,187 3,405,023 3,991,739 5,675,000 215,000 1,542,846 7,432,846 11,424,585 134,068,813 11,676,246 145,745,059 (6,416,529) 139,328,530 589,733 7,785,672 147,703,935 159,128,520 35,853,611 1,017,064 1,163,979 3,814,269 25,315,195	16,370,1 205,325,1 222,946,44 222,946,44 \$ 514,5 63,7 3,691,2 4,269,6 5,220,00 159,10 1,632,1

The accompanying notes are an integral part of this statement.

GUADALUPE-BLANCO RIVER AUTHORITY STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FISCAL YEARS ENDED AUGUST 31, 2012 AND 2011

	2012	2011
REVENUE		
Power Sales		\$ 4,192,271
Water Sales and Lake Operations	33,081,820	31,615,931
Recreation and Land Use	747,666	665,450
Waste Water Treatment Services	3,556,848	4,273,817
Laboratory Services	823,466	736,451
Rental	363,753	357,296
Miscellaneous	2,084,089	1,808,498
Total Operating Revenue	44,636,657	43,649,714
EXPENSES		
Personnel Operating Costs	9,679,527	9,454,599
Operating Supplies and Services	13,010,644	13,340,648
Maintenance and Repairs	4,071,712	4,272,751
Depreciation and Amortization	5,847,241	6,136,748
Total Operating Expenses	32,609,124	33,204,746
Operating Income	12,027,533	10,444,968
NONOPERATING REVENUES (EXPENSES)		
Grant Income	,	549,534
Investment Income	,	288,242
Loss on the Disposal of Capital Assets		(1,748,901)
Interest Expense		(6,812,918)
Total Nonoperating Revenues (Expenses)		(7,724,043)
Income Before Recognition of Deferrals		2,720,925
Revenue to be Recognized in Future Years		(534,847)
Income Before Special Item	5,043,165	2,186,078
SPECIAL ITEM		
Costs Associated with the Whooping Crane Endangered Species Lawsuit	(2,970,725)	(1,994,934)
Change in Net Assets	2,072,440	191,144
Net Assets at September 1, 2011 and 2010	65,091,678	64,900,534

The accompanying notes are an integral part of this statement.

GUADALUPE-BLANCO RIVER AUTHORITY STATEMENT OF CASH FLOWS

FISCAL YEARS ENDED AUGUST 31, 2012 AND 2011	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers		\$ 43,627,247
Cash Received from Interfund Administrative Charges		2,399,623
Cash Paid for Personnel Operating Costs	(9,823,847)	(9,588,298)
Cash Paid for Other Operating and Maintenance Costs	(17,243,886)	(17,513,956)
Cash Paid for Interfund Administrative Charges	(2,286,729)	(2,265,924)
Cash Paid for Supplementary Contribution to Defined Benefit Plan		(606,444)
Costs Associated with Whooping Crane Endagered Species Lawsuit	(2,970,725)	(1,994,934)
Net Cash Flows From Operating Activities	14,238,979	14,057,314
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:		
Net Change in Pension Plan Asset		-
Cash Received from Grants	563,047	549,534
Net Cash Flows Used by Noncapital and Related Activities	660,752	549,534
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from Advances from Customers, Developers, and Other Governmental Units	15,822	64,058
Proceeds from Revenue Bonds and Loans for Capital Assets and Plant Expansion		22,470,657
Proceeds from Sale of Capital Assets		75,921
Purchase of Capital Assets		(8,669,175)
Cash Paid for Construction in Progress		(209,162)
Interest Paid		(6,863,256)
Principal Payments on Revenue Bonds	(-,,,-	(21,381,406)
Principal Payments on Loans		,
Net Cash Flows Used by Capital and Related Financing Activities		(658,073)
Net Cash Hows Used by Capital and Related Financing Activities	(8,002,384)	(15,170,450)
CASH FLOWS FROM INVESTING ACTIVITIES:		1 9 40 40 5
Cash Received from Investments		1,368,195
Investment Income Received	· · · · ·	441,143
Cash Paid for Investments		(2,772,794)
Net Cash Flows Used by Investing Activities		(963,456)
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,815,741	(1,527,044)
CURRENT CASH AND CASH EQUIVALENTS:		
At Beginning of Year	3,860,027	3,514,911
At End of Year	5,247,350	3,860,027
Net Increase	1,387,323	345,116
RESTRICTED CASH AND CASH EQUIVALENTS:		
At Beginning of Year	4,340,292	6,212,452
At End of Year		4,340,292
Net Decrease		(1,872,160)
Net Decrease	5,420,410	(1,672,100)
FOTAL CASH AND CASH EQUIVALENTS: At Beginning of Year	8 200 210	0 707 2/2
		9,727,363
At End of Year	13,016,060	8,200,319
NET CHANGE IN CASH AND CASH EQUIVALENTS	\$ 4,815,741	\$ (1,527,044)
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS		
FROM OPERATING ACTIVITIES:		
Operating Income	\$ 12,027,533	\$ 10,444,968
Adjustments to Reconcile Operating Income to Net Cash Flows		+
From Operating Activities:		
Depreciation and Amortization	5,847,241	6,136,748
Supplementary Contributions to the Defined Benefit Plan		(606,444)
		,
Costs Associated with Whooping Crane Endangered Species Lawsuit	(2,970,725)	(1,994,934)
Net Change in Assets and Liabilities from Operating Activities:	(110.007)	107.105
Operating Accounts Receivable		486,137
Other Current Assets		(12,221)
Operating Accounts Payable		(396,940)
Total Adjustments	2,211,446	3,612,346
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 14,238,979	\$ 14,057,314

NON-CASH TRANSACTIONS SCHEDULE

1. During fiscal year 2012 and 2011, an adjustment of \$10,383 and \$125,076 respectively, was made to adjust investments to fair value.

The accompanying notes are an integral part of this statement.

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 financial statements. These policies, as presented, should be viewed as an integral part of the accompanying financial statements.

- 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 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 is one enterprise fund consisting of ten divisions. These divisions 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 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. It is GBRA's policy to first apply restricted resources when an expense is incurred for which both unrestricted and restricted assets are available.
- 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 \$2,000. 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, 2012 and 2011 amounted to \$471,933 and \$453,890, 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, 2012 and August 31, 2011, GBRA had no contingencies.
- 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. **Restricted Net Assets.** GBRA recognizes net assets restricted for future construction costs, debt service payments, and insurance in divisions or funds in which assets exceed the related liabilities in accordance with bond issue and debt covenants and other externally imposed restrictions.

- 16. **Capitalization of Interest.** It is GBRA's policy to capitalize net interest costs on funds borrowed to finance the construction of fixed assets. GBRA recorded no interest expense and interest income of \$1,249 as construction in progress in 2012 for the Dunlap Wastewater Collection System Expansion project.
- 17. **Deferred Expenses/Revenue.** 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.

NOTE B - LONG TERM LIABILITIES

GBRA currently has \$144,731,246 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, 2012 mature serially through 2039 as follows:

	L	ONG-TERM LO	ANS		1	REVENUE BONI	DS	
Year				Balance of				Balance of
Ending				Principal				Principal
August 31	Total	Interest	Principal	Outstanding	Total	Interest	Principal	Outstanding
				\$11,676,246				\$133,055,000
2013	1,075,818	334,289	741,529	10,934,717	11,869,502	6,194,502	5,675,000	127,380,000
2014	1,051,033	309,836	741,197	10,193,520	11,865,111	5,990,111	5,875,000	121,505,000
2015	991,627	287,841	703,786	9,489,734	10,790,954	5,775,954	5,015,000	116,490,000
2016	3,754,831	233,148	3,521,683	5,968,051	10,813,216	5,583,216	5,230,000	111,260,000
2017	611,379	183,683	427,696	5,540,355	10,516,123	5,381,123	5,135,000	106,125,000
2018	607,872	170,665	437,207	5,103,148	9,877,049	5,177,049	4,700,000	101,425,000
2019	609,281	157,262	452,019	4,651,129	9,882,830	4,962,830	4,920,000	96,505,000
2020	610,524	143,398	467,126	4,184,003	9,880,396	4,735,396	5,145,000	91,360,000
2021	606,683	129,104	477,579	3,706,424	9,891,069	4,496,069	5,395,000	85,965,000
2022	577,114	114,668	462,446	3,243,978	9,891,008	4,241,008	5,650,000	80,315,000
2023	547,379	101,628	445,751	2,798,227	9,897,568	3,982,568	5,915,000	74,400,000
2024	548,120	88,531	459,589	2,338,638	9,909,385	3,709,385	6,200,000	68,200,000
2025	548,695	75,011	473,684	1,864,954	9,290,601	3,430,601	5,860,000	62,340,000
2026	549,101	61,056	488,045	1,376,909	9,283,548	3,148,548	6,135,000	56,205,000
2027	240,453	46,664	193,789	1,183,120	9,291,476	2,851,476	6,440,000	49,765,000
2028	235,610	39,625	195,985	987,135	8,983,041	2,538,041	6,445,000	43,320,000
2029	235,683	32,404	203,279	783,856	8,975,709	2,220,709	6,755,000	36,565,000
2030	240,506	24,830	215,676	568,180	8,562,632	1,887,632	6,675,000	29,890,000
2031	240,073	16,893	223,180	345,000	8,016,341	1,566,341	6,450,000	23,440,000
2032	178,684	8,684	170,000	175,000	7,754,530	1,244,530	6,510,000	16,930,000
2033	177,923	2,923	175,000		7,756,281	911,281	6,845,000	10,085,000
2034					2,435,748	560,748	1,875,000	8,210,000
2035					2,438,181	458,181	1,980,000	6,230,000
2036					2,429,726	349,726	2,080,000	4,150,000
2037					2,430,698	235,698	2,195,000	1,955,000
2038					1,065,242	115,242	950,000	1,005,000
2039					1,064,255	59,255	1,005,000	
	\$14,238,389	\$ 2,562,143 \$	11,676,246		\$214,862,220	\$ 81,807,220	\$ 133,055,000	

NOTE B – LONG-TERM LIABILITIES (CONTINUED)

GBRA had the following changes in long-term liabilities for the fiscal years ended August 31, 2012 and 2011 (exclusive of interfund loans payable).

	Date of	Final	Effective Interest	Orig		Outs tanding	Retired During	Outs tanding	R e tire d During	Outs tanding	Amounts Due Within	n
Series OBLIGATIONS PAYABLE DIRECTL	Is sue	Maturity	Rate	Amo	unt	8/31/2010	FY 2011	8/31/2011	FY 2012	8/31/2012	One Year	<u> </u>
GUADALUPE VALLEY HYDROELECT												
First Lockhart Nat'l Bank Loan, Equipment	11/17/2008	2013	3.9%	\$	110,000	\$ 73,961	\$ 21746	\$ 52,215	\$ 22,627	\$ 29,588	\$ 23,552	
First Lockhart Nat I Bank Loan, Equipment	02/17/2011	2013	3.5%	ą	30,000	3 /3,901	4,781	\$ 52,215 25,219	9,824	\$ 29,388 15,395	\$ 23,352 10,174	
RURAL UTILITIES DIVISION	02/17/2011	2014	3.370		30,000		4,/01	23,219	9,024	10,395	10,1/4	
Wells Fargo Loan, Dunlap Construction	09/15/2005	2015	6.1%	4.4	100,000	3,881,574	149,956	3,731,618	3,731,618			-
Regions Loan, Dunlap Expansion Refunding	03/15/2012	2015	2.3%		590.000					3,590,000	215,000	,
Regions Loan, Dunlap Collection System	03/15/2012	2012	3.3%	- /-	500,000					2,600,000	212,000	_
WATER RESOURCE DIVISION	00/10/2012	2002	51570	2,	,00,000					2,000,000		
U.S.Government Loan	01/01/1977	2026	2.5%	8.9	979,862	4,032,559	208,072	3,824,487	213,278	3,611,209	2 18,6 10	,
GE Capital Public Finance Loan, Equipment	03/19/2004	2014	4.8%		167,276	190,919	50,850	140,069	53,365	86,704	56,005	
P NC Equipment Finance Loan, Lab Equipmen		2010	4.38%		65,000	2,392	2,392					
JP Morgan Chase Loan, Office Expansion	05/09/2006	2016	4.18%	17	500,000	906,667	160,000	746,667	160,000	586,667	160,000	
Frost National Bank Loan, Equipment	06/26/2006	2010	4.95%	1,0	43,696	7,264	7,264	740,007		500,007	100,000	
	09/26/2006	2011	4.50%		43,090	301,607	8,928	292,679	9,329	283,350	9,749	-
A. Ussery, Water Rights		2031										
Luling Foundation, Water Rights	09/26/2006		4.50%		584,706	513,401	15,201	498,200	15,881	482,319	16,596	
Metcalf Bank Loan, Lab Equipment	10/20/2008	2014	5.25%		102,945	71,275	20,089	51,186	21,170	30,016	22,308	•
General Improvement Revenue Bonds, 2002	09/15/2002	2027	3.35-4.75%		390,000	3,500,000	3,500,000					-
General Improvement & Ref. Rev. Bonds, 2011		2030	3.0-4.625%		745,000		595,000	10,150,000	420,000	9,730,000	435,000	. ,
General Improvement Revenue Bonds, 2012	04/04/2012	2031	0.14-1.86%		451001	\$ 13,481,619	 ¢ 4.744.070	\$ 19,512,340	 © 4 657 002	4,400,000	225,000 \$ 1,391,994	_
Total Obligations Payable Directly by			•	\$ 42	,451,981	\$ 13,481,619	\$ 4,744,279	\$ 19,512,340	\$ 4,657,092	\$ 25,445,248	\$ 1,391,994	-
CONTRACT REVENUE BONDS ANI	J LUANS											
WATER RESOURCE DIVISION Regional Raw Wtr Delivery System Bonds, San	n Marcos											
1998	09/15/1998	2024	4.50-6.0%	\$ 9.3	735,000	\$ 6,750,000	\$ 6,750,000	\$	\$	\$	\$	
Western Canyon Regional Water Supply Proje	ct Revenue Bo											
2003	04/01/2003	2033	3.0-5.25%	79,4	450,000	71,625,000	1,755,000	69,870,000	1,825,000	68,045,000	1,915,000)
IH35 Project Combination Contract Revenue												
2004A	12/07/2004	2037	3.0-4.13%	15,0	560,000	14,810,000	300,000	14,510,000	310,000	14,200,000	320,000)
IH35 Project Combination Contract Revenue 2004B	12/07/2004	2037	5.5-5.8%	5 3	305,000	5,080,000	85,000	4,995,000	90,000	4,905,000	95,000	
RRWDS Combination Contract Revenue Bon		2037	5.5-5.670	5,	,000	5,080,000	85,000	4,995,000	50,000	4,905,000	,000	
2007A	09/15/2007	2039	5.00%	9,	180,000	9,035,000	145,000	8,890,000	150,000	8,740,000	160,000	
RRWDS Combination Contract Revenue Bor	ıds											
2007B	09/15/2007	2039	7.10%	5,3	75,000	5,710,000	65,000	5,645,000	70,000	5,575,000	75,000)
RRWDS Contract Rev Ref Bonds, San Marco		2024	2.0.2.25%	<i>.</i>	0.5 000		115 000	c 100 000	120.000	6 0 60 0 00	120.000	
2010 PORT LAVACA WATER TREATMENT	09/01/2010 Гріант Di	2024 VIS ION	2.0-3.25%	\$6,8	395,000		415,000	6,480,000	420,000	6,060,000	430,000	(2)
Frost National Bank, Clearwell												
	03/04/2008	2022	4.00%	4	400,000	378,910	8,795	370,115	9,117	360,998	9,535	
Water Supply Revenue Refunding Bonds												
2000	12/15/2000	2016	4.50-5.375%	3,2	265,000	1,635,000	1,385,000	250,000	250,000			-
Water Supply Revenue Refunding Bonds	00/16/2011	2016	2.00%	1/	05 000			1205 000	25.000	1 100 000	205.000	
2011 VICTORIA REGIONAL WASTE DISPO	08/16/2011	2016	2.00%	l,	205,000			1,205,000	25,000	1,180,000	285,000) (3)
RegionalWaste DisposalRefunding and Impro												
1989	12/15/1989	2010	6.15-7.10%	5,5	520,000	435,000	435,000					(4)
Regional Waste Disposal Revenue Bonds												
1996	07/18/1996	2010	2.9-4.75%	3,7	750,000	345,000	345,000					-
LULING WATER TREATMENT PLANT												
Treated Water Delivery System Contract Reve												
2004	05/01/2004	2030	3.0-5.0%	6,3	370,000	5,590,000	175,000	5,415,000	180,000	5,235,000	190,000)
CANYON HYDROELECTRIC DIVISION												
Hydroelectric Project Revenue Refunding Bor		2011	254750	<i>.</i> -	105 000	2.075.040	005 000	2 070 040	045.000	2 025 000	005 000	
2002	04/15/2002	2014	3.5-4.75%	9,1	705,000	3,875,000	905,000	2,970,000	945,000	2,025,000	995,000	(5)

NOTE B - LONG-TERM LIABILITIES (CONTINUED)

			Effective	0 · · · 1		R e tire d		Re tire d		Amounts
C	Date of	Final	Interest	Original	Outs tanding	During	Outs tanding	During	Outs tanding	Due Within
Series LOCKHART WASTEWATER RECLA	Is sue	Maturity	Rate	Amount	8/31/2010	FY 2011	8/31/11	FY 2012	8/31/12	One Year
Regional Wastewater Treatment System Co 1996	04/02/1996		2 9 5 9 4 5 5 9	5 490 000	2 0 15 0 00	2 0 15 0 00				
		2017	2.85%-4.55%	5,480,000	3,915,000	3,915,000				
Regional Wastewater Treatment System Co		U		4 0.25 0.00		520.000	2 405 000	525 000	2 0 60 000	550.000 (0)
2010	09/08/2010	2017	1.5%-2.5%	4,025,000		530,000	3,495,000	535,000	2,960,000	550,000 (6)
Total Contract Revenue Bonds and	Loans			\$ 171,720,000	\$ 129,183,910	\$ 17,213,795	\$ 124,095,115	\$ 4,809,117	\$ 119,285,998	\$ 5,024,535
Total Bonds and Loans Payable Prior	• to Defension	C 0								
and Accretion of Interest	to Deleasan				\$ 142,665,529		\$ 143,607,455		\$ 144,73 1,246	\$6,416,529
					0112,000,029	1	\$115,007,155		0111,751,210	\$ 0,110,027
							8/31/2011		8/31/2012	
Total Bonds and Loans Payable Prior to Defe	252000						0/51/2011		0/ 5 1/ 2 0 12	
and Accretion of Interest	asance						\$ 143,607,455		\$ 144,731,246	
Less Revenue Bond Discounts and Deferred I	Defeasance						(661,228)		(560,079)	
Plus Revenue Bond Premiums	Jeleasance						1,697,629		1,573,892	
Net Revenue Bonds and Long-Term L	oans Pavable						144,643,856		145,745,059	
Less Current Portion	·						(5,893,691)		(6,416,529)	
TOTAL BONDS AND LOANS PA	AYABLE						\$ 138,750,165	•	\$ 139,328,530	
INTERDIVISION LOANS ELIMINATED	FROM COM	BINED B.	ALANCE S	HEET						
Long-term loans payable to the Gen	ne ral Divis io n	are as fo	llo ws :				8/31/2011		8/31/2012	
Guadalupe Valle y Hydro e le ctric Division							\$2,197,234		\$2,489,307	
Rural Utilities Division							1,797,100		1,783,057	
Water Supply Division							1,611,029		1,061,029	
Coleto Creek Division							100,000		25,000	
Canyon Hydroelectric Division									134,700	
Total Long-term loans payable to	the General D) iv is io n					\$5,705,363	•	\$ 5,493,093	

- 1. GBRA issued in Fiscal Year 2011 General Improvement and Refunding Revenue Bonds, Series 2011. These bonds were issued to retire the General Improvement Revenue Bonds, Series 2002 and to provide funds for the lump sum buy-out of the Water Right Subordination Agreement between GBRA and the City of Seguin. The refunding of the 2002 General Improvement Revenue Bonds produced an economic loss of \$27,473, but was necessary to remove bond covenants in the 2002 bonds to facilitate the new money portion of the bond. GBRA's buy-out of the Water Right Subordination agreement effectively produced a savings of approximately \$4,295,500. Bonds outstanding that are considered defeased as a result of the 2011 refunding are \$0.
- 2. GBRA issued in Fiscal Year 2011 Regional Raw Water Delivery System Contract Revenue Refunding Bonds, Series 2010 (City of San Marcos portion). These bonds were issued to retire the 1998 bonds, except for the September 1, 2010 payment of \$340,000. As a result of the refunding, GBRA reduced its total debt service requirement by \$842,606 and produced a net present value savings (economic gain) of \$848,929. Bonds outstanding that are considered defeased as a result of the 2011 refunding are \$0.
- 3. GBRA issed in Fiscal Year 2011 Water Supply Revenue Refunding Bonds, Series 2011 (Port Lavaca Water Treatment Plant Project). These bonds were issued to retire the Series 2000 bonds. As a result of the refunding, GBRA reduced its total debt service requirements by \$44,115 and produced a net present value savings (economic gain) of \$39,856. Bonds outstanding that are considered defeased as a result of the 2011 refunding are \$0.
- 4. 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 fully amortized the discount over the life of the bonds using the effective interest method. 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.
- 5. 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, 2012 and 2011 was \$9,085 and \$11,455 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.
- 6. GBRA issued in Fiscal Year 2011 Contract Revenue Refunding Bonds, Series 2010 (City of Lockhart Wastewater Treatment System Project). These bonds were issued to retire the Series 1996 bonds. As a result of the refunding, GBRA reduced its total debt service requirements by \$248,321 and produced a net present value savings (economic gain) of \$220,321. Bonds that are considered defeased as a result of the current year refunding are \$0.
- 7. 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 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. The following bond indentures of GBRA contain bond coverage requirement provisions: 1) General Improvement and Refunding Revenue Bonds, Series 2011; 2) Contract Revenue Bonds (Western Canyon), Series 2003; 3) Combination Contract Revenue Bonds (IH35), Series 2004; 4) Combined Contract Revenue Bonds (RRWDS), Series 2007; 5) RRWDS Contract Revenue Refunding Bonds (City of San Marcos), Series 2010; and 6) Treated Delivery System Contract Revenue Bonds (City of Lockhart), Series 2004.

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, 2008. 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 to nor can it utilize assets within the Retirement Plan Trust.

All full-time GBRA employees who were hired before January 1, 2011 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 can vary from year to year. The required employer contribution was 12.00% of total annual participant payroll for 2011 and is 12.00% of total annual participant payroll plus 6.51% (12% -normal cost percent) of total annual payroll for non-participating full time employees hired after 2010 for the 2012 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 ASSET

For the GBRA fiscal year commencing September 1, 2011 and ending August 31, 2012, the Annual Pension Cost for GBRA was \$1,111,354. The actual contribution during the fiscal year was the required contribution of \$1,013,649. Before August 31, 2009, there had been no net pension obligation or asset since GBRA had historically contributed the annual required contribution. Because of the supplemental contributions in August 2009, 2010 and 2011, there is now a net pension asset of \$4,008,739 as of August 31, 2012.

SIX-YEAR TREND INFORMATION											
		Annual					Annual			Percentage	
	F	Required	In	terest On	Α	djustment	Pension			of	Net
	Co	ntribution	Ne	t Pension		to	Cost	I	Amount	APC	Pension
Fiscal Year Ending		(ARC)		Asset		ARC	(APC)	Co	ntributed	Contributed	Asset
31-Aug-07	\$	662,796	\$	-	\$	-	\$ 662,796	\$	662,796	100%	\$0
31-Aug-08	\$	707,443	\$	-	\$	-	\$ 707,443	\$	707,443	100%	\$0
31-Aug-09	\$	764,425	\$	-	\$	-	\$ 764,425	\$	1,264,425	165%	\$500,000
31-Aug-10	\$	970,248	\$	-	\$	-	\$ 970,248	\$	3,970,248	409%	\$3,500,000
31-Aug-11	\$	1,020,832	\$	(40,000)	\$	33,556	\$1,014,388	\$	1,620,832	160%	\$4,106,444
31-Aug-12	\$	1,013,649	\$	(280,000)	\$	377,705	\$1,111,354	\$	1,013,649	91%	\$4,008,739

The Annual Pension Cost for the fiscal year ending August 31, 2012 was based on the results of the actuarial valuation as of January 1, 2011 using the entry age actuarial cost method and was determined in compliance with the GASB Statement No. 27 parameters. The actuarial assumptions and methods used for the three most recent valuations are shown below:

Actuarial Valuation Date:	Jar	nuary 1, 2010	Januar	y 1, 2011	January 1, 2012		
Actuarial Cost Method:		Entry age	Ent	ry age	Entry	age	
Amortization Method:	Level 9	% of payroll, open	Level do	ollar, open	Level dollar, open		
Amortization Period:		24 years	18	years	19 ye	ears	
Asset Valuation Method:	5-yr ad	ljusted mkt value	5-yr adjust	ed mkt value	5-yr adjusted	l mkt value	
Annual Actuarial Assumptions	3:						
Investment return*		8.00%	8.	00%	7.75	5%	
Projected salary increases*	4.0%	% plus merit**	4.0% plu	us 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						
**merit increases range from 5.0							
		Actuarial				UAAL as a	
	Actuarial Value	Accrued				Percentage	
	of Assets	Liability	Unfunded	Funded	Covered	of Covered	
Actuarial Valuation Date		(AAL)	AAL	Ratio	Payroll	Payroll	
January 1, 2012	\$ 17,888,520 \$	23,358,520	\$ 5,470,000	77%	\$ 8,203,042	67%	

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 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.

1. CASH AND DEPOSITS

At August 31, 2012, GBRA held \$5,736,039 in restricted and unrestricted cash. Included in this amount was \$1,500 of cash on hand and the remainder was on deposit at various banks in demand accounts.

GBRA bank deposits were entirely insured or collateralized with securities held by GBRA's agent in GBRA's name.

2. INVESTMENTS

In March 2003 the GASB issued No. 40 "Deposits and Investment Risk Disclosures", which GBRA has implemented. Risk disclosures in previous financial reports (under the provisions of GASB 3) focused only on custodial credit risk. GASB 40 not only addresses custodial credit risk, but other common areas of investment risk as well (e.g. interest rate risk, credit risk, and concentration of credit risk).

GBRA customarily invests its funds in certificates of deposit, mortgage backed securities, direct 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.

<u>Custodial Credit Risk</u>: 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.

		Weighted Average
	Fair Value	Maturity in Months
Federal Home Loan Bank	\$ 2,760,996	13.69
Federal Home Loan Mortgage	1,002,930	3.87
Federal National Mortgage Assn.	2,380,658	16.36
U. S. Treasury	6,878,094	16.28
Certificates of Deposit	6,701,572	12.77
Money Market Funds	3,238,247	1.00
Texas Class	163,308	1.00
TexPool	3,752,226	1.00
Total Investments	\$ 26,878,031	10.62

<u>Interest Rate Risk</u>: GBRA'S investment policy calls for maximum final maturity of any operating investments to be 5 years, with at least 50% of all operating investments maturing within 3 years. Bond funds may be invested with maturites of less than 5 years, and construction funds may be invested in accordance with a construction draw schedule. The weighted average maturities noted above are in compliance with this policy.

Investments are ra	ated as follows:
--------------------	------------------

	Moody's	S&P
Federal Home Loan Bank	Aaa	AA+
Federal Home Loan Mortgage	Aaa	AA+
Federal National Mortgage Assn.	Aaa	AA+
Texas Class	Aaa	AAAm
TexPool	Aaa	AAAm

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 Federated Investors, under an agreement with the Comptroller, acting on behalf of the Trust Company. The Comptroller maintains oversight of the services provided to TexPool by Federated Investors. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy and approves any fee increases.

NOTE D - CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Texas CLASS is a local government investment pool emphasizing safety, liquidity, convenience and competitive yield. Since 1996, Texas CLASS has provided Texas public entities a safe and competitive investment alternative. Texas CLASS invests only in securities allowed by the Texas Public Funds Investment Act. The pool is governed by a board of trustees, elected annually by its participants. Texas CLASS is rated 'AAAm' by Standard and Poor's Ratings Services. The 'AAAm' principal stability fund rating is the highest assigned to principal stability government investment pools and is a direct reflection of Texas CLASS's outstanding credit quality and management.

The 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.

<u>Concentration of Credit Risk</u>: GBRA's investment policy provides for diversification to reduce overall portfolio risk. The funds portfolio should consist of no more than 75% government or mortgage backed securities, 50% certificates of deposits, or 50% other types of eligible instruments. The investment portfolio concentrations are as follows:

Description	Fair Value	% of Portfolio
Mortgage Backed Securities	\$ 6,144,584	18.84%
Government Securities	6,878,094	21.09%
Certificates of Deposit	6,701,572	20.55%
Money Market Funds	3,238,247	9.93%
Public Funds Investment Pool	3,915,534	12.00%
Cash	 5,736,039	17.59%
Total	\$ 32,614,070	100.00%

NOTE E – CAPITAL ASSETS

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

	ASSEIS								
		Balance		Balance					
Classification	Au	August 31, 2011		Additions	Removals		August 31, 2	012	
Land, Water & Storage Rights	\$	35,296,772	\$	90,058	\$		\$ 35,386,8	330	
Construction in Progress		177,223		2,065,036		(640,784)	1,601,4	475	
Total Assets Not Being Depreciated		35,473,995		2,155,094		(640,784)	36,988,305		
Structures & Improvements		188,245,030		181,547		(446,677)	187,979,9) 00	
Specialized Equipment		7,230,920		4,777			7,235,6	597	
Office Buildings & Communications		2,249,266		61,285			2,310,5	551	
Shops & Storerooms		50,173					50,1	173	
Auto & Heavy Equipment		3,582,992		190,060		(91,848)	3,681,2	204	
Office Furniture & Equipment		1,309,533		29,423		(18,440)	1,320,5	516	
Miscellaneous Equipment		3,487,405		188,165		(15,360)	3,660,2	210	
Total Dams, Plants and Equipment		206,155,319		655,257		(572,325)	206,238,2	251	
Total Capital Assets	\$	241,629,314	\$	2,810,351	\$	(1,213,109)	\$ 243,226,5	556	

		DEPRECIATIO N								
Classification	A	Balance ugust 31, 2011	Additions	ŀ	Removals	Balance August 31, 2012				
Structures & Improvements	\$	(43,419,221)	\$ (4,894,236)	\$	80,521	\$ (48,232,936)				
Specialized Equipment		(5,813,300)	(131,032)			(5,944,332)				
Office Buildings & Communications		(1,561,778)	(45,368)			(1,607,146)				
Shops & Storerooms		(45,834)	(1,047)			(46,881)				
Auto & Heavy Equipment		(2,542,489)	(243,248)		84,128	(2,701,609)				
Office Furniture & Equipment		(1,023,905)	(76,836)		18,440	(1,082,301)				
Miscellaneous Equipment		(1,786,926)	(234,114)		8,348	(2,012,692)				
Total Accumulated Depreciation	\$	(56,193,453)	\$ (5,625,881)	\$	191,437	\$ (61,627,897)				
NET CAPITAL ASSETS	\$	185,435,861	\$ (2,815,530)	\$	(1,021,672)	\$ 181,598,659				

NOTE F - POLLUTION CONTROL

GBRA has assisted industries within the GBRA service area by providing tax-exempt financing for pollution control facilities and private industrial development.

For the 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, 2012 total \$40,890,000 and are as follows:

	Date of		Interest	Original	Outstanding	Outstanding
Series	Is sue	ksue Maturity		Amount	8/31/2011	8/31/2012
Pollution Control Revenue Refunding Bonds (AEP Texas Central,		onds (AEP Texas Central, f	formerly Central P	ower &Light, Compa	anyProject)	
2008	4/1/2008	2017	Variable	40,890,000	40,890,000	40,890,000

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. During the past three years, no settlements have exceeded insurance coverage.

NOTE H - CONTINUING DISCLOSURE REQUIRMENTS

Under the continuing disclosure agreements of the 1) General Improvement Bonds, Series 2011; 2) Contract Revenue Bonds (Western Canyon), Series 2003; 3) Combined Contract Revenue Bonds (IH35), Series 2004A and 2004B; and 4) Water Supply Revenue Refunding Bonds (Port Lavaca WTP), Series 2011, GBRA is obligated to provide certain updated financial information and operating data annually. None of the other bonds require additional disclosure. The required information is identified below, in the preceding footnotes and in the amortization schedules.

GENERAL IMPROVEMENT AND REFUNDING REVENUE BONDS, SERIES 2011

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 were used for the expansion and construction of the GBRA headquarters, meeting room and office facilities, and an operations warehouse.

On November 17, 2010, GBRA authorized the issuance of GBRA tax-exempt revenue bonds to be used to refund the Series 2002 General Improvement Revenue Bonds and provide funds for the lump sum buy-out of the Water Right Subordination Agreement between GBRA and the City of Seguin. The resolution was subsequently amended on March 16, 2011 related to the issuance of Guadalupe-Blanco River Authority General Improvement and Refunding Revenue Bonds, Series 2011 primarily for the purpose of amending the date by which certain proceeds of such bonds must be used to pay the "final payment" to the City of Seguin, revising the continuing disclosure requirements to comply with amended Section regulations that became effective December 1, 2010, revising the annual rate covenant, and deleting references to the General Division in certain covenants.

Moody's Investors Service, Inc. assigned an underlying rating on the Bonds of "Aa2".

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 water as they are acquired and developed in the "Water Supply System" of GBRA's Water Resources Division.

CONTRACT REVENUE BONDS (WESTERN CANYON REGIONAL WATER SUPPLY PROJET), SERIES 2003

On April 1, 2003, GBRA authorized the issuance of Contract Revenue Bonds, Series 2003 in the amount of \$79,450,000. The proceeds were used for the construction and equipping a regional treated surface water supply project to serve portions of Comal, Kendall and Bexar Counties, Texas.

Moody's Investors Service, Inc. ("Moody's") and Standard and Poor's Ratings Services, a Division of The McGraw Hill Companies, Inc ("S&P")" rated the bonds "Aaa" and "AAA", respectively, by virtue of a municipal bond insurance policy issued by MBIA Insurance Corporation. The underlying ratings on the bonds are "A1" by Moody's and "A+" by S&P.

The bonds constitute special obligations of GBRA payable, both as to principal and interest, and secured soley by a first lien on and pledge of the Gross Revenues of GBRA, which primarily are derived from payments made to GBRA under the Water Supply Agreements entered into with the Participants in the Western Canyon Regional Water Supply Project.

NOTE H – CONTINUING DISCLOSURE REQUIRMENTS (CONTINUED)

COMBINATION CONTRACT REVENUE BONDS, SERIES 2004A & 2004B

On December 7, 2004, GBRA authorized the issuance of Combination Contract Revenue, Subordinate Water Resources Division Revenue, and Surplus Water Project Revenue Bonds, Tax-Exempt Series 2004A and Taxable Series 2004B, \$15,660,000 and \$5,305,000, respectively. Proceeds from the sale of the Bonds were used for the purpose of providing funds to construct and equip facilities and acquire rights-of-ways necessary for delivering treated water from a water treatment plant located in San Marcos, Texas to portions of Hays and Caldwell Counties, Texas.

Moody's Investors Service, Inc. ("Moody's") and Standard and Poor's Ratings Services, a Division of The McGraw Hill Companies, Inc ("S&P") assigned an underlying rating on the Bonds of "A3" and "A-" respectively, and an additional rating on the Bonds of "Aaa" and "AAA", respectively, based upon a municipal bond insurance policy issued by MBIA Insurance Corporation. The Bonds continue to have an underlying rating of "A3" and "A-" from Moody's and S&P, respectively, but the enhanced rating on the Bonds had been downgraded by Moody's to "Baa1"[based upon Moody's latest rating (confirmed on June 25, 2009) of the insurance financial strength rating of National Public Finance Guarantee Corporation (which entity has assumed MBIA Insuarance Corporation's U.S. public finance portfolio)] and had been upgraded by S&P to "A" [based upon S&P's latest rating (announced on June 5, 2009 and affirmed on September 28, 2009) of the insurance financial strength rating of National Public Finance Guarantee Corporation].

The bonds constitute special obligations of GBRA that are equally and ratably 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 (i) the "Gross Contract Revenues" derived by GBRA from various public and private entities pursuant to certain "Water Supply Agreements" related to the Treated Water Delivery System; (ii) the "Subordinate Water Resources Division Revenues (which generally consist of the gross revenues received by GBRA from the sale of firm raw water stored in Canyon Reservoir and other sources of firm, dependable supplies of water as they are acquired and developed in the Water Supply System of GBRA's Water Resource Division, less payment of all debt service and other payments required to be made in connection with any "Senior Lien Water Resources Division Obligations" and operation and maintenance expenses of such Water Supply System), and (iii) the "Surplus Western Canyon Regional Water Supply Project Revenues" (which generally consist of gross revenues received by GBRA from the success bivision Obligations" and operation and maintenance expenses of such Water Supply System), and (iii) the "Surplus Western Canyon Regional Water Supply Project Revenues" (which generally consist of gross revenues received by GBRA from various public and private entities and certain retail customers of GBRA that receive treated water from GBRA's "Western Canyon Regional Water Supply agreement with GBRA, less all debt service, reserve fund, operation and maintenance expenses, and other funding requirement payable from such gross revenues which are then due and payable).

WATER SUPPLY REVENUE REFUNDING BONDS (PORT LAVACA WATER TREATMENT PLANT PROJECT), SERIES 2011

On August 1, 2011, GBRA authorized the issuance of Water Supply Revenue Refunding Bonds (Port Lavaca WTP), Series 2011 in the amount of \$1,205,000. The proceeds were used to refund a portion of the outstanding Water Supply Revenue Refunding Bonds (Port Lavaca WTP), Series 2000 in order to provide a new present value savings of \$39,856.

Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P")" rated the bonds "A+".

The bonds are special obligations of GBRA payable, both as to principal and interest, and secured soley by the "Net Revenues" derived by GBRA from the operation of its Water Treatement Plant located in or near the City of Port Lavaca, Texas. The Net Revenues are derived from (i) payments received by GBRA from two separate water supply contracts with the City of Port Lavaca, Texas and the Port O'Connor Municipal Utility District pursuant to which GBRA provides treated water to the City of Port Lavaca and the Port O'Connor MUD on a wholesale basis, and (ii) revenues of GBRA's Calhoun County Rural Water Supply Division which are received from the sale of treated water by GBRA, on a retail basis, to members of Calhoun County Rural Water Supply Corporation.

1. DEBT SERVICE REQUIREMENTS

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

2. FUND BALANCES AND COVERAGE

GENERAL IMPROVEMENT AND REFUNDING REVENUE BONDS, SER	IES 2011		
Average Annual Principal and Interest Requirements, 2013 - 2030	\$	540,556	
Coverage of Average Requirements by Pledged Revenues		19.76	times
Coverage of Average Requirements by Net Revenues		2.62	times
Maximum Principal and Interest Requirements, 2027	\$	837,750	
Coverage of Maximum Requirements by Pledged Revenues		12.75	times
Coverage of Maximum Requirements by Net Revenues		1.69	times
Interest and Sinking Fund Balance as of August 31, 2012	\$	81,539	
Pledged Revenues for the Fiscal Year Ended August 31, 2012	\$	10,683,436	(1)
Net Revenues for Fiscal Year Ended August 31, 2012	\$	1,417,135	(2)
(1) See "Water Sales" under "Raw Water Sales" table.			

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

NOTE H - CONTINUING DISCLOSURE REQUIRMENTS (CONTINUED)

3. SOURCES OF PLEDGED REVENUES

COMBINATION CONTRACT REVENUE, SUBORDINATE WATER RESOURCES DIVISION REVENUE, AND SURPLUS WATER PROJECT REVENUE BONDS, SERIES 2004A AND 2004B

	Fiscal Year Ended August 31					
		2012		2011		2010
Debt Service Component of Gross Contract Revenues						
From City of Buda, Texas	\$	189,493	\$	165,969	\$	165,969
From City of Kyle, Texas		605,657		438,159		438,159
From GoForth Special Utility District		123,082		156,011		156,011
From Sunfield Municipal Utilities District		523,754		663,877		663,877
From Monarch		65,469		82,985		82,985
Total Gross Contract Revenues	\$	1,507,455	\$	1,507,001	\$	1,507,001
Subordinate Water Resources Division Revenues		597,478		1,611,661		1,425,908
Surplus West. Canyon Reg. Water Sup. Project Revs.		532,000		532,000		532,000
Total Pledged Revenues Available to Pay Debt Service	\$	2,636,933	\$	3,650,662	\$3	3,464,909
Annual Debt Service Requirements	\$	1,370,670	\$	1,371,045	\$	1,369,507
Coverage Factor		1.92		2.66		2.53

CONTRACT REVENUE BONDS (WESTERN CANYON REGIONAL WATER SUPPLY PROJECT), SERIES 2003

Water Supply Contracts Revenue	\$ 9,211,261
Operating Expenses	\$ 2,729,471
Maintenance & Repair	280,870
Administrative & General	148,472
Total Operating & Maintenance Expenses	\$ 3,158,813
Net Revenue	\$ 6,052,448
Project Debt Service for FY 2012	\$ 5,321,925

NOTE H – CONTINUING DISCLOSURE REQUIRMENTS (CONTINUED)

4. RAW WATER SALES COMPONENT OF WATER RESOURCES DIVISION - HISTORICAL OPERATING STATEMENT

			Fisca	ıl Ye	ar Ended Augu	ist 31	l	
	2012		2011	2011			2009	2008
Revenue								
Raw Water Sales (1)	\$ 10,683,436	\$	9,749,248	\$	9,222,437	\$	9,022,433	\$ 8,316,007
Reservation Fees (2)								58,771
Water Replacement Fees ⁽³⁾							68,750	41,250
Recreation and Land Use	131,506		115,840		92,813		95,439	90,065
Rental Income	253,903		255,420		258,330		230,464	253,435
Miscellaneous	846,607		851,715		464,324		533,493	217,085
Total Operating Revenue	\$ 11,915,452	\$	10,972,223	\$	10,037,904	\$	9,950,579	\$ 8,976,613
Expense								
Operating Expenses	\$ 9,448,832	\$	8,637,599	\$	7,158,901	\$	6,055,807	\$ 5,819,131
Maintenance and Repairs (4)	407,335		513,501		439,259		777,603	983,295
Administrative and General	642,150		591,839		541,448		524,452	496,600
Total Operating Expense	\$ 10,498,317	\$	9,742,939	\$	8,139,608	\$	7,357,862	\$ 7,299,026
Net Revenue	\$ 1,417,135	\$	1,229,284	\$	1,898,296	\$	2,592,717	\$ 1,677,587
Less Debt Service for Senior Lien Bonds ⁽⁵⁾	\$ 819,657	\$	738,505	\$	286,635	\$	287,698	\$ 283,275
Subordinate Revenues Available	\$ 597,478	\$	490,779	\$	1,611,661	\$	2,305,019	\$ 1,394,312

(1) Pledged Revenues.

(2) During FY 2008, FY 2007 and FY 2006, new customers in the Western Canyon project paid reservation to reserve plant capacity for water treatment at the Western Canyon Water Treatment Plant.

(3) New customers in the Western Canyon Project are required to pay a one time charge of \$225 per annual reserved acre foot commitment.

(4) Maintenance and Repair has been restated in FY2012 from the amounts previously reported for FY2008-2011 to remove expenses associated with the raw water pipelines.

(5) The General Improvement Bonds, Series 2002, which were refunded with Series 2011 General Improvement and Revenue Refunding Bonds in FY2011.

5. 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 firm raw water contracted with each type of customer is shown below:

	August 31, 2012		August 31, 2011		August 3	1,2010	August 3	1,2009	August 31, 2008	
-	Acre-Feet	% of Total	Acre-Feet	% of Total	Acre-Feet	% of Total	Acre-Feet	% of Total	Acre-Feet	% of Total
Municipal	70,271	81.04%	65,135	79.84%	62,159	79.08%	61,292	78.84%	56,470	77.43%
Domestic	13	0.01%	16	0.02%	17	0.02%	17	0.02%	17	0.02%
Industrial	15,830	18.26%	15,826	19.40%	15,827	20.13%	15,827	20.36%	15,830	21.71%
Irrigation	597	0.69%	602	0.74%	608	0.77%	606	0.78%	609	0.84%
Contracted	86,711	100.00%	81,579	100.00%	78,611	100.00%	77,742	100.00%	72,926	100.00%

NOTE H – CONTINUING DISCLOSURE REQUIRMENTS (CONTINUED)

6. MAJOR FIRM 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 91% of the total acre-feet currently under contract. For this reason, major firm water customers have been identified as those with contracts for the sale of firm raw water in the amount of 1,000 or more acre-feet per year. Major firm water customers for the fiscal year ended August 31, 2012 are shown below:

					Co	ntract Informa	tio n
		Total			Contract	Expiratio n	Rene wal
Customer	Туре	AF/YR	Re	venue ⁽²⁾	Date	Date	Optio n
Municipal							
Canyon Regional Water Authority City of Marion (100 A/F) City of Cibolo (1,350 A/F) Green Valley SUD (1,800 A/F) Springs Hill WSC (1,925 A/F) East Central WSC (1,400 A/F) SAWS (4,000 A/F)	Regional Water Authority	10,575	\$	1,377,700	10/31/1998	12/31/2039	(1)
New Braunfels Utilities	City	8,720		953,507	01/26/1989	01/25/2050	20 Yrs
City of Seguin	City	1,000		113,667	09/01/2012	08/31/2017	
Canyon Lake WSC	Water Supply Corporation	2,000		242,444	10/01/1994	12/31/2044	(1)
Canyon Lake WSC II	Water Supply Corporation	2,000		242,444	08/27/2001	12/31/2050	(1)
Canyon Lake WSC III	Water Supply Corporation	2,000		242,444	09/29/2006	12/31/2050	(1)
SHWSC I	Water Supply Corporation	1,500		142,083	06/26/1967	12/31/2050	(1)
SHWSC II	Water Supply Corporation	1,000		142,083	06/01/2000	12/31/2050	(1)
Green Valley SUD	Special Utility District	1,000		113,667	12/01/2008	12/31/2040	(1)
Regional R WDS Project							
City of San Marcos	City	10,000		1,113,325	10/01/1989	07/01/2047	(1)
City of Kyle	City	5,443		605,304	05/20/2005	12/31/2038	20 YR S
City of Buda	City	1,680		185,827	04/09/2002	12/31/2042	(1)
CRWAHays Project	Regional Water Authority	2,038		231,653	06/04/2003	12/31/2039	(1)
Go Forth SUD	Special Utility District	1,050		119,350	03/01/2004	12/31/2039	(1)
Sunfield MUD	Municipal Utility District	3,136		356,459	09/08/2005	12/31/2050	
Monarch	Utility Company	560		63,653	01/01/2008	12/31/2037	
GBRA Western Canyon							
SAWS	City	4,000		1,142,237	03/17/2000	12/31/2037	40 Yrs (2x20 Yrs)
Boerne	City	3,611		409,247	02/22/2000	12/31/2037	40 Yrs (2x20 Yrs)
Fair Oaks Ranch	City	1,850		209,667	02/10/2000	12/31/2037	40 Yrs (2x20 Yrs)
To tal Major Municipal Customer	S	63,163	\$	8,006,761			
Indus trial							
Guadalupe Power Partners	Electric Generation	6,840	\$	760,538	03/17/1999	12/31/2021	30 Yrs (6x5 Yrs)
Coleto Creek Power LP	Electric Generation	4,000		511,500	09/01/1975	09/01/2025	(1)
Hays Energy Limited Partners	Electric Generation	2,464		280,075	06/25/1999	12/31/2025	(1)
Ineos USA LLC	ChemicalCompany	1,100		125,033	02/11/1980	02/21/2015	40 Yrs (15 Yrs +(5x5 Yrs))
To tal Major Indus trial Cus to mers		14,404	\$	1,677,146			
Other							
Cordillera Ranch	Housing Development	1,000		113,333	10/11/2001	12/31/2037	40 Yrs (2x20 Yrs)
Total Major Other Customers		1,000	\$	113,333			
To tal Majo r Cus to mers		78,567	\$	9,797,240			
Total Firm Water Sales		86,711	\$ 1	0,683,436			
Major Customers as a Perc	entage of Total	90.61%		91.70%			
(1) Contract does not provide f	or specific renewal options						

(1) Contract does not provide for specific renewal options

(2) Includes Out-of-District Charges

7. FIRM WATER SALES RATE HISTORY

CONTRACT REVENUE BONDS (WESTERN CANYON REGIONAL WATER SUPPLY PROJECT), SERIES 2003

	Current (Acre-Feet)		Ultimate (Acre-Feet)	
In District				
City of Boerne	975	8.71%	3,611	21.49%
City of Fair Oaks	942	8.41%	1,850	11.01%
GBRA - Cordillera	200	1.79%	1,000	5.95%
GBRA - DH Investment Company	100	0.89%	400	2.38%
GBRA - Comal Trace	50	0.45%	100	0.60%
Canyon Lake WSC	722	6.45%	722	4.30%
Lerin Hills MUD	225	2.01%	750	4.46%
Tapatio/Kendall County Utility	200	1.79%	750	4.46%
Future Participants		0.00%	3,617	21.53%
Total In District	3,414		12,800	
Out of District				
SAWS	7,786	69.52%	4,000	23.81%
Total Out of District	7,786		4,000	
Total	11,200	100.00%	16,800	100.00%

8. FIRM WATER SALES RATE HISTORY

Price Per	Effective
Acre-Foot (1)	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
92.00	10/1/2005
96.00	10/1/2006
100.00	10/1/2007
105.00	10/1/2008
110.00	10/1/2010
114.00	10/1/2011
125.00	10/1/2012
(1) Excludes out-of-district charges.	

NOTE H - CONTINUING DISCLOSURE REQUIRMENTS (CONTINUED)

9. HISTORIC TREATMENT OF WATER BY THE AUTHORITY FOR THE CITY OF PORT LAVACA, THE CALHOUN COUNTY RURAL WATER SUPPLY CORPORATION AND THE PORT O'CONNOR MUNICIPALITY DISTRICT

	City o	of Port Lava	ica	Calhoun County	Rural Water	Supply Corp.	Port O'Connor Municipal Utility District (1)					
Fiscal												
Year	Total Annual			Total Annual			Total Annual	Customer				
Ended	Water Treated	Customer		Water Treated	Customer		Water Treated	Count				
8/31	(Gallons)	Count	% of Total	(Gallons)	Count	% of Total	(Gallons)	(approx.)	% of Total			
2007	428,465,000	4,456	72.31%	69,277,000	1,249	11.69%	94,768,000	1,350	15.99%			
2008	477,229,000	4,548	70.89%	78,261,000	1,287	11.63%	117,682,000	1,400	17.48%			
2009	515,138,000	4,514	69.66%	88,979,000	1,299	12.03%	135,384,000	1,400	18.31%			
2010	447,856,000	4,552	70.63%	77,396,000	1,309	12.21%	108,800,000	1,450	17.16%			
2011	521,972,000	4,463	69.33%	94,680,000	1,317	12.58%	136,266,000	1,400	18.10%			
2012	507,083,000	4,463	70.27%	88,349,000	1,333	12.24%	126,146,000	1,600	17.48%			

(1) Approximate figures.

CALHOUN COUNTY WATER SUPPLY CORPORATION MONTHLY WATER RATES

5/8" Meter	First	2,000 gal.	\$35.00 (minimum)
	Over	2,000 gal.	\$4.80/M Gallons

PORTO'CONNOR MUNICIPAL UTILITY DISTRICT MONTHLY WATER RATES

Up to 3/4" Meter	First	2,000 gal.	\$28.50 (minimum)
	Over	2,000 gal.	\$4.80/M Gallons

10. GBRA PORT LAVACA WATER TREATMENT PLANT - HISTORICAL OPERATING STATEMENT

		For Fisc	al Year Ended A	ugust 31,	
	2012	2011	2010	2009	2008
Revenues:					
Water Sales and Lake Operations	\$1,625,723	\$1,568,055	\$1,620,238	\$1,630,624	\$2,390,386
Miscellaneous	1,226	5	1	2	2
Total	1,626,949	1,568,060	1,620,239	1,630,626	2,390,388
Expenses: (1)					
Personnel Operating Costs	\$ 449,999	\$ 416,538	\$ 429,220	\$ 464,162	\$ 442,193
Operating Supplies and Services	524,724	586,862	611,106	563,275	456,939
Maintenance and Repairs	156,094	116,260	130,727	130,015	121,621
Administrative and General	119,196	108,765	106,328	117,759	113,673
Total	1,250,013	1,228,425	1,277,381	1,275,211	1,134,426
Net Income Available for Debt Service	\$ 376,936	\$ 339,635	\$ 342,858	\$ 355,415	\$1,255,962
Outstanding Average Annual Debt Service	\$ 306,975	\$ 254,868	\$ 314,638	\$ 314,600	\$ 313,969
Coverage	1.23	1.33	1.09	1.13	4.00

(1) Excludes depreciation expense

11. 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 Bonds

GBRA has assisted industries within the GBRA service area by providing tax-exempt financing for pollution control facilities which is disclosed in "Note F – Pollution Control Bonds" in the "Notes to Combined Financial Statements" section of this report.

12. CASH, CASH EQUIVALENTS AND INVESTMENTS OF GBRA

The percentages of GBRA's unrestricted investable funds by category is included in Note D - Cash, Cash Equivalents and Investments of this report.

NOTE I - SPECIAL ITEM

In 2010, a small group of plaintiffs filed a federal lawsuit against the Texas Commission on Environmental Quality (TCEQ) under the Federal Endangered Species Act alleging that the TCEQ had mismanaged the water rights in the Guadalupe and San Antonio River Basins during the droughts and as a result had adversely impacted the endangered whooping cranes. Since the outcome of the lawsuit could affect many of GBRA's water rights, GBRA was granted intervention into the suit on the side of TCEQ. Expenses incurred have been \$2,970,725, \$1,994,934 and \$1,195,792 for fiscal years 2012, 2011 and 2010 respectively.

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NOTE J - SEGMENT INFORMATION, INCLUDING INTERFUND RECEIVABLES/PAYABLES

GBRA is comprised of ten (10) 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 another stand-alone entity that has one or more bonds outstanding with a revenue stream pledged in support of that debt, and the activity is externally required to maintain separate accounts.

All operating revenues result from charges for services.

Segment information at August 31, 2012 is as follows:

REVENUES, ENPENSES AND CHANGES IN NET ASSETS Operating Revenue \$ 22,080,129 \$ 1,630,440 \$ 1,640,410 \$ 2,8,17 Operating Revenue \$ 22,080,129 \$ 1,626,249 \$ 1,333,731 \$ 1,494,690 \$ 1,640,410 \$ 2,8,17 Operating Revenue \$ 22,080,129 \$ 1,626,249 \$ 1,333,731 \$ 1,494,690 \$ 1,640,410 \$ 2,8,17 Operating Income 7,382,707 \$ 160,55 342,096 774,662 443,845 9,325 Nonoperating Revenue (Expenses) \$ (5,443,053) \$ (40,673) \$ (23,647) \$ (23,885) (12,412) Change in Net Assets \$ 1,812,315 \$ (51210) \$ 7,382 \$ (7,62) \$ 3,7246 \$ 188 BALANCE SHEET ACTIVITES \$ 1,812,315 \$ (51210) \$ 5,733,82 \$ (7,62) \$ 5,94,320 \$ 8,66 Current Labilities \$ 16,090,2222 \$ 3,656,311 \$ 6,150,838 \$ 7,555,874 \$ 3,382,233 \$ 8,84,147 Current Labilities \$ 16,900,2222 \$ 3,656,311 \$ 6,150,838 \$ 7,555,874 \$ 3,382,233 \$ 8,84,147 Current Labilities <					ort Lavaca /ater P lant	v	Luling Water P lant		Canyon Hydroelectric		Lockhart WWTP		Total
Operating Revenue \$< \$< \$< \$< \$< \$< \$< \$< \$< \$< \$< \$< \$< \$< \$< <	REVENIES EXPENSES AND CHANGES IN N	JET	ASSETS										
Operating Expenses (10,982,800) (12,250,013) (88,339) (408,451) (078,856) (14,44) Depreting Income 7,382,270 K0,052 342,096 774,662 443,86 9,00 Operating Revenue (Expenses) (5,443,053) (40,673) C253,647 C03,179 50,650 342,096 774,662 443,850 (12,44) Change in Net Assets 5 1812,315 5 512,100 \$ 573,822 \$ 7,864,200 \$ 338,850 (12,44) Change in Net Assets 5 1812,315 \$ 512,100 \$ 573,822 \$ 7,864,200 \$ 32,318,95 59,4230 \$ 8,660 Capital Assets 14,2670,188 2,852,696 5,206,300 5,242,33 5,642,23 5,600 10,916,976 \$ 9,94,822 \$ 9,000 12,92,912,922 \$ 3,656,311 \$ 6,107,815 \$ 10,900 12,92,912,912 \$ 3,90,918 \$ 10,907,96 \$ 9,94,822 \$ <				\$	1626 949	\$	1333 731	\$	1494 690	\$	1640410	\$	28,175,909
Depreciation and Amoritzation Exp (3,74,622) (216,78) (168,236) (31,1577) (218,078) (4.622) Operating Income 7,382,707 K0,155 342,096 774,662 443,816 9,000 Nonoperating Revenue (Expenses) (5,443,053) (40,673) (253,647) (20,737) (67,750) (60,730) Costs to be Recovered (Deferred Rev) (17,739) (70,622) 37,716 \$ 37,816 \$ 182 Current Assets \$ 187,743,628 \$ 601314 \$ 646,193 \$ 1076,976 \$ 594,320 \$ 8,66 Current Assets \$ 12,670,88 2,852,696 \$ 5,06301 \$ 6,150,888 \$ 7,552,874 \$ 3,882,638 \$ 84,047 Current Liabilities \$ 6,97,081 \$ 6,053,081 \$ 6,103,885 \$ 10,07,76 \$ 904,822 \$ 8,000 Cong Term Liabilities \$ 6,97,081 \$ 6,053,081 \$ 6,103,885 \$ 10,07,76 \$ 904,822 \$ 8,000 Non setsite Ret of Related Determinities \$ 6,07,302 \$ 123,077 \$ 23,020 \$ 23,037,93 \$ 3,314,825 \$ 20,60,000 \$ 184,067 <tr< td=""><td></td><td>Ψ</td><td>, ,</td><td>Ψ</td><td></td><td>Ψ</td><td></td><td>Ψ</td><td></td><td>Ψ</td><td></td><td>Ψ</td><td>(14,443,179)</td></tr<>		Ψ	, ,	Ψ		Ψ		Ψ		Ψ		Ψ	(14,443,179)
Operating hcome 7.382,707 60,55 342,096 774,662 443,816 9,00 Nonoperating Revenue (Expenses) (5,443,053) (40,673) (253,647) (203,179) (67,750) (6,000) Costs to be Recovered (Deferred Rev) (12,7339) (10,692) (3,1667) (57,465) (338,840) (12,400) (13,645) (338,840) (12,400) (13,645) (14,645) (16,600) (17,65) 6,64,230 (16,600) (13,642) (16,600) (13,642) (16,600) (13,642) (16,600) (13,642) (16,600) (13,642) (16,600) (14,64) (16,600) (14,64) (16,600) (14,64) (16,600) (14,64) (16,600) </td <td></td> <td>(4,629,294)</td>													(4,629,294)
Nonoperating Revenue (Expenses) (5,443,053) (40,673) (253,647) (203,179) (67,750) (6,000) Costs to be Recovered (Deferred Rev) \$\$ 1812,318 \$\$ \$\$ (5120) \$\$ 57,382 \$\$ (7,162) \$\$ 33,850) (1244) BALANCE SHEET ACTIVITES Current Assets \$\$ 15,743,628 \$\$ 601,314 \$\$ 646,193 \$\$ 1076,976 \$\$ 594,320 \$\$ 8,866 Current Assets \$\$ 15,743,628 \$\$ 601,314 \$\$ 646,193 \$\$ 1076,976 \$\$ 594,320 \$\$ 8,866 Current Assets \$\$ 162,022,222 \$\$ 365,030 \$\$ 5824,609 \$\$ 3,218,95 \$\$ 57,937 Other Assets \$\$ 162,022,222 \$\$ 3,563,018 \$\$ 600,888 \$\$ 7,555,874 \$\$ 3,882,638 \$\$ 184,147 Current Labilities \$\$ 6,937,018 \$\$ 607,812 \$\$ 450,344 \$\$ 100,0776 \$\$ 904,822 \$\$ 100,000 Long Term Labilities \$\$ 6,937,018 \$\$ 607,812 \$\$ 450,344 \$\$ 100,0776 \$\$ 904,822 \$\$ 100,000 Long Term Labilities \$\$ 06,861,000 \$\$ 5,225,000 \$\$ 12,062 \$\$ 03,0489 \$\$ 2,3587 \$\$ 07,316		—			. , ,						. , ,		9,103,436
Costs to be Recovered (Defened Rev) (127,339) (170,692) (31,067) (578,645) (338,850) (1244) Change in Net Assets \$ 1,812,315 \$ (51210) \$ 57,382 \$ (7,162) \$ 37,216 \$ 1,424 BALANCE SHEET ACTIVITES Current Assets \$ 15,743,628 \$ 60,1314 \$ 646,193 \$ 1076,976 \$ 594,320 \$ 18,662 Other Assets 2,852,666 5,206,300 5,824,609 3,231,895 59,732 \$ 564,233 5,604,23 5,732,11 2,440,000 18,85,25 5,630,415 6,104,27,13 2,440,000 18,85,25 7,551,416 3,326,70 9,91,41 2,718,73 2,320,70 9,91,41 2,718,73 2,320,70 9,91,40 14,414,31 2,718,55 7,551,416 3,35,8	operating meetine		7,382,707		100,100		542,090		774,002		445,810		9,105,450
$\begin{array}{c c c c c c c c c c c c c c c c c c c $			(5,443,053)		(40,673)		(253,647)		(203,179)		(67,750)		(6,008,302)
BALANCE SHEET ACTIVITES Current Assets \$ 15,743,628 \$ 601,314 \$ 5,646,973 \$ 1,076,976 \$ 5,94,320 \$ 18,66 Capital Assets 4,488,436 202,301 298,365 654,289 56,423 5,693 Other Assets 5 162,902,252 \$ 3,856,311 \$ 6,108,88 \$ 7,755,7874 \$ 3,882,308 \$ 184,900 Current Liabilities 5 162,902,252 \$ 3,656,311 \$ 6,637,387 \$ 3,314,822 148,560 Ivosted in Capital Assets Net of Related Debt 18,070,100 131,1697 (19,410) 4,114,11 271,1485 200,210 9,91 Ivosted in Capital Assets 5 162,902,252 \$ 3,056,311 \$ 6,108,388 \$ 7,555,874 \$ 3,882,638 \$ 184,447 Restricted 8,457,173 231,809 407,438 \$ 1,70,076 \$ 3,882,638 \$ 184,447 Revenue Bonds Payable \$ 162,902,927 \$ 1,80,000 \$ 5,225,709 \$ 1,170,178 \$ 2,960,000 \$ 1,84,00 Loans Payable \$ 1057,281 \$ 6,0829 \$ 7,555,874 \$ 3,882,638 \$ 184,447 <													(1,246,593)
Current Assets \$ \$ \$ 5 67,43,628 \$ 60,134 \$ 60,61,34 \$ 107,697 \$ \$ 594,320 \$ 8,66 Capial Assets 442,670,188 2,852,696 5,206,300 5,824,609 3,231,895 56,6423 5,6434 8,14,433 1,714,713 5,713,211 2,410,000 8,4435 5,6434	Change in Net Assets	\$	1,812,315	\$	(51,210)	\$	57,382	\$	(7,162)	\$	37,216	\$	1,848,541
Capital Assets H2.670.188 2.852.696 5.206.300 5.824.609 3.231.895 159.783 Other Assets 4.488,436 202,301 298,365 654.289 56.423 5.69 Other Assets 5.62,902,252 5 3.656.311 5 6.150.858 5 7.555.874 5 3.882.638 5 18.447 Current Labilities 6.937.081 5 607.812 5 4.03.344 5 0.00.776 5 9.04.82 5 0.00 Current Labilities 130.864.299 1.882.525 5.63.0.45 6.873.987 3.314.822 188.56 Investricted M.627.010 1.311.697 (19.40) 4.114.431 271.895 20.307 Catal Liabilities and Net Assets 32.037.953 1.773.786 520.418 681.887 567.816 3.882.638 8 8.44.47 Revenue Bonds P ayabk \$ 12.2992.927 \$ 1.80.000 \$ 5.225.709 \$ 1.710.78 \$ 2.960.000 \$ 1.84.00 <t< td=""><td>BALANCE SHEET ACTIVITIES</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>	BALANCE SHEET ACTIVITIES												
Other Assets 4.488,436 202,301 298,365 654,289 56,423 5,69 Total Assets \$ 162,902,252 \$ 3,656,311 \$ 6,150,858 \$ 7,555,874 \$ 3,882,638 \$ 184,447 Current Liabilities \$ 6,937,081 \$ 6,078,12 \$ 450,344 \$ 1,00,776 \$ 9,04,822 \$ 10,00 \$ 188,563 Total Liabilities 123,927,218 1274,713 5,80,401 5,773,211 2,40,000 138,8563 Total Liabilities 130,8642,299 1882,525 5,630,445 6,873,987 3,14,822 148,560 Restricted 14,627,010 131,1697 (19,40) 4,114,431 271,895 203,00 Total Nassets 32,037,953 173,7365 5,207,918 (3,0149) 5,358 Total Nassets 32,020,225 \$ 3,656,311 \$ 6,150,858 \$ 7,555,874 \$ 3,882,638 \$ 184,473 Cotal Assets 32,007,933 \$ 1,80,000 \$ 5,225,709 \$ 1,710,78 \$ 2,960,000 \$ 13,406 Loans Payable 5,050,251 360,998 - - <td>Current Assets</td> <td>\$</td> <td>15,743,628</td> <td>\$</td> <td>601,314</td> <td>\$</td> <td>646,193</td> <td>\$</td> <td>1,076,976</td> <td>\$</td> <td>594,320</td> <td>\$</td> <td>18,662,431</td>	Current Assets	\$	15,743,628	\$	601,314	\$	646,193	\$	1,076,976	\$	594,320	\$	18,662,431
Total Assets \$\$ 162,902,252 \$\$ 3,656,311 \$\$ 6,150,858 \$\$ 7,555,874 \$\$ 3,882,638 \$\$ 84,47 Current Liabilities \$\$ 6,937,081 \$\$ 607,812 \$\$ 450,344 \$\$ 1,00,776 \$\$ 904,822 \$\$ 0,000 Long Term Liabilities $123,927,218$ $1274,713$ $5,180,101$ $5,773,211$ $2,440,000$ $138,565$ Ivested in Capital Assets Net of Related Debt $14,677,010$ $131,1697$ $(19,440)$ $4,114,431$ $271,895$ $203,02$ Restricted $8,957,773$ $231,2809$ $407,438$ $(3,705,186)$ $(30,419)$ $5,367$ Total Net Assets $$$ 162,902,252$ $$$ 3,056,311$ $$$ 6,150,858$ $$$ 7,555,874$ $$$ 3,882,638$ $$$ 184,47$ Revenue Bonds Payable $$$ 122,992,927$ $$$ 1,180,000$ $$$ 5,225,709$ $$$ 1,710,178$ $$$ 2,960,000$ $$$ 134,06$ Loans Payable $$$ 122,992,927$ $$$ 1,180,000$ $$$ 5,225,709$ $$$ 1,710,178$ $$$ 2,960,000$ $$$ 134,06$ Loans Payable $$$ 122,992,927$ $$$ 1,180,000$ $$$ 5,225,709$ $$$ 1,710,178$ $$$ 2,960,000$ $$$ 134,06$ Accounts Receivab	Capital Assets		142,670,188		2,852,696		5,206,300		5,824,609		3,231,895		159,785,688
Current Liabilities 5 6.937.081 \$ 607.812 \$ 450.344 \$ 1.00.776 \$ 9.04.822 \$ 0.00 Long Term Liabilities 12.3927.218 12.3927.218 12.74.718 \$ 5.180.01 5.773.211 2.440.000 188.565 Total Liabilities 130.864.299 1.882.525 5.630.445 6.873.987 3.348.822 48.566 Invested in Capital Assets Net of Related Debt 14.627.010 1.311.697 (P.410) 4.114.431 271.895 20.302 Restricted 8.457.173 231.809 407.438 (3.705.186) (30.149) 5.35 Total Net Assets 32.037.953 1.773.786 520.413 68.1887 567.816 \$ 3.5.88 Total Liabilities and Net Assets \$ 162.902.252 \$ 3.656.311 \$ 6.150.858 \$ 7.555.874 \$ 3.882.638 \$ 184.06 Loans Payable \$ 102.902.252 \$ 3.656.311 \$ 6.150.858 \$ 7.555.874 \$ 3.882.638 \$ 184.06 Loans Payable \$ 105.902.51 360.998 - -	Other Assets		4,488,436		202,301		298,365		654,289		56,423		5,699,814
Long Term Liabilities 123,927,2 l8 1274,7 l3 5,80,01 5,773,2 l1 2,410,000 188,563 Total Liabilities 130,864,299 1882,525 5,630,445 6,873,987 3,314,822 148,566 Invested in Capital Assets Net of Related Debt 14,627,010 131,697 (P,410) 4,114,431 271,895 20,303 Restricted 8,457,173 231,809 407,438 (3,705,186) (30,149) 5,365 Total Net Assets 32,037,953 1,773,786 520,418 681,887 567,816 \$ 3,55,874 \$ 3,882,638 \$ 184,47 Revenue Bonds Payable \$ 122,992,927 \$ 1,180,000 \$ 5,225,709 \$ 1,710,178 \$ 2,960,000 \$ 134,06 Loans Payable 5,050,251 360,998 5,411 Interfund Balances: 5,411 Accounts Payable 1,057,281 160,829 67,526 107,160 78,227 1,477 CASH FLOW ACTIVITES 5,63 <td>TotalAssets</td> <td>\$</td> <td>162,902,252</td> <td>\$</td> <td>3,656,311</td> <td>\$</td> <td>6,150,858</td> <td>\$</td> <td>7,555,874</td> <td>\$</td> <td>3,882,638</td> <td>\$</td> <td>184,147,933</td>	TotalAssets	\$	162,902,252	\$	3,656,311	\$	6,150,858	\$	7,555,874	\$	3,882,638	\$	184,147,933
Long Term Liabilities 123,927,2 l8 1274,7 l3 5,80,01 5,773,2 l1 2,410,000 188,563 Total Liabilities 130,864,299 1882,525 5,630,445 6,873,987 3,314,822 148,566 Invested in Capital Assets Net of Related Debt 14,627,010 131,697 (P,410) 4,114,431 271,895 20,303 Restricted 8,457,173 231,809 407,438 (3,705,186) (30,149) 5,365 Total Net Assets 32,037,953 1,773,786 520,418 681,887 567,816 \$ 3,55,874 \$ 3,882,638 \$ 184,47 Revenue Bonds Payable \$ 122,992,927 \$ 1,180,000 \$ 5,225,709 \$ 1,710,178 \$ 2,960,000 \$ 134,06 Loans Payable 5,050,251 360,998 5,411 Interfund Balances: 5,411 Accounts Payable 1,057,281 160,829 67,526 107,160 78,227 1,477 CASH FLOW ACTIVITES 5,63 <td>Current Liabilities</td> <td>\$</td> <td>6,937,081</td> <td>\$</td> <td>607.812</td> <td>\$</td> <td>450,344</td> <td>\$</td> <td>1,100,776</td> <td>\$</td> <td>904,822</td> <td>\$</td> <td>10,000,835</td>	Current Liabilities	\$	6,937,081	\$	607.812	\$	450,344	\$	1,100,776	\$	904,822	\$	10,000,835
Total Labilities130.864.299 1822.525 $5,630,445$ $6,873.987$ $3,314.822$ 148.566 Invested in Capital Assets Net of Related Debt $4,627.010$ $1,311.697$ $(19,410)$ $4,114,431$ 271.895 20.302 Restricted $8,953.770$ $230,280$ $122,385$ 272.642 326.070 9.91 Unrestricted $8,457,173$ 231.809 $407,438$ $(3,705,186)$ $(30,149)$ $5,365$ Total Net Assets $32,037,953$ $1773,786$ 520.415 681887 567.816 $$35.58$ Total Labilities and Net Assets $$162,902,252$ $$3,656,311$ $$6,150,858$ $$7,555,874$ $$3,882,638$ $$184,477$ Revenue Bonds P ayable $5,050,251$ $360,998$ $$ <td></td> <td>138,565,243</td>													138,565,243
Invested in Capital Assets Net of Related Debt $4,627,010$ $1,311,697$ $(9,40)$ $4,114,431$ $271,895$ $20,302$ Restricted $8,953,770$ $230,280$ $B2,385$ $272,642$ $326,070$ $9,91$ Unrestricted $8,457,173$ $231,809$ $407,438$ $(3,705,186)$ $(30,149)$ $5,36$ Total Net Assets $32,037,953$ $1,773,786$ $520,413$ $681,887$ $567,816$ $$35,588$ Total Liabilities and Net Assets $$162,902,252$ $$$3,656,311$ $$6,150,858$ $$7,555,874$ $$$2,960,000$ $$$134,061$ Loans Payable $$122,992,927$ $$$1,180,000$ $$5,225,709$ $$$1,710,178$ $$2,960,000$ $$$134,061$ Loans Payable $5,050,251$ $360,998$ $$ $$ $$ $$ $$ Accounts Receivable $820,619$ $164,525$ $75,000$ $11,382$ $85,434$ $1,156$ Accounts Payable $1057,281$ $160,829$ $67,526$ $107,160$ $78,227$ $1,47$ CASH FLOW ACTIVITES $62,71,720$ $(364,186)$ $(467,913)$ $(1083,189)$ $(549,643)$ $(8,73)$ Noncapital Financing Activities $(58,219)$ $(13,146)$ $48,076$ $161,942$ $(7,963)$ 136 Net sting Activities $(58,219)$ $(13,146)$ $48,076$ $161,942$ $(7,963)$ 136 Capital & Related Financing Activities $(58,219)$ $(13,146)$ $48,076$ $161,942$ $(7,963)$ 136 Current Cash and Cash Equivalents $1036,984$ $$88,$	e						, ,						148,566,078
Restricted $8,953,770$ $230,280$ $132,385$ $272,642$ $326,070$ $9,91$ Unrestricted $8,457,173$ $231,809$ $407,438$ $(3.705,186)$ $(30,149)$ 5.36 Total Net Assets $32,037,953$ $1.773,786$ $520,413$ $681,887$ $567,816$ $$35,58$ Total Liabilities and Net Assets $$162,902,252$ $$3,656,311$ $$6,150,858$ $$7,55,874$ $$3,382,638$ $$184,417$ Revenue Bonds Payable $$122,992,927$ $$1,180,000$ $$5,225,709$ $$1,170,178$ $$$2,960,000$ $$134,06$ Loans Payable $5.050,251$ $360,998$ $$ $$ $$ $5,41$ Interfund Balances: $Accounts Receivable$ $820,619$ $164,525$ $75,000$ $11,382$ $85,434$ $1,156$ Accounts Receivable $820,619$ $164,525$ $75,000$ $11,382$ $85,434$ $1,156$ Accounts Payable $(507,728)$ $160,829$ $67,526$ $107,160$ $78,227$ 147 CASH FLOW ACTIVITES $(62,71,720)$ $(364,186)$ $(467,913)$ $(1083,189)$ $(549,643)$ $(8,73)$ Noncapital Financing Activities $(62,71,720)$ $(364,186)$ $(467,913)$ $(1083,189)$ $(54,964)$ $(8,73)$ Noncapital Financing Activities $(53,510,041$ $$6,78,440$ $$79,415$ $$5,68,655$ $$2,24,400$ $$3,434$ Current Cash and Cash Equivalents $(13,26,984)$ $$6,78,740$ $$79,415$ $$14,063$ $$2,21,720$ $$168,243$ At Enginning of Year													20,305,623
Unrestricted $8,457,73$ $23,809$ $407,438$ $(3,705,186)$ $(30,149)$ $5,36$ Total Net Assets $32,037,953$ $1,773,786$ $520,413$ $681,887$ $567,816$ $$35,58$ Total Liabilities and Net Assets $$162,902,252$ $$3,656,311$ $$6,150,858$ $$7,555,874$ $$3,382,638$ $$184,447$ Revenue Bonds Payable $$122,992,927$ $$$1,180,000$ $$5,222,709$ $$$1,170,178$ $$2,960,000$ $$$134,061$ Loans Payable $5,050,251$ $360,998$ $$ $$ $$ $$ $5,41$ Interfund Balances: $Accounts Receivable$ $820,619$ $164,525$ $75,000$ $11,382$ $85,434$ $1,150$ Accounts Receivable $820,619$ $164,525$ $75,000$ $11,382$ $85,434$ $1,150$ Accounts Payable $1057,281$ $160,829$ $67,526$ $107,160$ $78,227$ $1,47$ CASH FLOW ACTIVITES $(2,71,720)$ $(364,186)$ $(467,913)$ $(1083,189)$ $(549,643)$ $(8,73)$ Noncapital Financing Activities $(52,71,720)$ $(364,186)$ $(467,913)$ $(1083,189)$ $(549,643)$ $(8,73)$ Noncapital Financing Activities $563,047$ $$ $ -$ Nue sting Activities $50,0041$ $$(67,844)$ $$79,415$ $$(113,426)$ $$22,1720$ $$1668$ At Beginning of Year $$1,036,984$ $$(67,870)$ $$79,415$ $$(113,242)$ $$(32,239)$ $$1,064$ At Beginning of Year $$1,080,483$ <td>•</td> <td></td> <td>9,915,147</td>	•												9,915,147
TotalNet Assets32,037,953 $1,773,786$ $520,413$ 681887 $567,816$ \$ $35,58$ Total Liabilities and Net Assets $$ 162,902,252$ \$ $3,656,311$ \$ 681887 $567,816$ \$ $35,58$ Revenue Bonds Payable\$ $162,902,252$ \$ $3,656,311$ \$ 681887 $567,816$ \$ $3,558$ Loans Payable\$ $5,225,709$ \$ $1,710,178$ \$ $2,960,000$ \$ $134,06$ Loans Payable\$ $5,050,251$ $360,998$ $5,410$ Accounts Receivable $820,619$ $164,525$ $75,500$ $11,382$ $85,434$ $11,600$ Accounts Payable $1057,281$ $160,829$ $67,526$ $107,60$ $78,227$ $1,447$ CASH FLOW ACTIVITESCash Flows $(58,219)$ $(13,446)$ $(467,913)$ $(1083,189)$ $(549,643)$ $(8,73)$ Noncapital Enancing Activities $(58,219)$ $(13,446)$ $48,076$ 161942 $(7,963)$ 136 <th< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>,</td><td></td><td>5,361,085</td></th<>											,		5,361,085
Total Liabilities and Net Assets\$ 162,902,252\$ 3,656,311\$ 6,150,858\$ 7,555,874\$ 3,882,638\$ 184,44Revenue Bonds Payable\$ 122,992,927\$ 1,180,000\$ 5,225,709\$ 1,710,178\$ 2,960,000\$ 134,06Loans Payable $5,050,251$ $360,998$ $$ $$ $$ $$ $5,41$ Interfund Balances: $Accounts Receivable$ $820,619$ $164,525$ $75,000$ $11,382$ $85,434$ $1,156$ Accounts Payable $1057,281$ $160,829$ $67,526$ $107,160$ $78,227$ $1,47$ CASH FLOW ACTIVITIES $Cash Flows$ $(6,271,720)$ $(364,186)$ $(467,913)$ $(1083,189)$ $(549,643)$ $(8,73)$ Noncapital Financing Activities $563,047$ $ -$							· · · ·					\$	35,581,855
Loans Payable 5,050,251 360,998 -5,41 Interfund Balances: Accounts Receivable 820,619 164,525 75,000 11,382 85,434 1,156 Accounts Payable 1,057,281 160,829 67,526 107,160 78,227 1,47 CASH FLOW ACTIVITIES Cash Flows 0perating Activities 9,276,933 \$ 309,488 \$ 499,252 \$ 862,592 \$ 533,206 \$ 14,48 Capital & Related Financing Activities (6,271,720) (364,186) (467,913) (1,083,189) (549,643) (8,73) Noncapital Financing Activities 563,047 563 Investing Activities (58,219) (13,146) 48,076 161,942 (7,963) 18,343 14,88 Current Cash and Cash Equivalents 3,510,041 \$ 67,844 \$ 79,415 \$ 189,481 2,749 \$ 14,063 \$ 221,720 \$ 1,688 2,235,018 20,312 304,174 821 189,481 2,749 At Beginning of Year \$ 1,98,034 \$ 67,870 \$ 79,415 \$ 114,063 \$ 221,72		\$		\$		\$		\$		\$			184,147,933
Loans Payable 5,050,251 360,998 -5,41 Interfund Balances : Accounts Receivable 820,619 164,525 75,000 11,382 85,434 1,156 Accounts Payable 1,057,281 160,829 67,526 107,160 78,227 1,47 CASH FLOW ACTIVITIES Cash Flows 0perating Activities 9,276,933 \$ 309,488 \$ 499,252 \$ 862,592 \$ 533,206 \$ 14,48 Capital & Related Financing Activities (6,271,720) (364,186) (467,913) (1,083,189) (549,643) \$ 87,33 Noncapital Financing Activities 563,047 563 Investing Activities (58,219) (13,146) 48,076 161,942 (7,963) 18,343 3 3,343 Current Cash and Cash Equivalents 3,510,041 \$ (67,844) \$ 79,415 \$ (58,655) \$ (24,100) \$ 1,468 At Beginning of Year \$ 1,98,034 \$ (23,12) 304,174 821 189,481 2,749 Net Increase (Decrease) \$ 1,198,034 \$ (67,870) \$ 79,415 \$ (11													
Interfund Balances : Accounts Receivable 820,619 164,525 75,000 11,382 85,434 1,156 Accounts Payable 1,057,281 160,829 67,526 107,160 78,227 1,47 CASH FLOW ACTIVITIES Cash Flows 60,829 67,526 107,160 78,227 1,47 Cash Flows 0perating Activities \$9,276,933 \$ 309,488 \$ 499,252 \$ 862,592 \$ 533,206 \$ 114,86 Capital & Related Financing Activities (6,271,720) (364,186) (467,913) (1083,189) (549,643) (8,73) Noncapital Financing Activities 563,047 563 Investing Activities (58,219) (13,146) 48,076 161,942 (7,963) 13,433 Current Cash and Cash Equivalents (51,944) \$ 79,415 \$ (14,063) \$ 221,720 \$ 1,688 At Beginning of Year \$ 1,036,984 8 88,182 224,759 \$ 114,063 \$ 221,720 \$ 16,688 At End of Year \$ 1,036,984 667,870) \$ 79,415 \$ (113,242) \$ (32,239) \$ 10,668	-	\$		\$		\$	5,225,709	\$	1,710,178	\$	2,960,000	\$	134,068,814
Accounts Receivable 820,619 164,525 75,000 11,382 85,434 1,565 Accounts P ayable 1,057,281 160,829 67,526 107,160 78,227 1,47 CASH FLOW ACTIVITES Cash Flows 0 0 9,276,933 \$ 309,488 \$ 499,252 \$ 862,592 \$ 533,206 \$ 11,482 Capital & Related Financing Activities (6,271,720) (364,186) (467,913) (1,083,189) (549,643) (8,73) Non capital Financing Activities 563,047 563 Investing Activities (58,219) (13,146) 48,076 161942 (7,963) 134 Current Cash and Cash Equivalents \$ 1,036,984 \$ 67,870 \$ 114,063 \$ 221,720 \$ 1,668 At End of Year \$ 1,036,984 \$ 68,182 \$ 224,759 \$ 114,063 \$ 221,720 \$ 1,668 At End of Year \$ 1,036,984 \$ 67,870 \$ 79,415	-		5,050,251		360,998								5,411,249
Accounts P ayable 1,057,281 160,829 67,526 107,160 78,227 1,47 CASH FLOW ACTIVITIES Cash Flows Operating Activities \$ 9,276,933 \$ 309,488 499,252 \$ 862,592 \$ 533,206 \$ 1,48 (467,913) (1083,189) (549,643) (8,73 563,047 <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td>													
CASH FLOW ACTIVITIES Cash Flows Operating Activities \$ 9,276,933 \$ 309,488 \$ 499,252 \$ 862,592 \$ 533,206 \$ 11,485 Capital & Related Financing Activities (6,271,720) (364,186) (467,913) (1083,189) (549,643) (8,73 Noncapital Financing Activities (52,219) (13,146) 48,076 161942 (7,963) 13(46) Investing Activities (58,219) (13,146) 48,076 161942 (7,963) 13(46) Current Cash and Cash Equivalents 3,510,041 \$ (67,844) \$ 79,415 \$ (58,655) \$ (24,400) \$ 3,433 3,433 Current Cash and Cash Equivalents \$ 1,036,984 \$ 88,182 \$ 224,759 \$ 114,063 \$ 221,720 \$ 1683 \$ 1,036,984 \$ 2,235,018 20,312 304,174 821 189,481 2,749 Net Increase (Decrease) \$ 1,036,984 \$ (67,870) \$ 79,415 \$ (113,242) \$ (32,239) \$ 1064 \$ 1,098,034 \$ (67,870) \$ 79,415 \$ (113,242) \$ (32,239) \$ 1,064 \$ 1,064 Restricted Cash and Cash Equivalents \$ 1,198,034 \$ (67,870) \$ 79,415 \$ (113,242) \$ (32,239) \$ 1,064 \$ 1,064 At Beginning of Year \$ 3,158,339 \$ 5,000 \$ \$ 294,053 \$ 318,231 \$ 37,75 \$ 3,475 At Beginning of Year \$ 3,158,339 \$ 5,026 \$ 348,640 \$ 326,070 \$ 6,50 \$ 3,757 <td></td> <td></td> <td>,</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>,</td> <td></td> <td></td> <td></td> <td>1,156,960</td>			,						,				1,156,960
Cash Flows \$ 9,276,933 \$ 309,488 \$ 499,252 \$ 862,592 \$ 533,206 \$ 11,485 Capital & Related Financing Activites (6,271,720) (364,186) (467,913) (1,083,189) (549,643) (8,73) Non capital Financing Activities 563,047 563 Investing Activities (58,219) (13,146) 48,076 161942 (7,963) 180 Current Cash and Cash Equivalents 3,510,041 \$ (67,844) \$ 79,415 \$ (24,400) \$ 3,438 At End of Year \$ 1,036,984 \$ 88,182 \$ 224,759 \$ 114,063 \$ 221,720 \$ \$ 1,689 At End of Year \$ 1,036,984 \$ 88,182 \$ 224,759 \$ 114,063 \$ 221,720 \$ \$ 1,689 At End of Year \$ 1,036,984 \$ 20,312 304,174 821 189,481 2,749 Net Increase (Decrease) \$ 1,198,034	Accounts Payable		1,057,281		160,829		67,526		107,160		78,227		1,471,023
Operating Activities \$ 9,276,933 \$ 309,488 \$ 499,252 \$ 862,592 \$ 533,206 \$ 1148 Capital & Related Financing Activites (6,271,720) (364,186) (467,913) (1,083,189) (549,643) (8,73) Noncapital Financing Activities 563,047 563 Investing Activities (58,219) (13,146) 48,076 161942 (7,963) 180 Current Cash and Cash Equivalents 3,510,041 \$ (67,844) \$ 79,415 \$ (58,655) \$ (24,400) \$ 3,438 At Beginning of Year \$ 1,036,984 \$ 88,182 \$ 224,759 \$ 114,063 \$ 221,720 \$ 1689 89,481 2,745 Net Increase (Decrease) \$ 1,198,034 \$ (67,870) \$ 79,415 \$ (113,242) \$ (32,239) \$ 1066 8 1066 Restricted Cash and Cash Equivalents \$ 1,198,034 \$ (67,870) \$ 79,415 \$ (113,242) \$ (32,239) \$ 1066 8 1066 At Beginning of Year \$ 3,158,339 \$ 5,000 \$ \$ 348,640 326,070 \$ 5,070 5,070	CASH FLOW ACTIVITIES												
Capital & Related Financing Activities $(6,271,720)$ $(364,186)$ $(467,913)$ $(1083,189)$ $(549,643)$ $(8,73)$ Noncapital Financing Activities $563,047$ $$	Cash Flows												
Noncapital Financing Activities 563,047 563,047 Investing Activities (58,219) (13,146) 48,076 161,942 (7,963) 1360,963 Current Cash and Cash Equivalents (67,844) (67,844) (79,415) (58,655) (24,400) (3,433) Current Cash and Cash Equivalents (1036,984) 88,182 224,759 114,063 221,720 (16,894) At End of Year (2,235,018) 20,312 304,174 821 189,481 2,745 Net Increase (Decrease) (1,198,034) (67,870) 79,415 (113,242) (32,239) (1064) Restricted Cash and Cash Equivalents (1,198,034) (67,870) 79,415 (113,242) (32,239) (1064) At Beginning of Year (3,158,339) 5,000 \$294,053 318,231 37,753 At End of Year (5,470,346) 5,026 348,640 326,070 6,150	Operating Activities	\$	9,276,933	\$	309,488	\$	499,252	\$	862,592	\$	533,206	\$	11,481,471
Investing Activities $(58,219)$ $(13,146)$ $48,076$ $161,942$ $(7,963)$ 130 Current Cash and Cash EquivalentsAt Beginning of YearAt End of YearNet Increase (Decrease)\$ 1,198,034 \$ (67,870) \$ 79,415 \$ (113,242) \$ (32,239) \$ 1064Restricted Cash and Cash EquivalentsAt Beginning of Year\$ 1,198,034 \$ (67,870) \$ 79,415 \$ (113,242) \$ (32,239) \$ 1064Restricted Cash and Cash EquivalentsAt Beginning of YearAt Beginning of Year\$ 3,158,339 \$ 5,000 \$ \$ 294,053 \$ 318,231 \$ 3,775At End of Year\$ 3,158,339 \$ 5,026 \$ 348,640 \$ 326,070 \$ 6,500	Capital & Related Financing Activites		(6,271,720)		(364,186)		(467,913)		(1,083,189)		(549,643)		(8,736,651)
\$ 3,510,041 \$ (67,844) \$ 79,415 \$ (58,655) \$ (24,400) \$ 3,433 Current Cash and Cash Equivalents At Beginning of Year \$ 1,036,984 \$ 88,182 \$ 224,759 \$ 114,063 \$ 221,720 \$ 1,685 At End of Year 2,235,018 20,312 304,174 821 189,481 2,745 Net Increase (Decrease) \$ 1,198,034 \$ (67,870) \$ 79,415 \$ (113,242) \$ (32,239) \$ 1,064 Restricted Cash and Cash Equivalents \$ 3,158,339 \$ 5,000 \$ \$ 294,053 \$ 318,231 \$ 3,775 At End of Year \$ 3,158,339 \$ 5,026 \$ \$ 348,640 \$ 326,070 \$ 6,150	Noncapital Financing Activities		563,047										563,047
Current Cash and Cash Equivalents At Beginning of Year \$ 1,036,984 \$ 88,182 \$ 224,759 \$ 114,063 \$ 221,720 \$ 1,685 At End of Year 2,235,018 20,312 304,174 821 189,481 2,745 Net Increase (Decrease) \$ 1,198,034 \$ (67,870) \$ 79,415 \$ (113,242) \$ (32,239) \$ 1,064 Restricted Cash and Cash Equivalents 4 Beginning of Year At End of Year \$ 3,158,339 \$ 5,000 \$ \$ 294,053 \$ 318,231 \$ 3,775 At End of Year \$ 5,470,346 5,026 \$ 348,640 \$ 326,070 \$ 6,150	Investing Activities		(58,219)		(13,146)		48,076		161,942		(7,963)		130,690
At Beginning of Year \$ 1,036,984 \$ 88,182 \$ 224,759 \$ 114,063 \$ 221,720 \$ 1685 At End of Year 2,235,018 20,312 304,174 821 189,481 2,745 Net Increase (Decrease) \$ 1,198,034 \$ (67,870) \$ 79,415 \$ (113,242) \$ (32,239) \$ 1,064 Restricted Cash and Cash Equivalents At Beginning of Year At End of Year \$ 3,158,339 \$ 5,000 \$ \$ 294,053 \$ 318,231 \$ 3,775 At End of Year \$ 5,470,346 \$ 5,026 \$ \$ 348,640 \$ 326,070 \$ 6,500		\$	3,510,041	\$	(67,844)	\$	79,415	\$	(58,655)	\$	(24,400)	\$	3,438,557
At Beginning of Year \$ 1,036,984 \$ 88,182 \$ 224,759 \$ 114,063 \$ 221,720 \$ 1685 At End of Year 2,235,018 20,312 304,174 821 189,481 2,745 Net Increase (Decrease) \$ 1,198,034 \$ (67,870) \$ 79,415 \$ (113,242) \$ (32,239) \$ 1,064 Restricted Cash and Cash Equivalents At Beginning of Year At End of Year \$ 3,158,339 \$ 5,000 \$ \$ 294,053 \$ 318,231 \$ 3,775 At End of Year \$ 5,470,346 \$ 5,026 \$ \$ 348,640 \$ 326,070 \$ 6,500	Current Cash and Cash Equivalents												
At End of Year 2,235,018 20,312 304,174 821 189,481 2,745 Net Increase (Decrease) \$ 1,198,034 \$ (67,870) \$ 79,415 \$ (113,242) \$ (32,239) \$ 1,066 Restricted Cash and Cash Equivalents At Beginning of Year \$ 3,158,339 \$ 5,000 \$ 294,053 \$ 318,231 \$ 3,775 At End of Year \$ 3,470,346 \$ 5,026 348,640 326,070 6,150	•	\$	1036.984	\$	88,182	\$	224,759	\$	114.063	\$	221.720	\$	1.685.708
Net Increase (Decrease) \$ 1,198,034 \$ (67,870) \$ 79,415 \$ (113,242) \$ (32,239) \$ 1,064 Restricted Cash and Cash Equivalents At Beginning of Year \$ 3,158,339 \$ 5,000 \$ \$ 294,053 \$ 318,231 \$ 3,775 At End of Year 5,470,346 5,026 348,640 326,070 6,150	0 0	Ŧ		۶	,	+	,	4	,	Ŧ	,	7	2,749,806
At Beginning of Year \$ 3,158,339 \$ 5,000 \$ 294,053 \$ 318,231 \$ 3,775 At End of Year 5,470,346 5,026 348,640 326,070 6,150		\$		\$		\$		\$		\$		\$	1,064,098
At Beginning of Year \$ 3,158,339 \$ 5,000 \$ 294,053 \$ 318,231 \$ 3,775 At End of Year 5,470,346 5,026 348,640 326,070 6,150	Restricted Cash and Cash Equivalents												
At End of Year 5,470,346 5,026 348,640 326,070 6,150	•	\$	3,158.339	\$	5.000	\$		\$	294.053	\$	318.231	\$	3,775,623
		Ψ		4		Ψ		Ψ		Ψ		Ψ	6,150,082
20 20 20 20 20													2,374,459
		\$		\$		\$		\$		\$		\$	3,438,557



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Required Supplemental Onformation



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GUADALUPE-BLANCO RIVER AUTHORITY REQUIRED SUPPLEMENTAL INFORMATION AUGUST 31, 2012

DEFINED BENEFIT PENSION PLAN-SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Jan 1, 2007	Jan 1, 2008	Jan 1, 2009	Jan 1, 2010	Jan 1, 2011	Jan 1, 2012
Actuarial Value of Assets	\$ 9,238,097	\$ 10,475,491	\$10,916,278	\$12,024,270	\$ 16,133,705	\$ 17,888,520
Actuarial Accrued Liability (AAL)	\$14,779,785	\$16,755,359	\$19,872,320	\$20,607,270	\$21,422,534	\$23,358,520
Unfunded AAL (UAAL)	\$ 5,541,688	\$ 6,279,868	\$ 8,956,042	\$ 8,583,000	\$ 5,288,829	\$ 5,470,000
Funded Ratio	63%	63%	55%	58%	75%	77%
Covered Payroll	\$ 7,840,665	\$ 8,201,393	\$ 8,573,185	\$ 8,506,931	\$ 8,447,077	\$ 8,203,042
UAAL as a Percentage of Covered Payroll	71%	77%	104%	101%	63%	67%

	Aug	31, 2007	Aug	g 31, 2008	Au	ig 31, 2009	Au	g 31, 2010	Au	g 31, 2011	Αι	ıg 31, 2012
Annual Required Contribution (ARC)	\$	662,796	\$	707,443	\$	764,425	\$	970,248	\$	1,020,832	\$	1,013,649
Employer Contributions	\$	662,796	\$	707,443	\$	1,264,425	\$	3,970,248	\$	1,620,832	\$	1,013,649
Percentage of ARC Contributed		100%		100%		165%		409%		159%		100%



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Other Supplemental Onformation

GUADALUPE-BLANCO RIVER AUTHORITY COMBINING BALANCE SHEET

AUGUST 31, 2012

AUGUST 31, 2012		General Division		Guadalupe Valley ydroelectric Division		Rural Utilities Division		Water Resource Division	Т	ort Lavaca Water Freatment Int Division
ASSETS		DIVISIOII		DIVISIOII		DIVISION		DIVISION	Fla	III DIVISIOII
CURRENT ASSETS										
Unrestricted Assets										
Cash and Cash Equivalents		1,555,772	\$	87,148	\$	257	\$	2,885,353	\$	20,312
Investments-Unrestricted		3,513,540						4,010,484		
Interest Receivable		23,770				205 514		25,484		176.940
Accounts Receivable-Operating Accounts Receivable-Interfund		1,606 3,138,647		184,573 216,381		305,514 111,255		920,698 1,723,219		176,849 164,525
Other Current Assets		14,380		77,429		17,097		233,730		39,773
Total Current Assets		8,247,715		565,531		434,123		9,798,968		401,459
Restricted Assets										
Cash and Cash Equivalents		615,056		12,500		1,317,142		5,470,346		5,026
Investments		427,753				770,001		993,114		194,000
Interest Receivable		12,213		12,500		13,042		25,588 6,489,048		829 199,855
Total Restricted Assets Total Current Assets		9,302,737		578,031		2,100,185 2,534,308		16,288,016		601,314
LONG-TERM ASSETS	·	9,302,737		576,051		2,554,500		10,200,010		001,514
Restricted Assets										
Investments		457,542				453,771		2,490,311		31,254
Total Restricted Assets		457,542				453,771		2,490,311		31,254
Capital Assets	_		_		_		_		_	
Land, Water and Storage Rights		1,035,561		2,248,823		84,199		30,901,067		41,424
Dams, Plants and Equipment		1,900,613		11,443,286		10,386,859		144,621,131		6,938,698
Construction In Progress Less Accumulated Depreciation		(1,541,241)		(6,871,761)		1,472,987 (3,481,529)		(29,642,352)		(4,127,426)
Total Capital Assets		1,394,933		6,820,348		8,462,516		(29,042,332)		2,852,696
Other Assets	·	1,374,735		0,020,040		0,402,510		145,677,040		2,052,070
Investments-Unrestricted		3,050,260						2,115,547		
Long-Term Loans Receivable		218,750				174,989				
Contract Development Costs (Net of Amortization)										
Debt Issuance Costs (Net of Amortization)						60,000		2,146,887		39,553
Permits and Licenses (Net of Amortization)										
Project Development Costs						214,891		1,333,268		
Net Pension Asset		4,008,739								
Interfund Loans Receivable Deferred Costs and Expenses		5,493,093								 131,494
Total Other Assets		12,770,842				449,880		5,595,702		171,047
Total Long-Term Assets		14,623,317		6,820,348		9,366,167		153,965,859		3,054,997
Total Assets	. \$	23,926,054	\$	7,398,379	\$	11,900,475	\$	170,253,875	\$	3,656,311
LIABILITIES AND NET ASSETS CURRENT LIABILITIES										
Payable from Unrestricted Assets										
Current Portion of Long-Term Loans Payable			\$	33,726	\$		\$	483,268	\$	9,535
Interest Payable								60,187		
Accounts Payable-Operating		933,977		169,782		301,426		1,133,695		148,515
Accounts Payable-Interfund		2,334,964		427,550		250,522		2,155,382		160,829
Total Current Unrestricted Liabilities Payable from Restricted Assets	·	3,268,941		631,058		551,948		3,832,532		318,879
Current Portion of Debt						215,000		3,655,000		285,000
Interest Payable						71,186		1,422,652		3,933
Total Current Restricted Liabilities						286,186		5,077,652		288,933
Total Current Liabilities		3,268,941		631,058		838,134		8,910,184		607,812
LONG-TERM LIABILITIES										
Revenue Bonds Payable								122,992,926		1,180,000
Long-Term Loans Payable				44,983		6,190,000		5,080,265		360,998
Interfund Loans Payable	·			2,489,307		1,783,057		1,061,029		
Less Current Portion				2,534,290 (33,726)		7,973,057		129,134,220		1,540,998
Total Bonds and Loans Payable				2,500,564		(215,000) 7,758,057		(4,138,268) 124,995,952		(294,535) 1,246,463
Advances for Operations				2,500,504		13,975		64,830		28,250
Deferred Income								3,090,086		_0,200
Total Long-Term Liabilities				2,500,564	_	7,772,032	_	128,150,868		1,274,713
Total Liabilities		3,268,941		3,131,622		8,610,166		137,061,052		1,882,525
NET ASSETS										
Investments in Capital Assets Net of Related Debt		1,394,933		6,775,362		2,272,516		17,806,671		1,311,697
Restricted for Construction						1,017,064				
Restricted for Insurance Restricted for Debt Service		1,151,479		12,500						
Unrestricted for Debt Service		 18,110,701		(2,521,105)		 729		2,852,892 12,533,260		230,280 231,809
Total Net Assets	-	20,657,113		4,266,757		3,290,309		33,192,823		1,773,786
Total Liabilities and Net Assets		23,926,054	\$	7,398,379	\$	11,900,475	\$	170,253,875	\$	3,656,311
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See accompanying independent auditors' report.

	Calhoun			L	uling Water						
Co	unty Rural		Coleto		Treatment		Canyon				
Wa	ter Supply		Creek		Plant	Н	Iydroelectric		Lockhart	2012	2012
I	Division		Division		Division		Division		Division	Eliminations	Total
\$	75,499	\$	62,954	\$	304,174	\$	821	\$	255,060	\$ \$	5,247,350
Ψ	156,387	Ψ		φ	100,000	ψ	50,603	ψ		φ φ	7,831,014
	5,218				5,173		243				59,888
	80,658		14,012		22,881		601,753		39,790		2,348,334
	69,000		117,209		75,000		38,000		135,434	(5,788,670)	
	6,283		10,833		6,515		11,382		13,827		431,249
	393,045		205,008		513,743		702,802		444,111	(5,788,670)	15,917,835
							348,640				7,768,710
					132,385		25,000		326,070		2,868,323
					65		534		519		52,790
					132,450		374,174		326,589		10,689,823
	393,045		205,008		646,193		1,076,976		770,700	(5,788,670)	26,607,658
											3 127 070
											3,432,878 3,432,878
											5,752,070
	51,396				875,292		12,187		136,881		35,386,830
	2,586,330		1,989,019		7,175,676		12,553,881		6,642,758		206,238,251
									128,488		1,601,475
	(1,695,959)		(1,712,041)		(2,844,668)		(6,741,459)		(2,969,461)		(61,627,897)
	941,767		276,978		5,206,300		5,824,609		3,938,666		181,598,659
	149,988				150,000						5,465,795
	149,900										393,739
							16,695		6,520		23,215
					148,365		82,188		49,903		2,526,896
							555,406				555,406
											1,548,159
											4,008,739
										(5,493,093)	
	149,988				298,365		654,289		56,423	(5,493,093)	131,494 14,653,443
	1,091,755		276,978		5,504,665		6,478,898		3,995,089	(5,493,093)	199,684,980
\$	1,484,800	\$	481,986	\$	6,150,858	\$	7,555,874	\$	4,765,789	(11,281,763) \$	226,292,638
\$		\$		\$		\$		\$		\$ - \$	526,529
φ		Ψ		Ψ		Ψ		Ψ			60,187
	40,959		160,553		171,541		21,951		322,624		3,405,023
	81,814		142,896		67,526		60,027		107,160	(5,788,670)	
	122,773		303,449		239,067		81,978		429,784	(5,788,670)	3,991,739
					100 000		005 000		EED 000		E 000 000
					190,000 21,277		995,000 23,798		550,000		5,890,000 1,542,846
					21,277 211,277		1,018,798		550,000		7,432,846
	122,773		303,449		450,344		1,100,776		979,784	(5,788,670)	11,424,585
	,				,					× / ···/···/	
					5,225,709		1,710,178		2,960,000		134,068,813
											11,676,246
			25,000				134,700			(5,493,093)	
			25,000		5,225,709		1,844,878		2,960,000	(5,493,093)	145,745,059
			25,000		(190,000) 5,035,709		(995,000) 849,878		(550,000) 2,410,000	(5,493,093)	(6,416,529) 139,328,530
					34,805		417,461		30,412	(5,495,095)	589,733
					109,587		4,505,872		80,127		7,785,672
			25,000		5,180,101		5,773,211		2,520,539	(5,493,093)	147,703,935
	122,773		328,449		5,630,445		6,873,987		3,500,323	(11,281,763)	159,128,520
	041 575		054 055		(10 11-)				050 111		05.050 515
	941,767		276,978		(19,410)		4,114,431		978,666		35,853,611
											1,017,064 1,163,979
					132,385		272.642		326 070		3 814 269

\$

GUADALUPE-BLANCO RIVER AUTHORITY COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS FISCAL YEAR ENDED AUGUST 31, 2012

		General Division	Guadalupe Valley ydroelectric Division	Rural Utilities Division	Water Resource Division	Tr	t Lavaca Water eatment t Division
REVENUE							
Power Sales	. \$		\$ 2,486,130	\$ 	\$ 	\$	
Water Sales and Lake Operations					27,613,048		1,625,723
Recreation and Land Use					131,506		
Waste Water Treatment Services				1,629,919	628,047		
Laboratory Services					823,466		
Rental			12,013		260,287		
Administrative and General		2,431,049					
Miscellaneous		5,533	73,572	188,825	1,204,098		1,226
Total Operating Revenue		2,436,582	2,571,715	1,818,744	30,660,452		1,626,949
EXPENSES							
Personnel Operating Costs		804,780	1,065,197	567,524	5,049,187		449,999
Operating Supplies and Services		985,651	616,729	484,102	8,436,074		524,724
Maintenance and Repairs		184,233	744,442	291,621	1,561,238		156,094
Administrative and General			354,324	143,150	1,231,869		119,196
Depreciation and Amortization		94,385	287,254	361,886	4,037,379		216,781
Total Operating Expenses		2,069,049	3,067,946	1,848,283	20,315,747		1,466,794
Operating Income (Loss)		367,533	(496,231)	(29,539)	10,344,705		160,155
NONOPERATING REVENUES (EXPENSES)							
Grant Income					563,047		
Investment Income		38,997		15,379	75,920		1,572
Loss on Disposal of Capital Assets		(1,710)	(29,276)	(90,978)	(623)		
Interest Expense			(2,415)	(195,497)	(5,911,412)		(42,245)
Total Nonoperating Revenues (Expenses)		37,287	(31,691)	(271,096)	(5,273,068)		(40,673)
Income (Loss) Before Recognition of Deferrals		404,820	(527,922)	(300,635)	5,071,637		119,482
Costs (Revenue) to be Recognized in Future Years					237,934		(170,692)
Income (Loss) Before Special Item		404,820	(527,922)	(300,635)	5,309,571		(51,210)
SPECIAL ITEM							
Costs Associated with Whooping Crane Endangered Species Lawsuit					(2,970,725)		
Change in Net Assets		404,820	 (527,922)	(300,635)	 2,338,846		(51,210)
Net Assets at September 1, 2011		20,164,650	4,794,679	3,678,587	30,853,977		1,824,996
Transfer of Net Assets (Equity) from Wimberley Operations to General Division		87,643		(87,643)			
Net Assets at August 31, 2012	. \$	20,657,113	\$ 4,266,757	\$ 3,290,309	\$ 33,192,823	\$	1,773,786

Cou Wat	Calhoun ınty Rural ter Supply Division	l Coleto Creek Division	Luling Water Treatment Plant Division	Canyon Hydroelectric Division	Lockhart Division	Eliminations	Total
\$	\$	\$		\$ 1,492,885	\$	\$ \$	3,979,015
Ŧ	839,156	1,108,247	1,256,835		638,811	\$	33,081,820
		616,160				\$	747,666
	41,755				1,257,127	\$	3,556,848
						\$	823,466
		91,453				\$	363,753
						(2,431,049) \$	
	114,663	34,183	76,896	1,805	383,288	\$	2,084,089
	995,574	1,850,043	1,333,731	1,494,690	2,279,226	(2,431,049)	44,636,657
	261.666	702.041	201.650	117.052	402 722	(144,220)	0 (70 507
	361,666	703,061	301,659	117,052	403,722	(144,320)	9,679,527
	381,225	564,366	307,620	65,081	645,072		13,010,644
	113,036	362,167	137,716	185,003	336,162		4,071,712
	95,205	118,390	76,404	41,315	106,876	(2,286,729)	
	73,680	34,943	168,236	311,577	261,120	(2,431,049)	5,847,241
	(29,238)	1,782,927 67,116	991,635 342,096	720,028 774,662	1,752,952 526,274	(2,431,049)	32,609,124
	(2),230)	07,110	542,070	774,002	526,274		, ,
							563,047
	3,761	82	5,579	2,868	2,348		146,506
		(128)					(122,715)
			(259,226)	(206,047)	(67,750)		(6,684,592)
	3,761	(46)	(253,647)	(203,179)	(65,402)		(6,097,754)
	(25,477)	67,070	88,449	571,483	460,872		5,929,779
		(5,294)	(31,067)	(578,645)	(338,850)		(886,614)
	(25,477)	61,776	57,382	(7,162)	122,022		5,043,165
							(2,970,725)
	(25,477)	61,776	57,382	(7,162)	122,022		2,072,440
	1,387,504	91,761	463,031	689,049	1,143,444		65,091,678
\$	1,362,027 \$	153,537 \$	520,413	\$ 681,887	\$ 1,265,466	\$ \$	67,164,118

GUADALUPE-BLANCO RIVER AUTHORITY COMBINING SCHEDULE OF CASH FLOWS

FISCAL YEAR ENDED AUGUST 31, 2012		Guadalupe			
		Valley	Rural	Water	r
	General	Hydroelectric	Utilities	Resourc	Ce.
		2		Divisio	
CASH FLOWS FROM OPERATING ACTIVITIES:	Division	Division	Division	D1V18101	m
Cash FLOWS FROM OPERATING ACTIVITIES: Cash Received from Customers	\$	\$ 2,549,190	\$ 1,805,495	\$ 30,494	1 731
Cash Received from Interfund Administrative Charges		\$ 2,549,190	\$ 1,805,495	\$ 50,49	
Cash Paid for Personnel Operating Costs		(1,065,197)	(567,524)	(5.04)	49,187
Cash Paid for Other Operating and Maintenance Costs		(1,283,116)	(608,582)	(10,198	
Cash Paid for Interfund Administrative Charges		(354,324)	(143,150)		31,869
Costs Associated with Whooping Crane Endangered Species Lawsuit				(2,970	70,725
Net Cash Flows From (Used by) Operating Activities	462,478	(153,447)	486,239	11,044	14,912
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Interfund Operating Loans Received		392,073	240,500		
Interfund Operating Loans Made					
Principal Payments Made on Interfund Operating Loans		(100,000)	(342,186)	(550	50,000
Principal Payments Received on Interfund Operating Loans					
Net Change in Pension Plan Asset				50	
Cash Received from Grants		202.072	(101 (9())		53,047
Net Cash Flows From (Used by) Noncapital Financing Activities	397,618	292,073	(101,686)	1;	13,047
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: Proceeds from Advances from Customers, Developers, and Other Covernmental Units			15,822		
Proceeds from Advances from Customers, Developers, and Other Governmental Units Proceeds from Revenue and Loans for Capital Assets and Plant Expansions			6,130,000	1 27	 28,698
Proceeds from Sale of Capital Assets			252,914	,	1,000
Purchase of Capital Assets		(4,493)	(54,626)		53,668
Cash Paid for Construction in Progress		(1,1)5)	(1,382,614)	(20.	
Cash Paid for Project Development			(187,204)	(71)	2,093
Interest Paid.		(2,415)	(238,125)		50,312
Principal Payments on Revenue Bonds					37,091
Principal Payments on Loans		(32,447)	(3,731,618)		73,023
Net Cash Flows Used by Capital and Related Financing Activities		(39,355)	804,549		56,489
CASH FLOWS FROM INVESTING ACTIVITIES:					
Cash Received from Investments	1,640,438			620	26,170
Investment Income Received	50,112		12,303	6	51,892
Cash Paid for Investments			(267,497)	(1,98	35,599)
Net Cash Flows From (Used by) Investing Activities			(255,194)		97,537)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 693,939	\$ 99,271	\$ 933,908	\$ 3,303)3,933
CURRENT CASH AND CASH EQUIVALENTS:					
At Beginning of Year	974,278	377	494	1.89	96,135
At End of Year		87,148	257	2,88	35,353
Net Increase (Decrease)	581,494	86,771	(237)	98	39,218
RESTRICTED CASH AND CASH EQUIVALENTS:			······		
At Beginning of Year	502,611		382,997	3,15	55,631
At End of Year	615,056	12,500	1,317,142	5,470	0,346
At End of Year Net Increase (Decrease)	,	12,500 12,500	1,317,142 934,145		/0,346 14,715
Net Increase (Decrease) TOTAL CASH AND CASH EQUIVALENTS:	112,445	12,500	934,145		,
Net Increase (Decrease) TOTAL CASH AND CASH EQUIVALENTS: At Beginning of Year	112,445	12,500	934,145 383,491	2,314	14,715 51,766
Net Increase (Decrease) TOTAL CASH AND CASH EQUIVALENTS: At Beginning of Year At End of Year	<u>112,445</u> <u>1,476,889</u> <u>2,170,828</u>	12,500 377 99,648	934,145 383,491 1,317,399	2,314 5,05 8,355	14,715 51,766 55,699
Net Increase (Decrease) TOTAL CASH AND CASH EQUIVALENTS: At Beginning of Year	<u>112,445</u> <u>1,476,889</u> <u>2,170,828</u>	12,500	934,145 383,491	2,314 5,05 8,355	14,715 51,766
Net Increase (Decrease) TOTAL CASH AND CASH EQUIVALENTS: At Beginning of Year At End of Year NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>112,445</u> <u>1,476,889</u> <u>2,170,828</u>	12,500 377 99,648	934,145 383,491 1,317,399	2,314 5,05 8,355	14,715 51,766 55,699
Net Increase (Decrease) TOTAL CASH AND CASH EQUIVALENTS: At Beginning of Year At End of Year NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS	<u>112,445</u> <u>1,476,889</u> <u>2,170,828</u>	12,500 377 99,648	934,145 383,491 1,317,399	2,314 5,05 8,355	14,715 51,766 55,699
Net Increase (Decrease) TOTAL CASH AND CASH EQUIVALENTS: At Beginning of Year At End of Year NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:	112,445 1,476,889 2,170,828 \$ 693,939	12,500 377 99,648 \$ 99,271	934,145 383,491 1,317,399 \$ 933,908	2,314 5,05 8,355 \$ 3,300	14,715 51,766 55,699 03,933
Net Increase (Decrease) TOTAL CASH AND CASH EQUIVALENTS: At Beginning of Year At End of Year NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES: Operating Income (Loss)	112,445 1,476,889 2,170,828 \$ 693,939	12,500 377 99,648	934,145 383,491 1,317,399	2,314 5,05 8,355	14,715 51,766 55,699 03,933
Net Increase (Decrease)	112,445 1,476,889 2,170,828 \$ 693,939	12,500 377 99,648 \$ 99,271	934,145 383,491 1,317,399 \$ 933,908	2,314 5,05 8,355 \$ 3,300	14,715 51,766 55,699)3,933
Net Increase (Decrease) TOTAL CASH AND CASH EQUIVALENTS: At Beginning of Year At End of Year NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES: Operating Income (Loss) Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities:	112,445 1,476,889 2,170,828 \$ 693,939 \$ 367,533	12,500 377 99,648 \$ 99,271 \$ (496,231)	934,145 383,491 1,317,399 \$ 933,908 \$ (29,539)	2,314 5,05 8,355 \$ 3,300 \$ 10,344	14,715 51,766 55,699 03,933 14,705
Net Increase (Decrease) TOTAL CASH AND CASH EQUIVALENTS: At Beginning of Year At End of Year NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS RECONCILLATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES: Operating Income (Loss) Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities: Depreciation and Amortization	112,445 1,476,889 2,170,828 \$ 693,939 \$ 367,533 94,385	12,500 377 99,648 \$ 99,271	934,145 383,491 1,317,399 \$ 933,908	2,314 5,05 8,355 \$ 3,300 \$ 10,344 4,037	14,715 51,766 55,699 03,933 14,705 87,379
Net Increase (Decrease) TOTAL CASH AND CASH EQUIVALENTS: At Beginning of Year At End of Year NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS RECONCILLATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES: Operating Income (Loss) Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities:	112,445 1,476,889 2,170,828 \$ 693,939 \$ 367,533 94,385	12,500 377 99,648 \$ 99,271 \$ (496,231)	934,145 383,491 1,317,399 \$ 933,908 \$ (29,539)	2,314 5,05 8,355 \$ 3,300 \$ 10,344 4,037	14,715 51,766 55,699 03,933 14,705 87,379
Net Increase (Decrease) TOTAL CASH AND CASH EQUIVALENTS: At Beginning of Year At End of Year NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES: Operating Income (Loss) Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities: Depreciation and Amortization Costs Associated with Whooping Crane Endangered Species Lawsuit	112,445 1,476,889 2,170,828 \$ 693,939 \$ 367,533 94,385	12,500 377 99,648 \$ 99,271 \$ (496,231)	934,145 383,491 1,317,399 \$ 933,908 \$ (29,539)	2,314 5,05 8,35: \$ 3,30: \$ 10,344 4,03' (2,970	14,715 51,766 55,699 03,933 14,705 87,379 70,725
Net Increase (Decrease) TOTAL CASH AND CASH EQUIVALENTS: At Beginning of Year	112,445 1,476,889 2,170,828 \$ 693,939 \$ 367,533 \$ 367,533 \$ 21,508	12,500 377 99,648 \$ 99,271 \$ (496,231) 287,254	934,145 383,491 1,317,399 \$ 933,908 \$ (29,539) 361,886 	2,314 5,05 8,355 \$ 3,300 \$ 10,344 4,033 (2,970 (152	14,715 51,766 55,699 03,933 144,705 37,379 70,725 52,182
Net Increase (Decrease)	112,445 1,476,889 2,170,828 \$ 693,939 \$ 367,533 94,385 21,508 2,800	12,500 377 99,648 \$ 99,271 \$ (496,231) 287,254 (22,525)	934,145 383,491 1,317,399 \$ 933,908 \$ (29,539) 361,886 (4,504)	2,314 5,05 8,355 \$ 3,300 \$ 10,344 4,037 (2,970 (155) 8	14,715 51,766 55,699 03,933 144,705 37,379 70,725 52,182 8,794
Net Increase (Decrease)	112,445 1,476,889 2,170,828 \$ 693,939 \$ 367,533 94,385 21,508 2,800 (23,748)	12,500 377 99,648 \$ 99,271 \$ (496,231) 287,254 (22,525) 4,286	934,145 383,491 1,317,399 \$ 933,908 \$ (29,539) 361,886 (4,504) 1,262	2,314 5,05 8,355 \$ 3,300 \$ 10,344 4,037 (2,976 (152) (152) (222)	14,715 51,766 55,699 03,933 144,705 37,379 70,725 52,182

NON-CASH TRANSACTIONS SCHEDULE

1. During fiscal year 2012 and 2011, an adjustment of \$10,383 and \$125,076 respectively, was made to decrease investments to fair value.

See accompanying independent auditors' report.

Lavaca Water	Calhoun County Rural	Coleto	Luling Water Treatment	Canyon			
reatment nt Division	Water Supply Division	Creek Division	Eliminations	 Total			
\$ 1,594,951	\$ 1,018,334	\$ 1,848,286	\$ 1,310,850	\$ 1,234,882	\$ 2,276,398	\$	\$ 44,133,117
(449,999) (716,268) (119,196)	(361,666) (548,243) (95,205)	(703,061) (939,077) (118,390)	(301,659) (433,535) (76,404)	(117,052) (213,923) (41,315)	(403,722) (1,139,313) (106,876)	 	2,431,049 (9,823,847) (17,243,886) (2,286,729) (2,970,725)
 309,488	13,220	87,758	499,252	862,592	626,487		 14,238,979
161,000 (161,000) 		 (75,000) 		134,700 		(928,273) 928,273 1,228,186 (1,228,186) 	 97,705 563,047
 		(75,000)		134,700			 660,752
 (37,871) 	 - (17,395) 	 1,736 (69,548) 	 (28,985) 	 	 (53,107) (126,029)	 	15,822 10,458,698 256,575 (659,326) (1,508,643)
 (42,198) (275,000) (9,117) (364,186)			(259,826) (179,102) 	(233,189) (850,000) 	(67,750) (535,000) 	 	 (899,297) (6,793,815) (5,226,193) (4,246,205) (8,602,384)
\$ 1,158 1,470 (15,774) (13,146) (67,844)	2,251 (50,319) (48,068) \$ (52,243)	83 	50,000 3,476 (5,400) 48,076 \$ 79,415	24,396 2,846 27,242 \$ (58,655)	99,979 2,247 (7,839) 94,387 \$ (61,012)	 \$	\$ 2,442,141 136,680 (4,060,427) (1,481,606) 4,815,741
 88,182 20,312 (67,870)	127,742 75,499 (52,243)	117,925 62,954 (54,971)	224,759 304,174 79,415	114,063 821 (113,242)	316,072 255,060 (61,012)		 3,860,027 5,247,350 1,387,323
 5,000 5,026 26				294,053 348,640 54,587			 4,340,292 7,768,710 3,428,418
\$ 93,182 25,338 (67,844)	127,742 75,499 \$ (52,243)	117,925 62,954 \$ (54,971)	224,759 304,174 \$ 79,415	408,116 349,461 \$ (58,655)	316,072 255,060 \$ (61,012)	 \$	\$ 8,200,319 13,016,060 4,815,741
\$ 160,155	\$ (29,238)	\$ 67,116	\$ 342,096	\$ 774,662	\$ 526,274	\$	\$ 12,027,533
216,781	73,680	34,943	168,236	311,577	261,120		5,847,241 (2,970,725)
\$ (45,213) (1,092) (21,143) 149,333 309,488	39,560 (253) (70,529) 42,458 \$ 13,220	(1,601) 833 (13,533) 20,642 \$ 87,758	(22,881) 336 11,465 157,156 \$ 499,252	(258,787) 1,553 33,587 87,930 \$ 862,592	(3,262) 1,108 (158,753) 100,213 \$ 626,487	 \$	\$ (449,887) 19,627 (234,810) 2,211,446 14,238,979

FIRST LOCKH	ART NATIONAL	L BANK, EQUIPMEN	Г LOAN (2008)
YR END AUG 31	PRINCIPAL	INTEREST	TOTAL

END AUG 31	PR.	INCIPAL	INT	EREST	Т	OTAL
2013	\$	23,552	\$	754	\$	24,306
2014		6,036		41		6,077
	\$	29.588	\$	795	\$	30.383

FIRST LOCKHART NATIONAL BANK, EQUIPMENT LOAN (2011)

YR END AUG 31	AUG 31 PRINCIPAL INTEREST				т тот			
2013	\$	10,174	\$	382	\$	10,556		
2014		5,221		54		5,275		
	\$	15,395	\$	436	\$	15,831		

REGIONS BANK, DUNLAP WASTEWATER TREATEMENT EXPANSION & COLLECTION SYSTEM LOAN

	<u>T</u>	AX	ABLE LO.	AN		TAX-	MPT LOAD		TOTAL			
YR END AUG 31	PRINCIPAL	IN	TEREST		TOTAL	 PRINCIPAL	Г	TEREST		TOTAL	REQ	UIREMENTS
2013	\$ 215,000	\$	81,491	\$	296,491	\$ -	\$	86,840	\$	86,840	\$	383,331
2014	175,000		76,928		251,928	95,000		85,254		180,254		432,182
2015	180,000		72,774		252,774	95,000		82,081		177,081		429,855
2016	3,020,000		35,334		3,055,334	100,000		78,824		178,824		3,234,158
2017						105,000		75,401		180,401		180,401
2018						105,000		71,894		176,894		176,894
2019						110,000		68,303		178,303		178,303
2020						115,000		64,546		179,546		179,546
2021						115,000		60,708		175,708		175,708
2022						120,000		56,780		176,780		176,780
2023						125,000		52,689		177,689		177,689
2024						130,000		48,430		178,430		178,430
2025						135,000		44,005		179,005		179,005
2026						140,000		39,412		179,412		179,412
2027						145,000		34,653		179,653		179,653
2028						145,000		29,810		174,810		174,810
2029						150,000		24,883		174,883		174,883
2030						160,000		19,706		179,706		179,706
2031						165,000		14,279		179,279		179,279
2032						170,000		8,684		178,684		178,684
2033						 175,000		2,923		177,923		177,923
	\$ 3.590.000	\$	266.527	\$	3.856.527	\$ 2.600.000	\$	1.050.105	\$	3.650.105	\$	7.506.632

U.S. GOVERNMENT LOAN, CANYON DAM AND RESERVOIR

YR END AUG 31	PRINCIPAL	INTEREST	TOTAL
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	301,357	7,533	308,890
	\$ 3,611,209	\$ 713,251	\$ 4,324,460

	GE CA	APITAL PUB	LIC FINA	NCE, EQUIPME	NT LOAN	
YR END AUG 31	PR	INCIPAL	INT	TEREST	1	TOTAL
2013	\$	56,005	\$	3,120	\$	59,125
2014		30,699		550		31,249
	\$	86,704	\$	3,670	\$	90,374

JP MORGAN CHASE BANK, GENERAL IMPROVEMENT OFFICE EXPANSION LOAN

YR END AUG 31	PRINCIPAL	INTEREST	TOTAL
2013	\$ 160,000	\$ 21,457	\$ 181,457
2014	160,000	14,769	174,769
2015	160,000	8,081	168,081
2016	106,667	1,672	108,339
	\$ 586,667	\$ 45,979	\$ 632,646

WATER RESOURCE WATER RIGHT PURCHASE AMORTIZATION SCHEDULE

	LULING FOUNDATION							ABNER USSERY							TOTAL
YR END AUG 31	P	RINCIPAL	IN	TEREST		TOTAL		Р	PRINCIPAL		INTEREST		TOTAL	RE(UIREMENTS
2013	\$	16,596	\$	21,705	\$	38,301		\$	9,749	\$	12,751	\$	22,500	\$	60,801
2014		17,342		20,958		38,300			10,188		12,312		22,500		60,800
2015		18,123		20,177		38,300			10,646		11,854		22,500		60,800
2016		18,938		19,362		38,300			11,126		11,374		22,500		60,800
2017		19,790		18,510		38,300			11,626		10,874		22,500		60,800
2018		20,681		17,619		38,300			12,149		10,351		22,500		60,800
2019		21,612		16,688		38,300			12,696		9,804		22,500		60,800
2020		22,584		15,716		38,300			13,267		9,233		22,500		60,800
2021		23,600		14,700		38,300			13,864		8,636		22,500		60,800
2022		24,662		13,638		38,300			14,488		8,012		22,500		60,800
2023		25,772		12,528		38,300			15,140		7,360		22,500		60,800
2024		26,932		11,368		38,300			15,822		6,678		22,500		60,800
2025		28,144		10,156		38,300			16,534		5,966		22,500		60,800
2026		29,410		8,890		38,300			17,278		5,222		22,500		60,800
2027		30,734		7,566		38,300			18,055		4,445		22,500		60,800
2028		32,117		6,183		38,300			18,868		3,632		22,500		60,800
2029		33,562		4,738		38,300			19,717		2,783		22,500		60,800
2030		35,072		3,228		38,300			20,604		1,896		22,500		60,800
2031		36,648		1,647		38,295			21,533		967		22,500		60,795
	\$	482,319	\$	245,377	\$	727,696	;	\$	283,350	\$	144,150	\$	427,500	\$	1,155,196

METCALF BANK LOAN, EQUIPMENT

YR END AUG 31	PF	RINCIPAL	INT	TEREST	TOTAL		
2013	\$	22,308	\$	1,044	\$	23,352	
2014		7,708		84		7,792	
	\$	30,016	\$	1,128	\$	31,144	

OFFICE EXPANSION & WATER RIGHT CONTRACT BUYOUT											
	WATER R	IGHT CONTRAC	T BUYOUT	REFUNI							
YR END AUG 31	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL INTERES		ST TOTAL		TOTAL			
2013	\$ 270,000	\$ 252,463	\$ 522,463	\$ 165,000	\$ 130,394	\$ 295,394	\$	817,857			
2014	280,000	241,663	521,663	170,000	123,794	293,794		815,457			
2015	290,000	230,463	520,463	180,000	116,994	296,994		817,457			
2016	300,000	221,763	521,763	190,000	111,594	301,594		823,357			
2017	310,000	212,763	522,763	195,000	105,894	300,894		823,657			
2018	320,000	203,463	523,463	200,000	100,044	300,044		823,507			
2019	330,000	190,663	520,663	215,000	92,044	307,044		827,707			
2020	345,000	177,463	522,463	220,000	83,444	303,444		825,907			
2021	360,000	163,663	523,663	230,000	74,644	304,644		828,307			
2022	375,000	149,263	524,263	240,000	65,444	305,444		829,707			
2023	385,000	135,669	520,669	255,000	56,744	311,744		832,413			
2024	400,000	121,231	521,231	265,000	47,181	312,181		833,412			
2025	415,000	105,231	520,231	275,000	36,581	311,581		831,812			
2026	435,000	88,113	523,113	285,000	25,238	310,238		833,351			
2027	455,000	69,625	524,625	300,000	13,125	313,125		837,750			
2028	475,000	49,719	524,719					524,719			
2029	495,000	27,750	522,750					522,750			
2030	105,000	4,856	109,856					109,856			
	\$ 6,345,000	\$ 2,645,824	\$ 8,990,824	\$ 3,385,000	\$ 1,183,159	\$ 4,568,159	\$	13,558,983			

GENERAL IMPROVEMENT & REFUNDING REVENUE BONDS, SERIES 2011 OFFICE EXPANSION & WATER RIGHT CONTRACT BUYOUT

GENERAL IMPROVEMENT REVENUE BONDS, SERIES 2012 MID-BASIN WIF PROJECT

	MID-BASIN WIF PROJECT												
YR END AUG 31	PRINCIPAL	INTEREST	TOTAL										
2013	\$ 225,000	\$ 37,603	\$ 262,603										
2014	225,000	37,603	262,603										
2015	225,000	37,603	262,603										
2016	220,000	37,603	257,603										
2017	220,000	37,603	257,603										
2018	220,000	37,603	257,603										
2019	225,000	37,295	262,295										
2020	225,000	36,620	261,620										
2021	225,000	35,473	260,473										
2022	225,000	33,898	258,898										
2023	230,000	31,985	261,985										
2024	230,000	29,593	259,593										
2025	235,000	26,971	261,971										
2026	235,000	24,128	259,128										
2027	240,000	21,002	261,002										
2028	245,000	17,522	262,522										
2029	245,000	13,210	258,210										
2030	250,000	9,143	259,143										
2031	255,000	4,743	259,743										
	\$ 4,400,000	\$ 547,201	\$ 4,947,201										

YR END AUG 31	PRINCIPAL	INTEREST	TOTAL
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
	\$ 68,045,000	\$ 43,672,826	\$ 111,717,826

CONTRACT REVENUE BONDS, SERIES 2003

WESTERN CANYON REGIONAL WATER SUPPLY PROJECT

						IH 35	PRO.	JECT					
	SERIES 2004A SERIES 2004B												
YR END AUG 31	1 PRINCIPAL		Ι	INTEREST		TOTAL PRINCIP		RINCIPAL	INTEREST		TOTAL		TOTAL
2013	\$	320,000	\$	673,925	\$	993,925	\$	95,000	\$	281,745	\$ 376,745	\$	1,370,670
2014		335,000		662,325		997,325		100,000		276,520	376,520		1,373,845
2015		345,000		649,762		994,762		105,000		271,020	376,020		1,370,782
2016		360,000		636,825		996,825		110,000		265,245	375,245		1,372,070
2017		370,000		622,425		992,425		115,000		259,195	374,195		1,366,620
2018		385,000		607,625		992,625		125,000		252,870	377,870		1,370,495
2019		405,000		591,744		996,744		130,000		245,995	375,995		1,372,739
2020		420,000		574,025		994,025		135,000		238,845	373,845		1,367,870
2021		440,000		555,650		995,650		145,000		231,420	376,420		1,372,070
2022		460,000		533,650		993,650		150,000		223,010	373,010		1,366,660
2023		485,000		510,650		995,650		160,000		214,310	374,310		1,369,960
2024		510,000		486,400		996,400		170,000		205,030	375,030		1,371,430
2025		535,000		460,900		995,900		180,000		195,170	375,170		1,371,070
2026		560,000		435,487		995,487		190,000		184,730	374,730		1,370,217
2027		585,000		408,887		993,887		200,000		173,710	373,710		1,367,597
2028		615,000		381,100		996,100		215,000		162,110	377,110		1,373,210
2029		645,000		351,887		996,887		225,000		149,640	374,640		1,371,527
2030		675,000		321,250		996,250		240,000		136,590	376,590		1,372,840
2031		705,000		287,500		992,500		255,000		122,670	377,670		1,370,170
2032		740,000		252,250		992,250		270,000		107,880	377,880		1,370,130
2033		780,000		215,250		995,250		285,000		92,220	377,220		1,372,470
2034		820,000		176,250		996,250		300,000		75,690	375,690		1,371,940
2035		860,000		135,250		995,250		315,000		58,290	373,290		1,368,540
2036		900,000		92,250		992,250		335,000		40,020	375,020		1,367,270
2037		945,000		47,250		992,250		355,000		20,590	375,590		1,367,840
	\$	14,200,000	\$	10,670,517	\$	24,870,517	\$	4,905,000	\$	4,484,515	\$ 9,389,515	\$	34,260,032
	_												

COMBINATION CONTRACT REVENUE BONDS SERIES 2004A & 2004B IH 35 PROJECT

RRWDS PROJECT													
			SE	RIES 2007A					SE	RIES 2007B			
YR END AUG 31	PI	RINCIPAL	I	NTEREST		TOTAL	PI	RINCIPAL	I	NTEREST	TOTAL		TOTAL
2013	\$	160,000	\$	437,000	\$	597,000	\$	75,000	\$	394,153	\$ 469,153	\$	1,066,153
2014		170,000		429,000		599,000		80,000		388,850	468,850		1,067,850
2015		175,000		420,500		595,500		85,000		383,194	468,194		1,063,694
2016		185,000		411,750		596,750		90,000		377,185	467,185		1,063,935
2017		195,000		402,500		597,500		100,000		370,822	470,822		1,068,322
2018		205,000		392,750		597,750		105,000		363,752	468,752		1,066,502
2019		215,000		382,500		597,500		110,000		356,328	466,328		1,063,828
2020		225,000		371,750		596,750		120,000		348,551	468,551		1,065,301
2021		235,000		360,500		595,500		130,000		340,067	470,067		1,065,567
2022		250,000		348,750		598,750		135,000		330,876	465,876		1,064,626
2023		260,000		336,250		596,250		145,000		321,332	466,332		1,062,582
2024		275,000		323,250		598,250		155,000		311,080	466,080		1,064,330
2025		285,000		309,500		594,500		170,000		300,122	470,122		1,064,622
2026		300,000		295,250		595,250		180,000		288,103	468,103		1,063,353
2027		315,000		280,250		595,250		195,000		275,377	470,377		1,065,627
2028		330,000		264,500		594,500		205,000		261,590	466,590		1,061,090
2029		350,000		248,000		598,000		220,000		247,097	467,097		1,065,097
2030		365,000		230,500		595,500		235,000		231,543	466,543		1,062,043
2031		385,000		212,250		597,250		255,000		214,928	469,928		1,067,178
2032		405,000		193,000		598,000		270,000		196,900	466,900		1,064,900
2033		425,000		172,750		597,750		290,000		177,811	467,811		1,065,561
2034		445,000		151,500		596,500		310,000		157,308	467,308		1,063,808
2035		470,000		129,250		599,250		335,000		135,391	470,391		1,069,641
2036		490,000		105,750		595,750		355,000		111,706	466,706		1,062,456
2037		515,000		81,250		596,250		380,000		86,608	466,608		1,062,858
2038		540,000		55,500		595,500		410,000		59,742	469,742		1,065,242
2039		570,000		28,500		598,500		435,000		30,755	465,755		1,064,255
	\$	8,740,000	\$	7,374,250	\$	16,114,250	\$	5,575,000	\$	7,061,171	\$ 12,636,171	\$	28,750,421
												-	

COMBINATION CONTRACT REVENUE BONDS, SERIES 2007A & 2007B RRWDS PROJECT

	CONTRACT REVENUE REFUNDING BONDS, SERIES 2010												
	(CITY OF SAN MARCOS, TEXAS PORTION)												
YR END AUG 31	PRINCIPAL	PRINCIPAL INTEREST											
2014	\$ 430,000 *	\$ 157,268	\$ 587,265										
2015	440,000	148,568	588,568										
2016	445,000	139,718	584,718										
2017	460,000	130,668	590,668										
2018	470,000	120,781	590,781										
2019	490,000	108,756	598,756										
2020	500,000	94,518	594,518										
2021	520,000	79,218	599,218										
2022	540,000	63,318	603,318										
2023	565,000	46,743	611,743										
2024	585,000	29,128	614,128										
2025	615,000	9,994	624,994										
	\$ 6,060,000	\$ 1,128,678	\$ 7,188,675										

REGIONAL RAW WATER DELIVERY SYSTEM

* The principal and related interest due on September 1, 2012 (FY2013) were paid in fiscal year ending August 31, 2012.

FROST NATIONAL BANK, PORT LAVACA WTP CLEARWELL

YR END AUG 31	YR END AUG 31		INTEREST	TOTAL		
2013	\$	9,535	\$ 14,465	\$	24,000	
2014		9,929	14,071		24,000	
2015		10,339	13,661		24,000	
2016		29,533	13,111		42,644	
2017		49,975	11,313		61,288	
2018		52,040	9,248		61,288	
2019		54,190	7,098		61,288	
2020		56,416	4,872		61,288	
2021		58,760	2,528		61,288	
2022		30,281	362		30,643	
	\$	360,998	\$ 90,729	\$	451,727	

WATER SUPPLY REVENUE REFUNDING BONDS PORT LAVACA WATER TREATMENT PLANT PROJECT, SERIES 2011

YR END AUG 31	PRINCIPAL	INTEREST			,	TOTAL
2013	\$ 285,000	\$	20,750		\$	305,750
2014	290,000		15,000			305,000
2015	300,000		9,100			309,100
2016	305,000		3,050			308,050
	\$ 1,180,000	\$	47,900		\$	1,227,900

	CIT	Y OF LOCKHA		AS, SERIES 2004	l I			
YR END AUG 31	P	RINCIPAL	Î	NTEREST		TOTAL		
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		
	\$	5,235,000	\$	2,680,070	\$	7,915,070		

CONTRACT REVENUE BONDS

HYDROELECTRIC PROJECT (CITY OF NEW BRAUNFELS, TEXAS) **REVENUE REFUNDING BONDS, SERIES 2002**

1	KEVENUE KEFUN		, SERIES 2002				
PF	RINCIPAL	IN	TEREST	TOTAL			
\$	995,000	\$	95,193	\$	1,090,193		
	1,030,000		48,925		1,078,925		
\$	2,025,000	\$	144,118	\$	2,169,118		
		PRINCIPAL \$ 995,000 1,030,000	PRINCIPAL IN \$ 995,000 \$ 1,030,000 \$	\$ 995,000 \$ 95,193 1,030,000 48,925	PRINCIPAL INTEREST \$ 995,000 \$ 95,193 1,030,000 48,925		

CONTRACT REVENUE BONDS, SERIES 1996 CITY OF LOCKHART PROJECT

YR END AUG 31	PI	RINCIPAL	IN	TEREST	TOTAL
2013	\$	550,000	\$	56,900	\$ 606,900
2014		565,000		45,750	610,750
2015		590,000		34,200	624,200
2016		615,000		22,150	637,150
2017		640,000		8,000	648,000
	\$	2,960,000	\$	167,000	\$ 3,127,000



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Statistical Section

Index and Explanation

This part of the Guadalupe Blanco River Authority's (GBRA) comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and supplementary information says about GBRA's overall financial health.

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financial performance and well-being have changed over time.	
initial performance and won being have shanged over time.	
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and the activities it performs.	
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Guadalupe Blanco River Authority Net Assets By Component Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Primary government					
Invested in capital assets, net of related debt	\$ 35,853,611	\$ 40,790,810	\$ 43,235,437	\$ 40,582,695	\$ 38,715,589
Restricted	5,995,312	5,386,547	6,521,324	10,715,810	7,978,016
Unrestricted	25,315,195	18,914,321	15,143,773	10,656,309	11,365,266
Total primary government net assets	<u>\$ 67,164,118</u>	<u>\$ 65,091,678</u>	<u>\$ 64,900,534</u>	<u>\$ 61,954,814</u>	<u>\$ 58,058,871</u>

	Fiscal Year				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Primary government					
Invested in capital assets, net of related debt	\$ 36,361,304	\$ 38,506,620	\$ 41,278,632	\$ 29,946,905	\$ 28,544,428
Restricted	6,221,215	3,649,302	3,712,823	3,767,282	3,732,721
Unrestricted	10,843,049	7,698,500	2,751,204	13,498,123	14,427,337
Total primary government net assets	\$ 53,425,568	\$ 49,854,422	\$ 47,742,659	\$ 47,212,310	\$ 46,704,486

Guadalupe Blanco River Authority Changes in Net Assets Last Ten Fiscal Years

Fiscal <u>Year</u>	Operating <u>Revenues</u>	Operating <u>Expenses</u>	Operating Income	Total Nonoperating Revenues <u>(Expenses)</u>	Income before Capital Contributions and Deferrals	Capital <u>Contributions</u>	<u>Deferrals</u>	Change in Net <u>Assets</u>
2003	\$ 24,715,917	\$ 19,570,481	\$ 5,145,436	\$ (2,353,720)	\$ 2,791,716	\$ 422,599	\$ (124,521)	3,089,794
2004	24,746,450	21,722,827	3,023,623	(2,233,630)	789,993	11,496	(293,665)	507,824
2005	27,391,962	22,951,387	4,440,575	(3,724,328)	716,247	309,411	(495,309)	530,349
2006	32,739,335	24,507,001	8,232,334	(4,838,756)	3,393,578	11,496	(1,604,770)	1,800,304
2007	38,542,513	28,865,971	9,676,542	(3,343,954)	6,332,588	9,879	(2,174,357)	4,168,110
2008	44,645,439	33,684,665	10,960,774	(6,290,390)	4,670,384	704,171	(741,252)	4,633,303
2009	45,001,215	34,503,980	10,497,235	(6,695,555)	3,801,680	1,300,256	(705,993)	4,395,943
2010	44,517,699	34,970,761	9,546,938	(6,499,912)	3,047,026	414,096	(1,015,402)	2,445,720
2011	43,649,714	35,199,680	8,450,034	(7,724,043)	725,991	-	(534,847)	191,144
2012	44,636,657	35,579,849	9,056,808	(6,097,754)	2,959,054	-	(886,614)	2,072,440

Guadalupe Blanco River Authority

Operating Revenues by Source Last Ten Fiscal Years

	Pollution and Industrial	Power	Water Sales and Lake	Rental, Recreation and	Waste Water Treatment	Laboratory		
Year	Financing	Sales	Operations	Land Use	Services	Services	Miscellaneous	Total
2003	\$ 341,600	\$ 3,291,811	\$ 13,218,362	\$ 693,986	\$ 4,787,951	\$ 303,199	\$ 2,079,008	\$ 24,715,917
2004	324,725	3,497,610	12,612,934	739,851	4,994,556	337,564	2,239,210	24,746,450
2005	205,233	3,872,868	15,663,761	740,988	5,002,254	435,819	1,471,039	27,391,962
2006	222,657	3,427,563	20,122,065	781,252	5,581,511	538,302	2,065,985	32,739,335
2007	-	3,764,212	24,850,270	916,797	6,248,195	594,524	2,168,515	38,542,513
2008	163,560	3,854,491	30,255,712	973,603	6,271,513	641,059	2,485,501	44,645,439
2009	-	3,056,054	31,051,511	932,909	6,683,467	675,585	2,601,689	45,001,215
2010	-	4,040,510	31,054,841	927,049	6,107,928	759,958	1,627,413	44,517,699
2011	-	4,192,271	31,615,931	1,022,746	4,273,817	736,451	1,808,498	43,649,714
2012	-	3,979,015	33,081,820	1,111,419	3,556,848	823,466	2,084,089	44,636,657

Operating Expenses

Last Ten Fiscal Years

Operating

		operating				
	Personnel	Supplies	Maintenance	Depreciation		
	Operating	and	and	and	Special	
Year	Costs	Services	Repairs	Amortization	ltems (a) (b)	Total
2003	\$ 6,328,767	\$ 7,676,099	\$ 2,807,840	\$ 2,757,775	\$-	\$ 19,570,481
2004	6,800,123	9,034,504	3,068,368	2,819,832	-	21,722,827
2005	7,229,312	8,879,415	3,298,910	3,015,376	528,374	22,951,387
2006	7,830,077	10,084,494	3,454,708	3,137,722	-	24,507,001
2007	8,997,620	12,770,894	4,036,894	3,060,563	-	28,865,971
2008	9,325,518	13,858,478	4,876,916	5,623,753	-	33,684,665
2009	10,014,890	14,371,964	4,539,233	5,577,893	-	34,503,980
2010	9,942,404	13,288,880	4,416,585	6,127,100	1,195,792	34,970,761
2011	9,454,599	13,340,648	4,272,751	6,136,748	1,994,934	35,199,680
2012	9,679,527	13,010,644	4,071,712	5,847,241	2,970,725	35,579,849

(a.) Special Items in FY 2005 include costs associated with the write off of Certain Diversion and Water Supply Development Costs(b.) Special Items in FY 2010, FY 2011, and FY 2012 include costs associated with the Whooping Crane Endangered Species Lawsuit.

Nonoperating Revenue and Expenses Last Ten Fiscal Years

	Gain (Loss) on Disposal Interest Investment of Capital					
Year	Expense	Income	Grants	Assets	Total	
2003	\$ (2,521,188)	\$ 171,472	\$-	\$ (4,004)	\$ (2,353,720)	
2004	(2,413,026)	180,130	-	(734)	(2,233,630)	
2005	(4,015,142)	310,337	-	(19,523)	(3,724,328)	
2006	(5,401,953)	555,481	-	7,716	(4,838,756)	
2007	(4,199,747)	855,793	-	-	(3,343,954)	
2008	(7,046,879)	828,429	-	(71,940)	(6,290,390)	
2009	(7,410,716)	475,308	242,557	(2,704)	(6,695,555)	
2010	(7,184,205)	237,079	430,424	16,790	(6,499,912)	
2011	(6,812,918)	288,242	549,534	(1,748,901)	(7,724,043)	
2012	(6,684,592)	146,506	563,047	(122,715)	(6,097,754)	

List of Principal Customers



The above customers represent GBRA's principal customers. Because of the long term nature of GBRA's contracts, the majority of these customers have been customers of GBRA for ten years or more. The Water Sales Customers represent GBRA's largest source of revenue. The rate history for Water Sales Customers is as follows:

Price Per	Effective		
Acre-Foot (1)	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		
92.00	10/1/2005		
96.00	10/1/2006		
100.00	10/1/2007		
105.00	10/1/2008		
110.00	10/1/2010		
114.00	10/1/2011		
125.00	10/1/2012		

(1) Excludes out-of-district charges.

Types of Operating Systems

GBRA divisions are segregated into systems to allow for cost accounting and control. Each system has one of two types of budgets, either "Budget-to-Actual" or "Units of Service". Budget-to-Actual systems provide services based on a budget approved by the customer and GBRA. During the course of the year, the customer is billed based on the annual budget with those billings adjusted to the total actual cost of service at each fiscal year end. Unit-of Service budgets are for the other GBRA operations where the customer pays for some type of service based on a unit of measure at a rate approved by the GBRA Board of Directors. The revenue, derived from these customers, pay the operating and maintenance, debt service, and capital addition expenses of the system. In these divisions and systems, the income is completely dependent upon the number of units sold. The table below distinguishes the systems according to the type of operations in which they operate:

Budget-to-Actual Operations:	Principal Customers	County
Northcliffe Wastewater Treatment Plant	City of Schertz	Guadalupe
Sunfield Wastewater Treatment Plant	Sunfield MUD #4	Hays
Buda Wastewater Treatment Plant	City of Buda	Hays
Port Lavaca Water Treatment Plant	City of Port Lavaca	Calhoun
Coleto Creek Reservoir	Coleto Creek Power, LP	Victoria/Goliad
Luling Water Treatment Plant	Cities of Luling & Lockhart	Caldwell
Canyon Hydroelectric Plant	New Braunfels Utilities	Comal
Lockhart Wastewater Reclamation System	City of Lockhart	Caldwell
Lockhart Water Treatment Plant	City of Lockhart	Caldwell
Unit of Service Operations:	Principal Customers	County
General Division	GBRA Systems	Guadalupe
Guadalupe Valley Hydroelectric Division	Guadalupe Valley Electric Coop.	Guadalupe/Gonzales
Canyon Park Wastewater Reclamation System	Residential Customers	Comal
Shadow Creek Wastewater Treatment Plant	Residential Customers	Hays
Dunlap Wastewater Reclamation System	Residential Customers	Guadalupe
Springs Hill Wastewater Reclamation System	City of Seguin	Guadalupe
Water Sales System	Communities, industries, farmers	Entire River Basin
Regional Laboratory System	Residential, Industrial, City Customers	Entire River Basin
Calhoun Canal System	Port Lavaca Plant,farmers, industries	Calhoun
San Marcos Water Treatment Plant	City of San Marcos	Hays
Western Canyon Division	Boerne, Bulverde, Fair Oaks, Cordillera	Comal/Kendall
Cordillera Water Treatment Plant	Residential and Commercial Customers	Kendall
Cordillera Wastewater Treatment Plant	Residential and Commercial Customers	Kendall
Comal Trace Water Distribution System	Residential Customers	Comal
Johnson Ranch Water Distribution System	Residential Customers, Public School	Comal
Johnson Ranch Wastewater Treatment Plant	Residential Customers, Public School	Comal
Calhoun County Rural Water System	Residential and Commercial Customers	Calhoun
Coleto Creek Recreation	Recreational Customers	Victoria/Goliad

	-	Obligations Payable Directly By GBRA		yable From ntracts (a)	Pollution Control (b)	
	Bonds	Loans	Bonds	Loans	<u>Bonds</u>	
Year						
2003	4,280,000	6,610,246	106,905,000	3,023,337	4,700,000	
2004	4,185,000	6,544,463	116,310,000	2,965,461	4,700,000	
2005	4,085,000	5,971,257	135,450,000	2,902,781	-	
2006	3,980,000	11,431,676	131,955,000	2,834,899	-	
2007	3,870,000	11,685,249	127,995,000	2,761,382	-	
2008	3,755,000	11,076,109	138,490,000	395,467	-	
2009	3,630,000	10,845,301	133,870,000	387,356	-	
2010	3,500,000	9,981,619	128,805,000	378,910	-	
2011	10,150,000	9,362,340	123,725,000	370,115	-	
2012	14,130,000	11,315,248	118,925,000	360,998	-	

(a) Contract revenue bonds and loans are payable from revenue derived from various contracts between GBRA and the various parties securing payment to GBRA for debt service payments on the bonds and loans. Debt coverage is 100% for these bonds and loans. Each customer is billed monthly for 1/12 of the total debt service for the fiscal year. Each revenue bond contract is insured or credit rated based on the financial strength of GBRA's service contract.

(b) A bond issue totaling \$4,700,000 was guaranteed by Standard Oil Company of Ohio. Although GBRA owns the water supply supply facilities and the bond issue bore GBRA's name, GBRA did not pledge its credit nor was it liable for any principal, premium, interest of costs associated with this issued. British Petroleum Chemical Company and Standard Oil Company pledged their credit and bore sole responsibility for all debt service payments. The amount of debt service that British Petroleum paid was recognized as pollution and industrial financing income as well as interest expense. The bond issue was entirely retired by Standard Oil Company of Ohio during 2005.

Notes: All balances for bonds and loans outstanding are shown prior to defeasance and accretion of Interest.

Pollution Control and Industrial Development Bonds

Year	
2003	104,390,000
2004	104,390,000
2005	104,390,000
2006	90,890,000
2007	90,890,000
2008	90,890,000
2009	90,890,000
2010	40,890,000
2011	40,890,000
2012	40,890,000

GBRA has assisted industries within the GBRA service area by acting as issuing conduit so that the user of the bond proceeds benefited from reduced debt service requirements. Fees to administer this debt are recognized as pollution and industrial financing income. 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 statements. The 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.

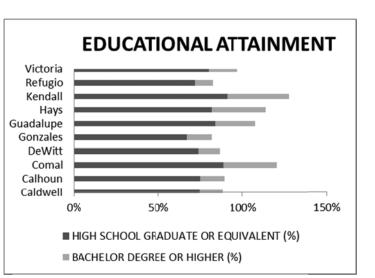
GBRA District Demographics

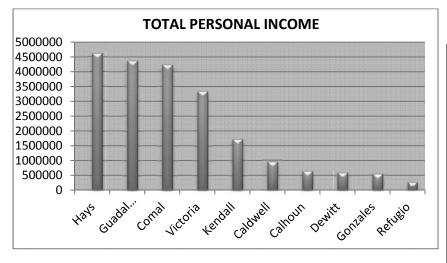
GBRA's service area is geographically part of south central Texas. It stretches from the Hill Country through the I-35 Corridor and into the Gulf Coast. GBRA's service area includes ten-counties and more than seventy cities and communities. This geographic diversity in turn provides economic diversity with a unique combination of agriculture, oil and gas, defense, high tech and heavy industry.

GBRA provides a variety of services to rural water corporations, electric cooperatives, industries and individuals within this ten-county district. The array of services includes water sales and distribution, water treatment, wastewater treatment, hydroelectric generation, laboratory analysis and recreation opportunities.

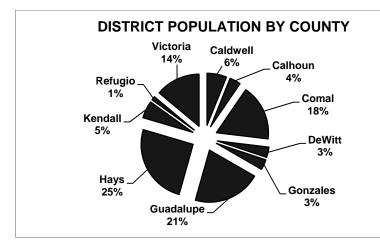
This diversity allows the local economy to be among the State's growth leaders and outpace the national economy as well as weather the effects of any global economic problems better than other areas may. The local economy is also being spurred by tremendous population growth along the I-35 Corridor. Indicative of this population boom is the fact that the cities of Austin and San Antonio are the 3^{rd} and 5^{th} fastest growing metropolitan areas in the state. The graphs below and on the following page portray the population and economic base within GBRA's ten-county district.

<u>COUNTY</u>	HIGH SCHOOL GRADUATE <u>OR EQUIV.</u>	
Cal dwell Calhoun Com al De Witt Gonzales Guadalup Hays Kendall Refugio	in the second	14% 14% 32% 12% 15% 24% 32% 37% 11%





	TOTAL
	PERSONAL
<u>COUNTY</u>	INCOME
Hays	4,622,968
Guadalupe	4,370,052
Comal	4,240,601
Victoria	3,349,267
Kendall	1,719,516
Caldwell	957,644
Calhoun	647,612
Dewitt	598,572
Gonzales	550,888
Refugio	266,867



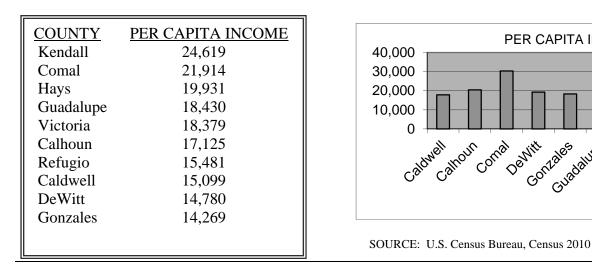
COUNTY	POPULATION
Hays	157,107
Guadalupe	131,533
Comal	108,472
Victoria	86,793
Caldwell	38,066
Kendall	33,410
Calhoun	21,381
DeWitt	20,097
Gonzales	19,807
Refugio	7,383

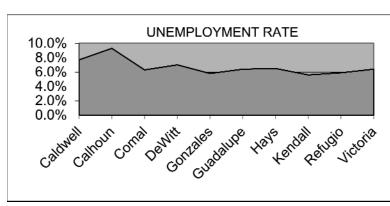
PER CAPITA INCOME (\$)

Hays endal petugio victoria

Dewitt Cualature

SOURCE: U.S. Census Bureau, Census 2010





SOURCE: WashingtonPost.com as of April 2011

UNEMPLOYMENT
<u>RATE</u>
9.3%
7.7%
7.0%
6.5%
6.4%
6.4%
6.3%
5.9%
5.8%
5.6%
7.7%
8.7%

Guadalupe Blanco River Authority Number of Employees by Division Last Ten Fiscal Years

	Number of Authorized Positions									
	Full Time Equivalent									
	Fiscal Year Ended August 31									
Division 2003 2004 2005 2006 2007 2008 2009 2010 20								2011	2012	
General	33.5	34.5	35.5	35.5	36	38	40	40	41	39
Guadalupe Valley Electric	24	25	25	25	25	25	25	25	25	26
Rural Utilities	5	6	5	6	6	7	7	7	7	7
Water Resources	39	41.5	45.5	45	45	46	51	48	49	49
Western Canyon	0	0	7	7	8	9	9	9	9	9
Port Lavaca WTP	8	8	8	8	8	8	8	8	8	8
Calhoun County RWSS	4	4	4	4	4	4	4	4	4	4
Victoria Regional WWRS	21	21	21	21	21	21	21	19	9	-
Coleto Creek Park and Reservoir	16	16	16	16	16	16	16	16	16	16
Luling WTP	5	5	5	5	5	5	5	5	5	5
Canyon Hydroeletric	2	2	2	2	2	2	2	2	2	2
Lockhart WWTP & WTP	10	10	11	11	11	11	11	11	11	11
Total	167.5	173	185	185.5	187	192	199	194	186	176

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).

GBRA's contract with the City of Victoria to operate the Victoria Regional Wastewater Reclamation Plants terminated in December, 2010. Employees of GBRA transitioned to the City of Victoria or other GBRA divisions.



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GUADALUPE-BLANCO RIVER AUTHORITY OPERATING STATISTICS

Operating Statistics:	FY 2003	FY 2004	FY 2005	FY 2006		
Water Treatment Customers:						
Total Water Distributed (Gal.)	70 501 000	72 202 000	76 710 000	75 224 000		
Calhoun County Rural Water Supply Division Total Water Treated (Gal.)	70,501,000	72,392,000	76,710,000	75,334,000		
CRWA-Hays/Caldwell Water Treatment Plant System	331,000,000	225,000,000	89,818,289			
Lockhart Water Treatment System	560,814,000	527,260,000	557,882,000	581,087,000		
Luling Water Treatment Plant Division	286,951,000	256,335,000	470,651,000	802,677,000		
Port Lavaca Water Treatment Plant Division	642,047,000	686,938,000	692,600,000	666,085,000		
San Marcos Water Treatment Plant System	1,656,000,000	1,586,000,000	1,645,448,005	1,711,018,000		
Western Canyon Water Treatment Plant System				1,041,235,000		
Waste Water Treatment Customers:						
Total Wastewater Treated (Gal.)						
Buda Wastewater Treatment Plant	125,300,000	110,470,000	120,300,000	119,580,000		
Crestview Subdivision Wastewater Treatment Plant	1,910,945	2,433,849	2,523,245	2,404,060		
Lockhart Wastewater Reclamation System	588,700,000	542,930,000	609,430,000	491,100,000		
Rural Utilities Division	147,100,000	150,410,000	153,054,000	149,520,000		
Victoria Regional Wastewater Reclamation Division	2,741,000,000	2,788,000,000	2,811,000,000	2,741,000,000		
Village of Wimberley Wastewater Treatment Plant		1,760,000	2,974,000	4,381,000		
North Hayes County MUD #1 Sunfield Subdivision Wastewater Treatment				3,641,000		
Water Sales Customers:						
Rice Irrigation (Acres) Calhoun Canal System	1,897	2,488	2,430	2,634		
Water Delivered (Gal.)	1,097	2,400	2,430	2,034		
Guadalupe Power Partners	846,695,620	898,443,000	966,788,000	1,129,607,000		
Regional Raw Water Delivery System	1,965,000,000	1,713,000,000	2,151,367,000	1,811,222,000		
	1,, 00,000,000	1,12,000,000	_,,	-,o,,ooo		
Power Sales & Other Services:						
Total Generation (kWh)	(1.074.600	77 075 500	96 011 400	44 412 000		
Guadalupe Valley Hydroelectric Division	64,974,600	77,975,500 14,930,325	86,911,400 24,371,501	44,412,900		
Canyon Hydroelectric Division Annual Permits		14,950,525	24,571,501	7,906,746		
Lake Wood Recreation Area	34	35	13	23		
Coleto Creek Regional Park	246	262	260	258		
Camping Permits	240	202	200	250		
Lake Wood Recreation Area	2,323	2,030	2,264	3,235		
Coleto Creek Regional Park	11,856	12,736	11,800	12,554		
Camping Cabins	11,000	12,750	11,000	12,007		
Coleto Creek Regional Park	568	573	692	664		
Day Use Permits	2.50	2.0	~~ -			
Lake Wood Recreation Area	2,671	2,641	2,686	2,860		
Coleto Creek Regional Park	15,052	14,771	16,051	16,378		

FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012		
62,684,000	75,006,000	87,252,000	71,381,000	91,070,000	92,377,000		
479,150,000	525,871,000	554,970,000	542,137,000	613,240,000	579,122,000		
651,263,000	734,704,000	677,043,000	634,399,000	675,179,000	664,541,000		
592,510,000	673,172,000	739,501,000	630,210,000	752,918,000	721,578,000		
2,129,290,000	2,404,842,000	2,773,635,000	2,685,046,000	3,209,012,000	3,324,085,000		
2,713,775,000	3,648,193,000	3,669,842,000	3,722,663,000	3,446,937,000	3,640,904,000		
198,200,000	243,800,000	273,300,000	339,800,000	331,430,000	376,050,000		
3,256,203	2,191,534	2,184,018	3,059,616	2,291,900	2,709,621		
489,000,000	447,100,000	380,250,000	465,830,000	429,580,000	453,960,000		
190,740,000	168,630,000	168,400,000	239,600,000	195,800,000	186,300,000		
2,390,000,000	2,585,000,000	2,209,000,000	2,579,000,000	819,000,000			
5,385,000	3,660,000	4,720,000	3,246,000	4,930,000	1,750,000		
23,790,000	35,570,000	35,980,000	41,010,000	38,160,000	43,000,000		
			2,560,000	9,970,000	19,020,000		
2,086	2,809	2,153	2,177	2,249	1,917		
974,680,000	1,157,790,000	1,146,655,000	998,991,000	900,513,000	498,819,000		
2,129,290,000	3,274,240,000	2,908,782,000	3,280,168,000	3,336,852,000	4,093,251,000		
64,980,700	66,914,600	25,726,200	71,633,300	42,126,000	31,405,400		
9,102,504	19,026,827	2,415,841	17,716,632	7,566,158			
	17		10	10	27		
11	17	9	18	19	27		
274	285	252	254	259	309		
2,112	2,635	2,995	3,204	4,266	4,914		
13,376	14,594	12,941	12,393	13,133	14,368		
542	662	725	717	766	985		
2,164	2,567	2,739	2,776	2,588	2,851		
14,177	16,851	15,139	14,465	16,331	17,503		
,	*	*	,				

Guadalupe Blanco River Authority Schedule of Capital Asset Additions by Division Last Ten Fiscal Years

					Port Lavaca	Calhoun	Victoria		Luling			
		Guadalupe			Water	County	Regional		Water	Canyon		
		Valley	Rural	Water	Treatment	Rural Water	Wastewater	Coleto	Treatment	Hydro		
	General	Hydro	Utilities	Resource	Plant	Supply	Reclamation	Creek	Plant	Plant	Lockhart	
Year	Division	Division	Division	Division	Division	Division	Division	Division	Division	Division	Division	Total
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
2004	114,217	26,438	35,959	598,056	29,509	39,592	39,466	13,074	-	-	13,193	\$ 909,504
2005	86,849	99,352	28,790	334,940	17,721	51,209	66,455	14,451	5,803,879	-	32,030	\$ 6,535,676
2006	54,012	13,010	118,078	350,993	1,165	114,275	95,199	43,171	275,991	-	27,638	\$ 1,093,531
2007	114,664	409,952	4,557,535	102,312,530	52,897	107,390	64,896	81,342	131,282	125,553	36,057	\$ 107,994,098
2008	41,054	990,319	117,216	1,936,806	22,614	113,413	14,254	37,238	5,893	-	29,332	\$ 3,308,138
2009	485,055	121,593	391,855	14,182,783	1,464,060	28,727	77,120	7,829	-	-	59,264	\$ 16,818,286
2010	83,824	121,168	591,354	511,881	4,106	48,080	57,852	-	-	-	207,062	\$ 1,625,327
2011	84,589	51,473	2,005,870	9,027,303	-	43,964	-	21,786	22,954	-	22,902	\$ 11,280,840
2012	129,633	83,932	54,626	263,670	39,467	22,346	-	69,548	28,985	-	53,107	\$ 745,315

Schedule of Capital Asset Additions by Classification Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Land, Water,										
& Storage Rights	\$2,077,812	\$-	\$ 1,088,461	\$-	\$ 6,718,880	\$ 99,723	\$ 433,650	\$-	\$ 7,000,000	\$ 90,058
Structures & Improve	1,984,279	142,425	4,612,873	647,401	99,724,123	2,759,542	15,702,963	1,005,294	3,749,160	242,832
Specialized Equip	1,791	14,738	68,966	60,202	110,451	69,706	142,709	63,522	41,246	4,777
Auto & Heavy Equip	402,739	617,808	213,367	195,622	238,477	193,219	248,342	205,812	229,186	190,060
Office Furniture & Equip	93,149	84,821	108,694	94,745	102,270	54,612	121,309	23,902	89,353	29,423
Miscellaneous Equip	59,952	49,712	443,314	95,561	1,099,896	131,337	169,314	326,797	171,895	188,165
Total	\$4,619,722	\$ 909,504	\$ 6,535,676	\$ 1,093,531	\$107,994,097	\$3,308,138	\$16,818,286	\$ 1,625,327	\$11,280,840	\$ 745,315

Ondependent Auditor's Report On Accordance With Government Auditing Standards Report on Compliance and Internal Controls



4801 N.W. LOOP 410, SUITE 725 SAN ANTONIO, TEXAS 78229 210/341-2581 FAX 210/341-2588 cpas@twbky.com Thompson, Williams, Biediger, Kastor & Young, L.C.

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors Guadalupe-Blanco River Authority

We have audited the financial statements of Guadalupe-Blanco River Authority, as of and for the year ended August 31, 2012, which collectively comprise Guadalupe-Blanco River Authority's basic financial statements, and have issued our report thereon dated December 19, 2012. 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.

Internal Control Over Financial Reporting

Management of Guadalupe-Blanco River Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Guadalupe-Blanco River Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Guadalupe-Blanco River Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Guadalupe-Blanco River over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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 grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

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

Impan, Williams, Diediger, Tasta & Young LC.

Certified Public Accountants

San Antonio, Texas

December 19, 2012

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: http://www.gbra.org

Buda Wastewater Reclamation Plant P. O. Box 216 Buda, TX 78610 TEL: (512) 312-0526 FAX: (512) 295-1207 email: eboettner@gbra.org

Coleto Creek Division P. O. Box 68 Fannin, TX 77960 TEL: (361) 575-6366 FAX: (361) 575-2267 email: svazquez@gbra.org

Lake Wood Recreation Area Route 2, Box 158-A Gonzales, TX 78629 TEL and FAX: (830) 672-2779 email: mhenneke@gbra.org

Lockhart Wastewater Reclamation Division 4435 FM 20 East Lockhart, TX 78644 TEL: (512) 398-6391 FAX: (512) 398-2036 email: emontana@gbra.org Lockhart Water Treatment Division 547 Old McMahan Road Lockhart, TX 78644 TEL: (512) 398-3528 email: emontana@gbra.org

Luling Water Treatment Plant 350 Memorial Drive Luling, TX 78648 TEL: (830) 875-2132 FAX: (830) 875-3670 email: jdowney@gbra.org

Port Lavaca Water Treatment Plant Calhoun County Rural Water Supply Division Calhoun Canal System P. O. Box 146 Port Lavaca, TX 77979 TEL: (361) 552-9751 FAX: (361) 552-6529 email: hwittliff@gbra.org

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

Western Canyon Regional Treated Water Plant 4775 South Cranes Mill Road New Braunfels, Texas 78132 TEL: (830) 885-2639 FAX: (830) 885-2564 email: jvasquez@gbra.org Guadalupe-Blanco River Authority 933. E. Court St. Seguin, Texas 78155

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