



# *Be Our Guest*

B&Bs in the Guadalupe River Basin

Guadalupe-Blanco River Authority of Texas  
Comprehensive Annual Financial Report  
Fiscal Years Ended August 31, 2014 and 2013





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

The 2014 Comprehensive Annual Financial Report is published for the clients, customers, employees  
and friends of GBRA.

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

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



**Guadalupe-Blanco River Authority of Texas  
Annual Financial Report**

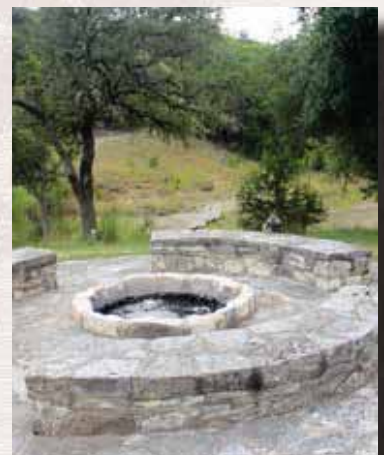
**Fiscal Years Ended August 31, 2014 and 2013**

**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.**



# *Be Our Guest*

B&Bs in the Guadalupe River Basin





# Table of Contents

Guadalupe-Blanco River Authority of Texas  
Comprehensive Annual Financial Report for Fiscal Years Ended August 31, 2014 and 2013

## Introductory Section

Title Page .....	1
Theme .....	2
Table of Contents .....	3
Vision and Mission .....	4
Board of Directors .....	5
Basin Map .....	6
GBRA Operational Chart .....	7
Year in Review .....	8
Letter from Board Chair and General Manager .....	11
Be Our Guest - B&Bs in the Guadalupe River Basin	
Cotton Tail Creek Ranch .....	12
Grace Gardens .....	15
Belle Oaks .....	16
Ridge View Ranch .....	19
Blair House Inn .....	20
Prince Solms Inn .....	23
The Inn on Main .....	24
Meyer Bed and Breakfast on Cypress Creek .....	27
Accountability - Results in Detail .....	29
Government Finance Officers Association (GFOA) Certificate of Achievement .....	31
Financial Letter to the Board of Directors .....	32-38

## Financial Section

Independent Auditor's Report .....	40-41
Management Discussion and Analysis .....	42-46
Statement of Net Position .....	47
Statement of Revenue, Expenses and Changes in Net Position .....	48
Statement of Cash Flows .....	49
Notes to Financial Statements .....	50-67
Required Supplemental Information	
Defined Benefit Pension Plan Schedule of Funding Progress .....	71
Other Supplementary Schedules	
Combining Statement of Net Position .....	74-75
Combining Schedule of Revenue, Expenses and Changes in Net Position .....	76-77
Combining Schedule of Cash Flows .....	78-79
Bond Amortization Schedules .....	80-87

## Statistical Section

Index and Explanation .....	90
Schedule of Net Position by Component .....	91
Schedule of Changes in Net Position .....	92
Schedule of Operating Revenues by Source .....	93
Schedule of Operating Expenses .....	93
Schedule of Nonoperating Revenue and Expenses .....	93
Schedule of Principal Customers .....	94
Schedule of Operating Systems .....	95
Schedule of Debt by Type .....	96
Schedule of Third Party Debt .....	97
Demographics .....	98-99
Schedule of Employees by Division .....	100
Schedule of Operating Statistics .....	102-103
Schedule of Capital Asset Additions by Division .....	104

## Independent Auditor's Report in Accordance with Government Auditing Standards

Report on Compliance and Internal Controls .....	107
Principal Offices and Business Locations/Publication Details .....	Back Cover

# **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



**Oscar H. Fogle, Chair**  
Caldwell County  
Reappointed 2011, Gov. Rick Perry



**Tommy Mathews, Vice-Chair**  
Kendall County  
Appointed 2011, Gov. Rick Perry



**Rusty Brockman, Secretary-Treasurer**  
Comal County  
Appointed 2011, Gov. Rick Perry



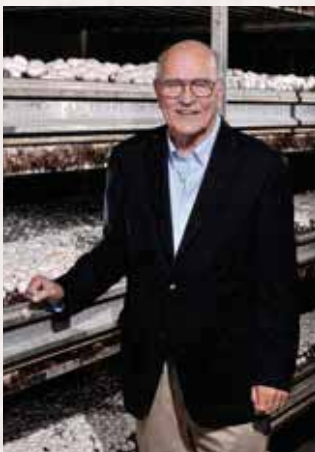
**Grace G. Kunde, Director**  
Guadalupe County  
Reappointed: 2009, Gov. Rick Perry



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



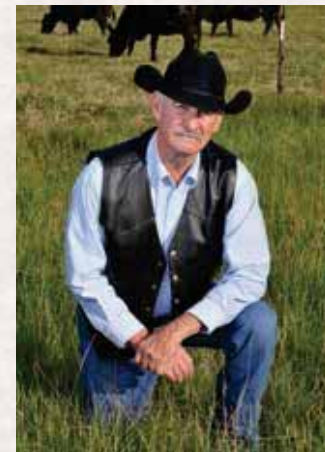
**William R. Carbonara, Director**  
DeWitt County  
Appointed: 2013, Gov. Rick Perry



**Darrell McLain, Director**  
Gonzales County  
Appointed: 2013, Gov. Rick Perry



**Kenneth Motl, Director**  
Calhoun County  
Reappointed: 2013, Gov. Rick Perry



**Don B. Meador, Director**  
Hays County  
Appointed: 2013, 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.



# Basin Map

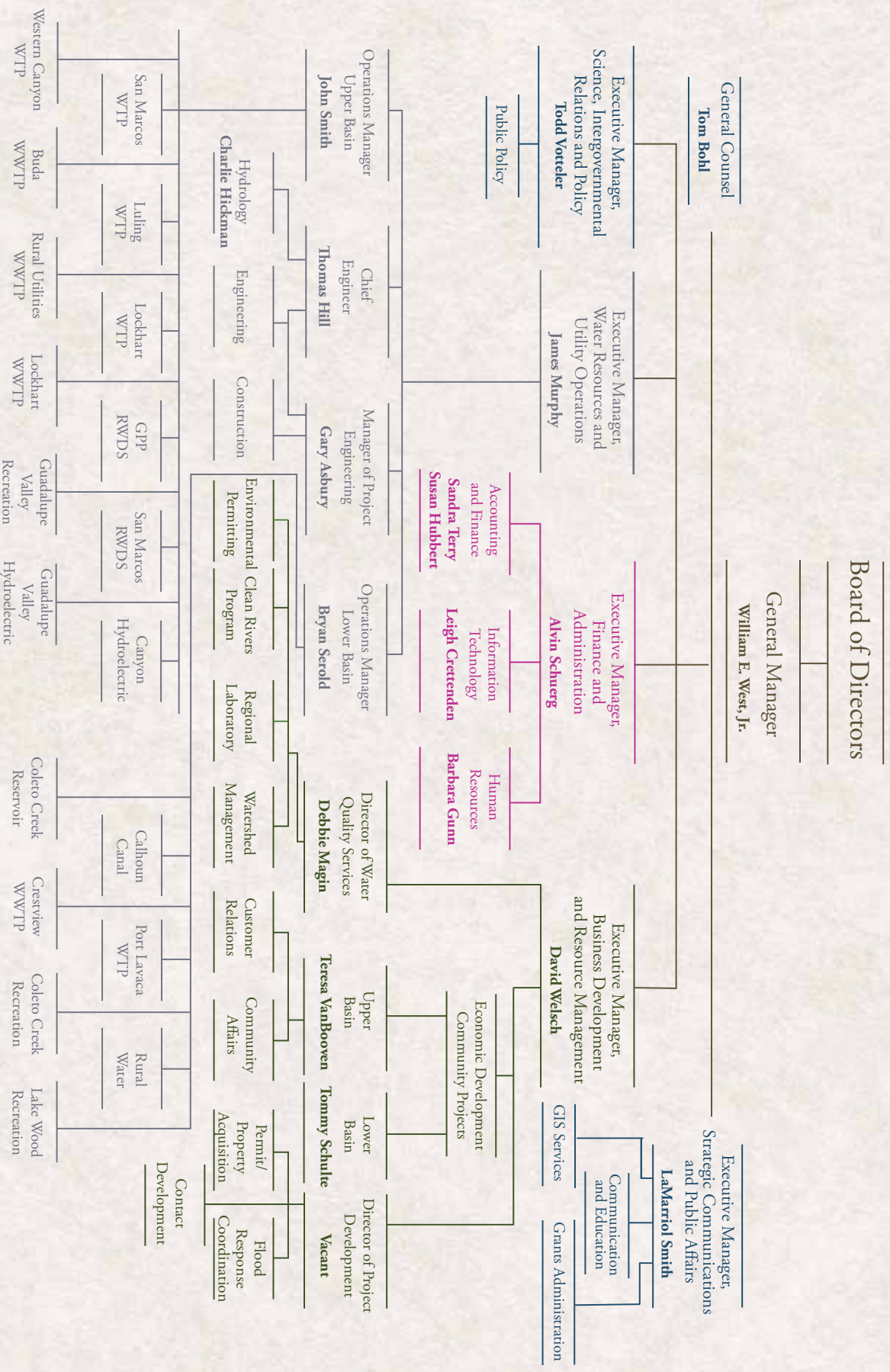
## Operations

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. Coleta 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





# GBRA Operational Chart





# GBRA Year in Review

(September 1, 2013 – August 31, 2014)

## September 2013

- Almost 200 volunteers dedicated Saturday, Sept. 28, 2013, to “keeping Lockhart beautiful.” Volunteers spent the morning



Photo by Mike McGregor

removing 1,580 pounds of refuse and 840 pounds of recyclable materials from 4.5 stream miles of Plum Creek and its tributaries. In addition to debris removal, participants planted wildflowers at City Park and attended an environmental fair.

- GBRA officials publicly called for recreationalists using the Guadalupe, Blanco, Comal or San Marcos rivers, Canyon Reservoir, Coletto Creek Reservoir (Victoria County), Lake Dunlap (Comal and Guadalupe counties), Lake McQueeney (Guadalupe County), Lake Placid (Guadalupe County), Lake Nolte (Guadalupe County), H-4 or Lake Gonzales and H-5 or Lake Wood (both in Gonzales County) to exercise safe boating especially during the Labor Day weekend of Friday, Aug. 30 – Monday, Sept. 2, 2013. The GBRA joins the Texas Parks and Wildlife Department (TPWD) in recommending water safety and boating.

## October 2013

- GBRA officials hosted a public meeting at 6:30 p.m. Thursday, Oct. 10, 2013, at the Belmont Community Center on Hwy 90A West in Belmont to discuss treatment measures for controlling the growth and spread of hydrilla, an invasive species plant in the Guadalupe River below Seguin. Presentations were made by staffs of GBRA and the Texas Parks and Wildlife Department.
- While rain fell throughout most of the Guadalupe River Basin during the Halloween Flood of 2013, Hays, Comal, and Caldwell counties seemed to get more significant amounts of rain. In all, the National Weather Service reported 12.45 inches of rain had fallen in

Wimberley, 11.89 inches near Driftwood, 9.55 inches southeast of Kyle, 7.50 inches west of San Marcos and 7.28 inches east-southeast of Canyon Lake Dam. GBRA staff braved weather conditions to get to work to insure and secure continuous operations at water and wastewater treatment plants and to disseminate river flow information to the public. GBRA’s “situation room” was assembled for manning the call center, coordinating the flow of information, and providing the information to media outlets, Weather Net and the public.

## November 2013

- Following a significant flood event that occurred Oct. 31, hydroelectric crews inspecting the dam at Lake McQueeney determined work had to be conducted on the dam. In their assessment, hydroelectric crews found substantial logs and debris in the gates. Crews also determined several seals had to be replaced. The necessary work required Lake McQueeney to remain about a foot low for 30 days.
- GBRA officials announced the hiring of George Thomas “Tom” Bohl, an assistant attorney general for the Environmental Protection Division with the Office of the Attorney General during its November Board of Directors meeting

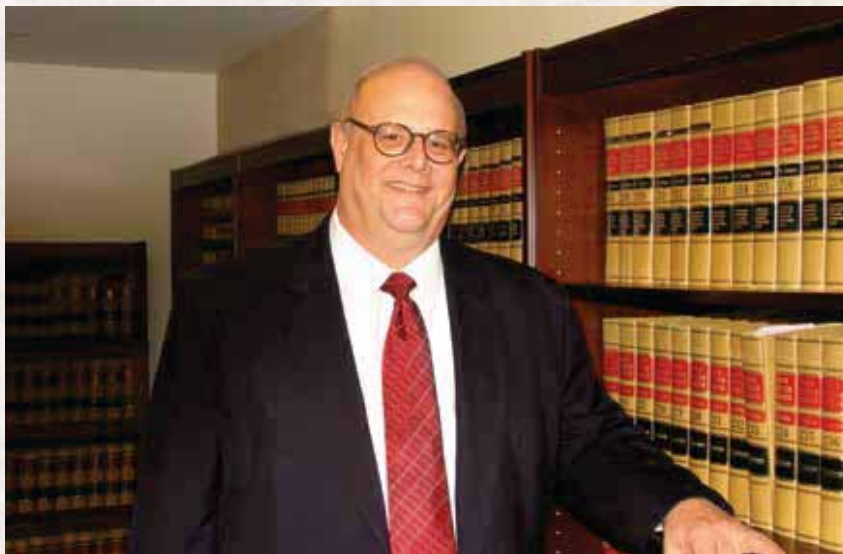


Photo by Connie Rothe

Wednesday, Nov. 20, 2013. Bohl officially began his general counsel duties in January 2014.

## December 2013

- At the December meeting in Seguin, the GBRA Board of Directors elected board officers for 2014. Oscar Fogle of Caldwell County was selected to serve a second term as chair, Tommy Mathews of Kendall County was selected as vice-chair, and Rusty Brockman of Comal County was selected as secretary/treasurer.



## January 2014

- Maintenance work was performed on the boat ramp at Coletto Creek Park and Reservoir in mid-January, requiring a temporary closure. Crews scheduled the maintenance to take advantage of the low reservoir level and low volume of recreationalists who use the ramp during that time.



Photo by Wilfred Korth

- Kylie Gudgell, laboratory analyst I in GBRA's Regional Laboratory, collected an accolade, the "Outstanding Lab Analyst" Award from the Texas Water Utilities Association in January. The TWUA recognizes an analyst for service in their profession above and beyond what is expected.
- In January, Secretary of the Interior Sally Jewell presented the Department's 2013 Partners in Conservation awards at a ceremony in Washington, D.C. The Secretary honored 20 partnership projects that have demonstrated exemplary natural resource conservation efforts through public-private cooperation. Four partnerships nominated by the U.S. Fish and Wildlife Service involving nearly



Photo by Connie Rothe

60 individuals and organizations located in California, Oregon, Kansas and Texas received awards. In Texas, the 2013 award went to the Edwards Aquifer Recovery Implementation Program.

## February 2014

- On Feb. 23, 2014, the San Antonio Express-News ran opposing op-editorials by GBRA General Manager Bill West and San Antonio Water System (SAWS) Chief Executive Officer Robert Puente debating the merits of SAWS' recently filed "bed and banks" permit application with the Texas Commission on Environmental Quality. The opinion articles covered the newspaper's editorial page front and were the subject of much discussion in the water community for weeks thereafter.

## March 2014

- As their "Our Day to Shine" project, GBRA volunteers performed repair and renovation work, such as electrical work, refinishing walls, painting, replacing interior lighting and installing new kitchen countertops and appliances, to the Green DeWitt Community Center near Cuero in DeWitt County. About 45 GBRA employees and family members worked on the project.



Photo by Connie Rothe

## April 2014

- Hundreds of Seguin citizens walked the grounds of the downtown square with a common interest in celebrating the 2014 Earth Day Festival, which took place Saturday, April 26. Cindy Thomas-Jimenez, GBRA's environmental education administrator, demonstrated how sources of non-point source pollution can enter into the ecosystems of nearby rivers, streams and lakes. Elizabeth Aguilar, GBRA's technical specialist, taught students how to identify larvae using a GBRA macroinvertebrate chart.
- GBRA's Board of Directors held its monthly meeting and a directors' workshop in Cuero, DeWitt County, on Wednesday, April 16, at the Chisholm Trail Heritage Museum.



# GBRA Year in Review, continued

- On April 23, GBRA filed a petition in Travis County District Court asking for a declaration that GBRA has the authority to issue bonds for its Lower Basin Project, and a resolution of legal issues that affect the Lower Basin Project, including the SAWS bed and banks permit application.

## May 2014

- GBRA officials announced Stage I drought measures for the cities of Luling and Lockhart as part of the “mild water shortage condition” of the GBRA Drought Contingency Plan.



Photo by Anna Beckendorf

- A new outdoor education program open to visitors of all ages kicked off during the last weekend in May at GBRA's Coletto Creek Park. Developed by Dan and Anna Beckendorf, the program consists of a guided nature walk and a tour of a wildscape garden that Anna planted at the park. During the tour, leaders discuss the use of native plants and their benefits to Texas Wildlife, visit a butterfly garden, and see habitat gardens and pools for lizards and frogs.

## June 2014

- The United States Court of Appeals for the Fifth Circuit on Monday, June 30, reversed the judgment of the U.S. District Court for the Southern District of Texas in *The Aransas Project v. Shaw* of which GBRA was a defendant intervener. The Fifth Circuit agreed with the defendants that the plaintiff failed to prove its case that diversions of water for use by Texans had led to multiple deaths of federally protected whooping cranes in the winter of 2008. The Fifth Circuit panel that consisted of Judges Edith Jones, Jerry Smith and Emilio Garza agreed, “We conclude that the district court’s opinion misapplies proximate cause analysis and further, even if proximate cause had been proven, the injunction is an abuse of discretion. The judgment is reversed.”
- Bureau of Reclamation Acting Commissioner Lowell Pimley announced in June that the B.O.R. will provide \$450,000 for GBRA’s “Integrated Water and Power Project (IWPP),” a water feasibility study, which in this case considers the feasibility of developing ocean water desalination as a regional water supply, including the option of co-located power generation facilities.

## July 2014

- Lower flows in the Comal Springs caused by the ongoing drought have stopped work projects in New Braunfels associated with the Habitat Conservation Plan (HCP) until officials can ensure no damage is being done to endangered species or their habitats. According to Provision M of U.S. Fish and Wildlife (USFWS) Incidental Take Permit, work near the springs has to stop when flow at Comal Springs reaches 130 cubic feet per second. Activities that disturb habitat or the listed species are no longer covered when flows drop below these levels.
- Internal staff member LaMarriol Smith was promoted to GBRA’s Executive Team as Executive Manager for Strategic Communications and Public Affairs. The position change became effective July 21, 2014. Smith, formerly GBRA’s Chief Strategic Communications and Public Affairs Officer and prior to that Manager for Communications and Education, began work for the authority Feb. 1, 2007. Her overall 28 years of experience includes public affairs, media relations, higher education administration, marketing, project and event management, speechwriting, publications management, website development and social media communications.

## August 2014

- GBRA’s Port Lavaca Water Treatment Plant operators began its periodic temporary substitution of chorine as the disinfecting agent in the drinking water treatment process in place of its regularly used chlorine/ammonia compound.
- Voluntary Stage IV drought measures for diversions and use of water were implemented on GBRA’s hydroelectric lakes in Comal, Guadalupe and Gonzales counties. Restrictions also affected lawn watering, outdoor fountain use, vehicle washing and other activities.

Hydro Lakes

# STAGE 4

## Drought Measures

*Applies when average 24 hour spring flow rate from Comal Springs is at or below 100 cfs, but greater than 50 cfs.*

*Current springflow conditions and full Drought Contingency Plan can be found at:*

<http://www.gbra.org>



# Be Our Guest

## B&Bs in the Guadalupe River Basin

*A* place to sleep and a morning meal sound like simple provisions for the weary traveler. How hard can it be to provide a clean room and good food? Innkeepers in our series “Be Our Guest: B&Bs in the Guadalupe River Basin” probably would agree that supplying a bed and a breakfast is not that difficult. And then they would add that they provide much more—things like a taste of local culture, authentic Texas history, and a feeling of being at home, as well as peace and serenity.

Since an intangible cannot be crafted by human hands, how do they do it?

We found that each person comes to the title of innkeeper a bit differently. Some are drawn to the job by the location—on a river, a creek, a series of rolling hills on cherished family land, a historical district.

Some grew up in the hospitality business and have memories of loving the excitement of meeting new people as a child.

Others enjoy the process of cleaning and decorating every nook and cranny of a home and garden, and then cooking and serving an exquisite meal that surprises everyone.

Those who enjoy saving and restoring old properties from demolition figure into the story, too.

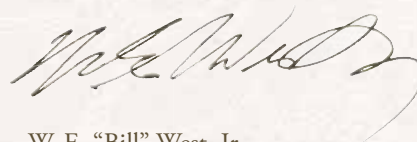
Although the inns featured here have distinct personalities, there are recurring themes among the innkeepers. They love history and architecture, enjoy people, thrive on good food (whether they are cooks or not) and like being their own bosses. Creating unique experiences for the guests feeds their energy.

Also, there is more to their stories than mere business. To them, their work goes beyond numbers on a spreadsheet. As more than one innkeeper said: “We greet people as guests. They leave as our friends.”

Let’s go visiting.



Oscar H. Fogle  
Chair, Board of Directors



W. E. “Bill” West, Jr.  
General Manager



**Cottontail Creek Ranch**  
**3767 South State Highway 46**  
**Seguin**  
**Innkeepers: Sue and Fred Blumberg**

One of Sue Blumberg's favorite memories as a hostess was seeing a four-star general iron his shirt in her kitchen. That scene captures the family atmosphere she strives for when she opens her home to others.

The Blumbergs built their dream home in 1996 on land that her husband's family has owned for a century. Sue knew before it was built that she wanted to entertain visitors in the two spacious upstairs bedrooms. She and her husband are frequent travelers and B&B guests. And as a daughter of New Orleans, she embodies hospitality.

Sue thrives on cooking and entertaining. She also likes a tidy home and pays attention to small details and the big picture. "There is no problem keeping our home ready. Guests come and can't get enough of the gardens. The back porch, the front porch—they are peaceful and serene. And the guests begin to do what they are supposed to do, and that is relax."

In addition to serving such breakfast treats as Amaretto Peach French Toast, she also hosts small lunches and dinners for groups, and creates three-course dinners for guests who ask for them in advance. "I give them a choice of meat and prepare a menu around that. The rest of the meal is a surprise." Think Crawfish Bisque as the first course, Filet Mignon au Poivre for the entrée, and Creme Brulee la Louisianne for dessert.

But what to name their home and inn? A cottontail running through a dry creek bed gave her the idea of Cottontail Creek. "It's even got alliteration," said the former English teacher. Her husband liked it. The deal was sealed.



Photos by Connie Rothe







Photos by Connie Rothe

# *Peace, serenity, Food*



os by



Vignettes written by Barbara Elmore





Photos by Connie Rothe



*Must love rivers*





**Grace Gardens**  
**516 Cottonseed Run**  
**Martindale**  
**Innkeepers: Lee Williams and James Miller**

The Halloween floods that poured through the Hill Country in 2013 took most of Grace Gardens' multi-tiered deck. A small portion remains, unsafe for use, and yet picturesque.

Lee Williams tells the story with the matter-of-factness of someone who lives on a river. Grace Gardens on the San Marcos River is not the place for anger or fear, but a place to meditate and be thankful for nature's majesty.

Even for people who don't go near the river, the inn offers "a place to relax, rejuvenate and refresh," said Williams, a minister who years ago envisioned living in a place like this, a courtyard surrounded by spaces for yoga, seminars and painting.

She and husband James Miller moved out of Austin and into Grace Gardens three years ago, in between times of prolonged drought. Plants and river life awoke the following spring. "It was magical," Williams said.

Guests arriving at this hideaway discover an outdoor emphasis. Seekers of solitude will find numerous meditation places. A gazebo with benches and a grilling area lure river-watchers. Nearby is a lap pool with a tree-covered hot tub.

An artist's studio, which Williams calls a "no-guilt space," is a rustic cabin with a bed, table and chairs. A nearby self-contained cottage is quite small but can hold a rocking chair.

Williams and Miller live on site and manage Grace Gardens themselves, sharing their home with river disciples who want to be out of a city, yet near one. San Marcos is minutes away.

And the name? Says Williams: "I want people to learn about and be aware of the grace that each person brings to this life."



Photo by Connie Rothe



Photo by Barbara Elmore





Photos by Connie Rothe

**Belle Oaks Inn**  
**222 St. Peter**  
**Gonzales**  
**Innkeepers: Clinton Hille, Richard Tiller**

This Greek Revival home with magnolia trees framing the entrance has been a private home, a dorm for medical staff, and a vacant property. Then two people came along with a love for its imposing columns and spaciousness, and the patience to breathe new life into the 1912 structure.

The results are magical. A time warp envelops guests as they step on the curved front steps of Belle Oaks. The feeling persists indoors.

The house had been boarded shut for 20 years when Clinton Hille and Richard Tiller bought it in 2000. They began renovations, but had not planned to open it as a bed-and-breakfast inn. They made that decision when they realized that renting rooms would help them pay for renovations.

Since 2002, the home has been an inn, and its popularity surprised the owners. "Within a year or so, it turned into a full-time job for Richard," Hille said. "We get travelers from all over the world. It's amazing how people seem to find us; the house sells itself."

Although it was odd at first to have people renting rooms in their home, Hille and Tiller quickly learned that the house's size and guests' attitudes were both an advantage. "A different type of person stays in bed-and-breakfasts. They are appreciative of your home," Hille said.

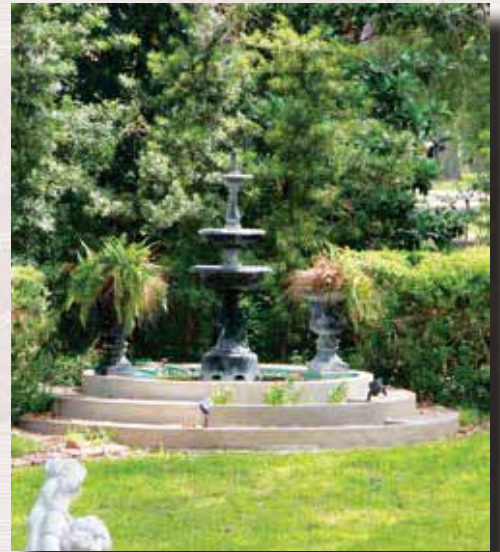
In 2010, they also opened the 1913-era Boothe House at 706 St. George as an inn, too. "We bought the Boothe House to renovate and resell, but there are few hotel rooms in town and a need for places for people to stay," said Hille.







Photos by Connie Rothe



# *Greek revival time warp*





Photo by Connie Rothe



Photo by Connie Rothe

Photos courtesy Mela Walker



## *The sound of sawing logs*



Photos courtesy Mela Walker



Photo by Connie Rothe





**Ridge View Ranch**  
**264 Evening Cloud Lane**  
**Cuero**  
**Innkeeper: Mela Walker**

One of the most important activities at Ridge View Ranch is sawing logs.

Or at least that's the sound Mela Walker thinks of when visitors, who have the best of intentions of going places and doing things, fall asleep on her porch. Heads droop, books fall, and she sees guests who are perfectly relaxed.

And that's the point. Visitors stay at Ridge View Ranch for the quiet, the peace and the serenity. "They sit on the porches and enjoy the breeze. They drink their coffee. And before I know it, they are sawing logs."

That's not unusual, but this is: Ridge View Ranch is probably one of very few bed-and-breakfast inns in the state that provides facilities for physically disabled visitors. Walker researched nearby inns and found most were in old homes with stairs and no ramps. "It wasn't easy to gain access to the rooms and they were tiny, because they are old houses. I thought, 'People want to come out in the country and enjoy it.' And they are so appreciative."

Appreciation sometimes translates to honors. For two years in a row, Ridge View Ranch has been selected for the 2014 Best of Cuero Award in the Bed and Breakfast and Inns category by the Cuero Award Program.

The property is also a working ranch where Walker raises cattle and harvests hay. Both parts of the business mesh well, for her and for visitors. One of the favorite ranch pastimes is sitting on the porch and watching cattle, wild turkey and jackrabbits, or fishing in the lakes with poles supplied on a first-come, first-serve basis.

Or sawing logs.



Photos by Connie Rothe



Photo courtesy Mela Walker







Photo by Connie Rothe

**Blair House Inn**  
**100 W. Spoke Hill Drive**  
**Wimberley**  
**Innkeepers: Chris and Lois Mahoney**

*B*ills, deer, ponds, wild turkey, a family of gray foxes, and Oliver the cat all contribute to the atmosphere of Blair House Inn near Wimberley. Not only is Blair House Inn a place for relaxation at the day spa and pool, or observing nature, it also is a regular cooking school. A veteran chef creates the cuisine and teaches classes.

The country inn is made up of cottages, a spa for massages and facials, and innkeepers who live nearby. They are onsite regularly, except when they make a weekly trip to purchase food and other goods for the following week. When their Ford Explorer returns from shopping, it's packed to the roof.

Both owners do whatever is needed to keep the inn humming. "She is the accountant and I am everything else," Chris Mahoney said. For Lois, who grew up in a family that owned inns, motels and RV parks, operating Blair House Inn is a lifelong dream.

For Chris, with a background in logistics, operations management and insurance, the inn is an enjoyable escape from the corporate world. "I thought it would be fun and rewarding and so far it is proving to be that way," he said. "I like doing for others, giving people a great experience."

They fell in love with the Blair House Inn's panoramic views, peaceful setting, and spacious rooms on their first visit. They knew it was just right, and they work to keep the inn special by paying attention to details.

"We are known as a romantic getaway, and we are specific about our focus. More than 50 percent of our guests are repeat guests," Chris said, "And we don't take that for granted."

Photo courtesy Chris Mahoney

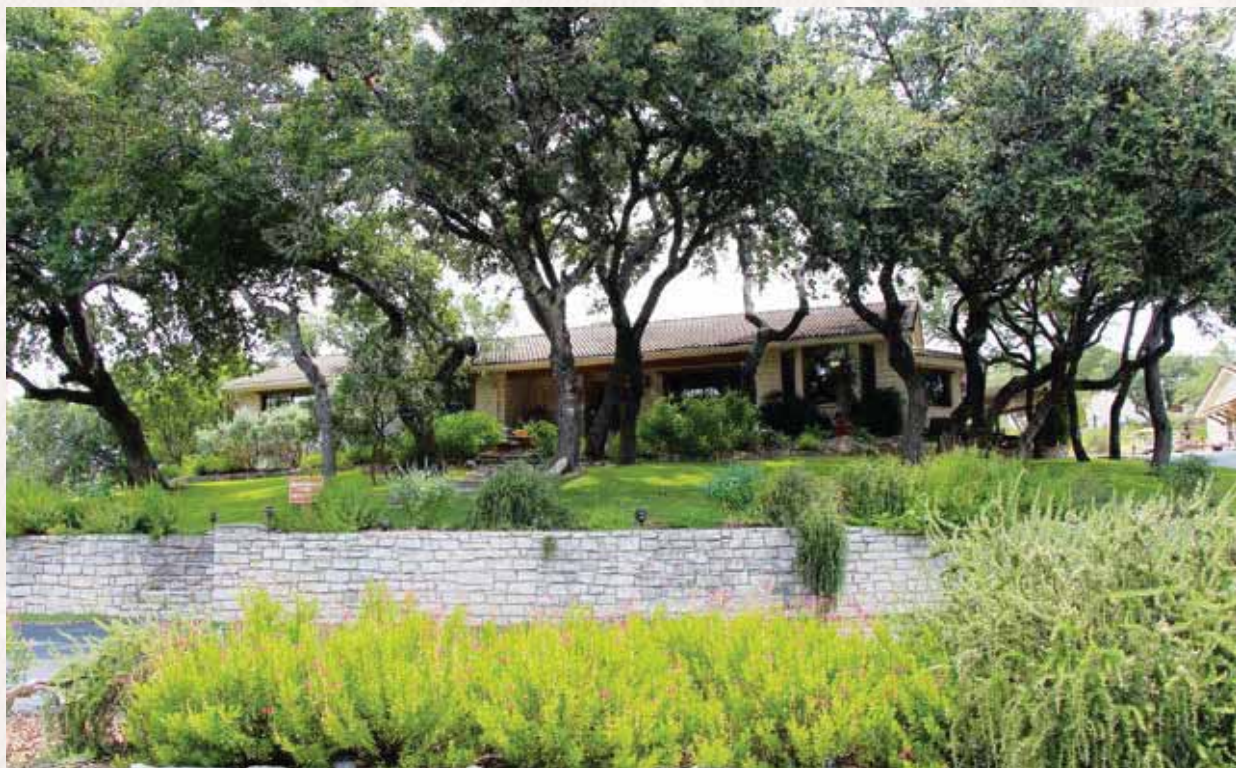






Photo courtesy Chris Mahoney



Photo courtesy Chris Mahoney



Photos by Connie Rothe



*Escape to romance*





Photos by Connie Rothe

# *Fit For a prince*





**Prince Solms Inn**  
**295 E. San Antonio St.**  
**New Braunfels**  
**Innkeepers: Al Buttross, son Michael Buttross**

**P**rince Carl Solms-Braunfels of Germany, a legendary romantic and authentic German prince, died in 1875, about 30 years after he founded this picturesque river city.

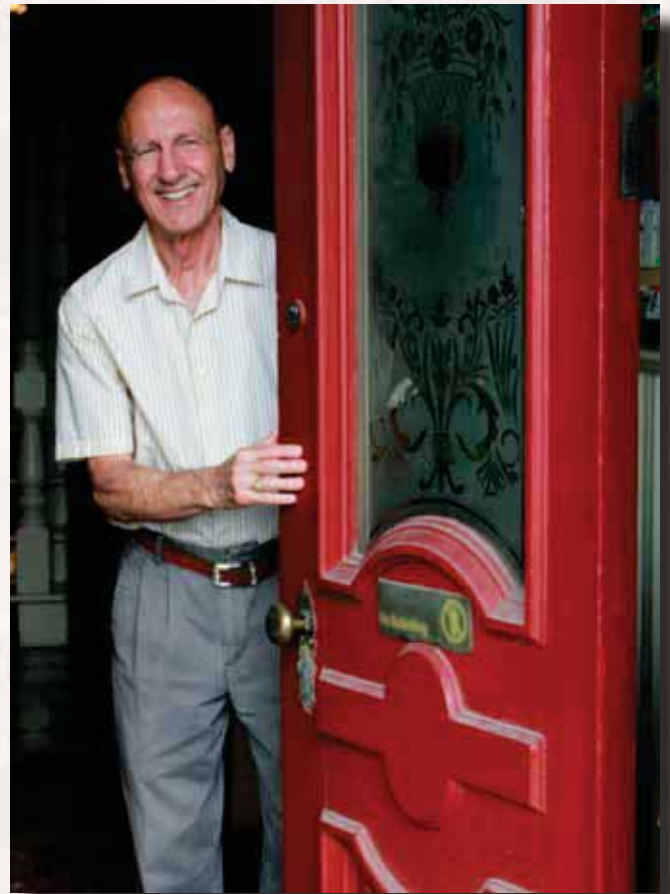
More than 20 years after his death, the inn named for him was built. The year was 1898. At first, owner Emilie Eggeling called it the Comal Hotel after the river and the county. She forecast New Braunfels' potential and wanted a hotel that time would treat kindly. Thus the cellar—now a restaurant and bar—has brick and stone walls 3 feet thick. The first and second floors walls are a mere 18 inches.

In the 1970s, the Comal Hotel became the Prince Solms Inn.

For the last seven years, Al Buttross has been the innkeeper, handyman, and researcher of the property's colorful past. The main inn includes two suites on the first floor and eight on the second floor. The historic Klein House is situated behind the inn. The town's old feed store sits beside it. A carriage house is part of the inn, and Buttross built a small barn in the stable area. He calls it the Stable Cottage.

Buttross enjoys running the inn because the work does not always feel like work. "Frequent guests become friends. We have guests who got married here and had their 50th anniversary here."

And he sees the future that Eggeling forecast more than 100 years ago. "The downtown has blossomed so it has several historic bars and restaurants. We have diversified guests. The parks here are the best anywhere. And New Braunfels is popular for weddings. We do several a weekend. The inn can be real exciting in spring and fall."



Photos by Connie Rothe







Photos by Connie Rothe

**The Inn on Main**  
**315 N. Main St.**  
**Victoria**  
**Innkeeper: James Wearden**

When this 1875-era house was scheduled for demolition by new owners who wanted to build a business on the property, the Victoria Preservation Society stepped in.

The organization gave the house to James Wearden, who admired it as a great example of early Texas architecture. He moved it a half mile away—a historic home built in 1877 is its neighbor—restored it, and opened it as an inn in 1998.

“It’s an early-Texas style house with wood clapboard siding, dormers and a very classic, symmetrical style,” Wearden said. “It’s a style that came after the early log cabin days. It has a full-width front porch, which was a nice feature in those homes.”

He temporarily took off the top of the one-and-a-half story home for the move to its current location. And then he got to work. “By the time we had gotten the house, it was at least a two-year project to do the restoration. It had been built as a single-family home and possibly was used as a boarding house.”

Wearden has redone more than a dozen properties in the Victoria area over the years, long enough to appreciate the special features of older properties. The Inn on Main has a front porch that’s great for watching parades, solid walls that ensure it isn’t going anywhere, old floors that are no longer commonly seen, and the original interior stairwell. The house offers people a chance to stay in historic surroundings in a historic part of the city.

“It’s wonderful to give people the opportunity to stay in downtown Victoria,” Wearden said, adding, “They always fall in love with the home, and downtown has a charming appeal.”







Photos by Connie Rothe



*Early Texas lives on*







Photos by Connie Rothe



*Past, present, Future*





**Meyer Bed & Breakfast on Cypress Creek**  
**845 High Street**  
**Comfort**  
**Innkeepers: Shane and Teresa Schleyer**

The first building a visitor sees when entering the complex that makes up the 34-room Meyer Bed & Breakfast is the homestead, the original home of the Meyer family built in 1869 by Frederick Christian Meyer.

The original owners of this scenic property made history in early Comfort with a stage stop, maternity rooms and a hotel. Current owners Shane and Teresa Schleyer, in their nineteenth year of ownership, are continuing the legend.

After their “jaw-dropping” first visit to view the property, which they visited by chance, the Schleyers put in an offer the next day. Shane Schleyer had a list of reasons: The buildings are treasures for someone who loves history. Walk to the bank of the creek and the land begins to roll, offering an amazing view. This is a nature-lover’s paradise.

The owners continue to work on the properties to inspire awe and bring people back. They have acquired nearby properties and built one cottage to more than triple the number of available rooms. “I used old windows and other accessories and did it in the same style,” Schleyer said.

While preserving history, the owners ensure modern comforts await guests who want them, and that everyone gets a healthy dose of nature. Many of the rooms have fireplaces and jetted hot tubs. Workers keep the grounds manicured. Pecan trees flourish, and deer, turkey and a lone duck hang out in the peaceful setting.

For Schleyer, a veteran of the hospitality business, pleasing guests by offering them something different is its own reward. “There are lots of B&Bs, but ours are unique.”



Photo by Connie Rothe



Photo by Barbara Elmore







## *Accountability — Results in Detail*



# GFOA Certificate of Achievement



Government Finance Officers Association

## Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Guadalupe-Blanco River Authority**

**Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**August 31, 2013**

A handwritten signature in black ink, reading "Jeffrey R. Enen". The signature is written in a cursive, flowing style.

Executive Director/CEO





December 17, 2014

The Honorable Oscar H. Fogle, Chair  
and Members of the Board of Directors

Dear Chair Fogle and Directors,

The Comprehensive Annual Financial Report (CAFR) of the Guadalupe-Blanco River Authority (GBRA) for the fiscal year ended August 31, 2014, 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 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 the information contained in the CAFR. As such it is an easily readable and easily understandable source of information related to GBRA's financial activities for fiscal year 2014. Furthermore, the MD&A information is presented in comparison to the two previous years thereby providing the CAFR reader a near term historical perspective of financial results. 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 than 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 Texas Commission on Environmental Quality 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 facilitates 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 “low head” 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 (GVEC) for consumption principally within the river basin. The charge for the power delivered to GVEC includes a fixed monthly charge of \$125,000 and an energy charge of 3.14¢ per kilowatt hour of energy produced. GV Hydro 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 rural areas where septic tanks do not provide proper or safe wastewater disposal and the extension of wastewater services from nearby municipalities is not cost effective. The six wastewater plants include Canyon Park, Dunlap, Springs Hill, Northcliffe, Shadow Creek and Sunfield. The most recent of these wastewater treatment plant operations is the Sunfield Municipal Utility District’s (MUD) Wastewater Treatment Plant. GBRA began operating this 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 the Buda, Shadow Creek and Sunfield plants using the same personnel provides a cost effective means for GBRA to safely and properly meet their wastewater treatment needs of both the City and two MUDs.

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. Additionally, this division is 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 as well as to individuals, municipalities, industries and private entities throughout the region. Other 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’s *Port Lavaca Water Treatment Plant Division* 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). 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 1,386 homes and businesses located throughout most of the unincorporated areas of Calhoun County.

The *Coleta Creek Division* operates and maintains the Coleta 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 Coleta 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.* Following the United States Civil War, Union General Philip Sheridan reportedly remarked that "If I owned Texas and hell, I would rent Texas and live in hell" Whether Texas deserved such a remark in those days may be debatable but one thing is for sure, Texas certainly does not deserve such a remark today. The opportunities that the State of Texas affords its residents quite literally multiply with each passing year.

According to the Federal Reserve Bank of Dallas, employment in Texas has expanded at twice the pace of the nation as a whole over the last 25 years, surging 60 percent compared to California at 18 percent and New York at 8 percent during that same time period. Furthermore, while some economic centers disparage the Texas employment story as one of growth in "low income" jobs, statistics do not bear that out. Again according to research by the Dallas Fed, the two upper wage quartiles grew over the last decade by 28% and 36% while the remainder of the nation during the same time period experienced only a 0% and 13% growth in these same two wage quartiles. This positive employment history is also reflected in several other economic indices including the unemployment rate in Texas a full one-half percentage point lower than the national average, and the Texas gross domestic product grew by 3.8 percent which is almost double the national growth rate of 2.0 percent during the last year.

Reports and data produced by Texas State Comptroller Susan Combs reveals a similarly positive light on the State. Comptroller Combs states that "job growth, sales tax collections and building permits all signal that the Texas economy continues to outpace the national economy. Past statements from Combs report that the Texas State economy represents one of the world's largest economies outpacing most countries around the globe and is similar to the \$1.4 trillion per year GDP of Spain or Australia. In still another comparison of Texas to the remainder of the United States, the Comptroller indicates that the Texas unemployment rate has been below the national average for 93 consecutive months. As perhaps a final Texas economic boast, the State has once again won the Governor's Cup bestowed by Site Selection magazine for the state with more incoming corporate relocations and/or expansions than any other state and giving Texas a 3 out of 4 winner's record over the last four years.

There are a number of factors which have allowed Texas to recover from the most recent recession, achieve some of the above listed results and start on an expansionary tract sooner than other areas. Historically these factors included large natural resource deposits and plentiful land used for cattle ranching and farming. These factors certainly continue today, but the State also boasts a growing diversity of business opportunities with substantial growth in the transportation, computer, semiconductor and telecommunication industries. In particular, the growth of jobs related to oil and gas exploration in a number of different Texas regions and the compounding economic effect of these jobs has added greatly to Texas's Gross State Product.

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, and a banking sector better capitalized than most of the remainder of the nation. Furthermore, the FED believes that an important advantage that Texas holds over other regions of the country is the net migration of people into the State.



In its Second Quarter of 2013 Southwest Economy report, the FED lists Texas as the number one state for seven consecutive years in terms of the number of people moving to the State. This migration has filled the need for employees in the exploding Eagle Ford Shale oil exploration area as well as caused a mini-housing construction boom.

One unfortunate aspect of the Texas economic story has been an exceptional drought which the State just cannot seem to find relief from. During 2011, for all practical purposes the drought covered the western two-thirds of the State and rainfall records were in many cases the lowest in recorded history. While during calendar years 2012, 2013 and 2014, rainfall has been more plentiful and ground moisture has recovered to some degree, rainfall has not been sufficient to materially change the low conversation storage in the State's water supply reservoirs. 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 (in the right places) 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, IH10, and State Tollway 130 Corridors and onto the Texas Gulf Coast. This geographic diversity 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 with the Alamo Region being the largest and including the counties surrounding the City of San Antonio. The other regions include the Capital Region being the counties surrounding the City of Austin, and the Coastal Bend Region being the counties surrounding the Cities of Corpus Christi and Victoria.

The 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. 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 \$61 billion per year economic impact 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. Just north of Gonzales and DeWitt Counties lies Guadalupe County. This is another county within the GBRA district that is experiencing considerable job growth. In an August 13, 2013 article of Money Magazine, this job growth is attributed to the construction of several new manufacturing and distribution centers including Caterpillar, Amazon, and Continental Automotive which in the aggregate have invested \$459 million and brought in over 2,000 jobs. Still further north in the GBRA District is Hays County and the City of San Marcos which is ranked as the fastest growing city in the United States. It is GBRA's mission and role to assist the area's economy and population growth by providing high quality water and wastewater treatment while also seeking future water supplies in order to better assure the district's continued economic vitality.

## **MAJOR INITIATIVES**

*For the Year.* GBRA's major initiative for Fiscal Year 2014 and for that matter every year, is 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, future desalination of seawater, 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 in recent years to establish a Recovery Implementation Plan (RIP) for the aquifer. During the past year, GBRA continued to work with various stakeholder groups in implementing the provisions of a Habitat Conservation Plan (HCP) which was an outgrowth of the RIP and which was subsequently approved by the United States Fish and Wildlife Service. It will be important for years to come that GBRA diligently monitor the use of water from the Edwards Aquifer to insure that the goals of the HCP are met. Another major water and environmental related study project that GBRA participated in during recent years 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 has 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 2014, it was also planning the development of future supplies. Throughout Fiscal Year 2014, GBRA's staff and consultants were actively exploring future water supply projects including both groundwater and surface water sources as well as desalination of seawater. GBRA's principle effort on this front included the continuation of a feasibility study related to the conjunctive use of Guadalupe River surface water and groundwater in the Gonzales County stretch of the river. If such a project can be brought to fruition, it has the potential to add as much as 75,000 – 85,000 acre-feet of water supplies to Guadalupe River basin constituents.

Still another major initiative that GBRA participated in during Fiscal Year 2014 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. 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. The trial court judge rendered her opinion for the Plaintiff and against the TCEQ. Subsequently, TCEQ and GBRA filed an appeal with the Federal Fifth Circuit Court of Appeals and after a hearing by that Court, the trial court decision was reversed in favor of the TCEQ. The State of Texas, TCEQ, and GBRA certainly believe that decision is the correct one for many reasons not the least of which is the fact that the current number of whooping cranes is at its highest level since recovery efforts began fifty years ago.

A list of significant initiatives for Fiscal Year 2014 also must include GBRA's continuing support for four 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, Guadalupe River Foundation, and the Gorge Preservation Society.

From an operational perspective, in many respects Fiscal Year 2014 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 allowed for the completion of numerous maintenance and repair projects. However, Fiscal Year 2014 was not a normal year from a riverflow perspective. While the Guadalupe River Basin did receive more rainfall than in the past couple of years, it did not result in increased riverflow and Canyon Reservoir declined from to approximately 899 msl at fiscal year-end which is 10 feet below normal.

*For the Future.* As noted 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 that new water plan is the establishment of regional water planning areas and the development of "updated" water plans every five years. GBRA has been actively involved in and helps to underwrite the administrative



costs of the South Central Texas Regional Water Planning Group which is charged with developing an updated water plan for this area of Texas. While a new water plan has been completed and approved by the Texas Water Development Board for the current cycle, the regional planning groups continues to update projected future water demands and the water supply projects that are anticipated to meet those demands. The current 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 Carrizo Aquifer water in the Gonzales County area of GBRA's district and the eventual desalination of seawater. 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 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 42 through 46, 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 Alonzo, Bacarisse, Irvine & Palmer P.C. (ABIP) was selected by the Board for the 2014 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, 2013. 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 40 consecutive fiscal years (1973-2013). 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

---





**ABIP**  
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

1800 St. James Place, Ste. 100 • Houston, TX 77056  
713-954-2002 • Fax 713-954-2022  
4801 NW Loop 410, Ste. 725 • San Antonio, TX 78229  
210-341-2581 • Fax 210-341-2588  
[www.abipcpa.com](http://www.abipcpa.com)

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Guadalupe-Blanco River Authority

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Guadalupe-Blanco River Authority as of and for the years ended August 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Guadalupe-Blanco River Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

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, 2014 and 2013, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of funding progress on pages 42-46 and 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



### *Other Information*

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

The other supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2014, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Guadalupe-Blanco River Authority's internal control over financial reporting and compliance.

ABIP, PC

Certified Public Accountants

San Antonio, Texas  
December 17, 2014



# 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 major features of 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 Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; 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 Statement of Net Position presents information on all of GBRA's Assets and Deferred Outflows of Resources as well as GBRA's Liabilities and Deferred Inflows of Resources. The difference between these two groups of accounts is then reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of GBRA is improving or deteriorating. In Fiscal Years 2014, 2013 and 2012 respectively, Assets and Deferred Outflows of Resources exceeded Liabilities and Deferred Inflows of Resources by \$77,327,958; \$71,706,938; and \$66,883,296. Between August 31, 2012 and August 31, 2014, Net Position amounts have increased \$10,444,662 which indicates a continued improvement in GBRA's financial position. The single most significant reason for this increase in Net Position is positive operating results manifested in an increase



of \$3,237,139 in Cash, Cash Equivalents, and Investments during the period. Of this Cash and Investment increase, \$4,758,548 is reflected in the 2012 – 2014 increase in Unrestricted Current Assets while an partial offsetting reduction of \$1,521,409 is embedded in the Other Long Term Assets increase of the same period. Another notable account change is the \$3,571,848 increase in Other Assets. This increase is due in part to supplemental contributions to GBRA's Defined Benefit Pension Plan that exceed the actuarially recommended plan contributions and are recognized as Net Pension Assets. During the 2012 – 2014 time period, these supplemental contributions have caused an increase in Net Pension Assets of \$1,552,187. A third significant account change is a \$8,158,915 decrease in Long-Term Capital Assets. This reduction is principally the result of annual depreciation. The following table presents a Condensed Statement of Net Position for August 31, 2014, 2013 and 2012:

<b>GUADALUPE-BLANCO RIVER AUTHORITY</b>			
<b>STATEMENT OF NET POSITION</b>			
<b>AUGUST 31, 2014, 2013, AND 2012</b>			
<b>ASSETS</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Current Assets			
Unrestricted Assets	\$ 19,238,562	\$ 13,715,301	\$ 15,917,835
Restricted Assets	8,844,443	8,364,650	10,689,823
Long-Term Assets			
Restricted Assets	1,457,881	2,990,160	3,432,878
Capital Assets	173,439,744	178,176,969	181,598,659
Other Assets	18,093,797	18,698,237	13,602,139
Total Assets	221,074,427	221,945,317	225,241,334
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	185,270	1,201,691	770,482
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 221,259,697</u>	<u>\$223,147,008</u>	<u>\$226,011,816</u>
<b>LIABILITIES AND NET ASSETS</b>			
Current Liabilities			
Payable from Current Assets	\$ 3,970,464	\$ 3,313,251	\$ 3,991,739
Payable from Restricted Assets	6,627,639	7,667,828	7,432,846
Long-Term Liabilities			
Bonds and Loans Payable	126,102,151	134,287,272	139,328,530
Advances for Operations	404,415	402,878	589,733
Total Liabilities	137,104,669	145,671,229	151,342,848
<b>DEFERRED INFLOWS OF RESOURCES</b>	6,827,070	5,768,841	7,785,672
<b>NET POSITION</b>			
Net Investments in Capital Assets	\$ 41,302,982	\$ 36,423,496	\$ 35,853,611
Restricted for Construction	-	-	1,017,064
Restricted for Debt Service	6,874,088	1,154,297	1,163,979
Restricted for Insurance	1,173,475	3,633,411	3,814,269
Unrestricted	27,977,413	30,495,734	25,034,373
Total Net Position	77,327,958	71,706,938	66,883,296
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<u>\$ 221,259,697</u>	<u>\$223,147,008</u>	<u>\$226,011,816</u>

The Total Net Position amount in the above statement is subdivided into an Unrestricted Net Position amount, three Restricted Net Positions amounts, and a final amount described as Net Investments in Capital Assets. The three restricted Net Position 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 Position for years ending August 31, 2014, 2013 and 2012:

<b>GUADALUPE-BLANCO RIVER AUTHORITY</b>			
<b>COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>			
<b>FISCAL YEARS ENDED AUGUST 31, 2014, AUGUST 31, 2013, AND AUGUST 31, 2012</b>			
<b>REVENUE</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Program Revenues			
General Operating	\$ 2,580,205	\$ 2,488,089	\$ 2,436,582
Recreation and Land Use	1,836,589	1,839,323	1,850,043
Hydroelectric Generation	3,083,595	3,626,870	4,066,405
Water Treatment & Distribution	36,132,532	35,651,493	35,010,758
Waste Water Treatment	6,501,512	3,934,363	3,703,918
Interfund Eliminations	(2,577,174)	(2,473,872)	(2,431,049)
Total Revenues	<u>47,557,259</u>	<u>45,066,266</u>	<u>44,636,657</u>
<b>EXPENSES</b>			
Program Expenses			
General Operating	2,593,001	2,318,333	2,069,049
Recreation and Land Use	1,826,699	1,752,428	1,782,927
Hydroelectric Generation	3,905,024	3,745,239	3,787,974
Water Treatment & Distribution	26,515,464	26,613,625	23,898,010
Waste Water Treatment	4,163,947	3,818,534	3,783,035
Interfund Eliminations	(2,577,174)	(2,473,872)	(2,431,049)
Total Expenses	<u>36,426,961</u>	<u>35,774,287</u>	<u>32,889,946</u>
<b>NON OPERATING REVENUES (EXPENSES)</b>			
Grant Income	1,030,613	681,223	563,047
Investment Income	276,151	117,304	146,506
Gain (Loss) on Disposal of Capital Assets	8,981	4,560	(122,715)
Interest Expense	(5,059,003)	(6,711,171)	(6,684,592)
Total Non Operating Revenues (Expenses)	<u>(3,743,258)</u>	<u>(5,908,084)</u>	<u>(6,097,754)</u>
Net Income Before Recognition of Deferrals	7,387,040	3,383,895	5,648,957
Costs (Revenue) to be Recognized in Future Years	<u>(1,526,940)</u>	<u>2,464,710</u>	<u>(886,614)</u>
Income Before Special Items	5,860,100	5,848,605	4,762,343
<b>SPECIAL ITEMS</b>			
Costs for the Whooping Crane Endangered Species Law suit	(239,080)	(1,024,963)	(2,970,725)
Change in Net Position	<u>5,621,020</u>	<u>4,823,642</u>	<u>1,791,618</u>
Net Position September 1, 2013 and 2012 and 2011	71,706,938	66,883,296	65,091,678
Net Position August 31, 2014 and 2013 and 2012	<u><u>\$ 77,327,958</u></u>	<u><u>\$ 71,706,938</u></u>	<u><u>\$ 66,883,296</u></u>

As stated above, changes to GBRA's Net Position is one measure of whether GBRA's financial position is improving or not. The Fiscal Years 2014, 2013, and 2012 increases in Net Position are \$5,621,020; \$4,823,642; and \$1,791,618. The above Changes in Net Position are indicative of strong financial performance and a stable financial position. The components of Net Position and the means in which it is calculated are apparent in the above Condensed Statement of Revenues, Expenses and Changes in Net Position. From these components, one can readily ascertain that the increase in Net Position would nevertheless have been significantly higher in especially Fiscal Years 2012 and 2013 if costs related to GBRA's involvement in a Whooping Crane endangered species lawsuit had not been incurred. 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 subsequent was appealed resulting in GBRA incurring over \$2.9M in FY 2012, \$1.0M in FY 2013, and \$2.2M in FY 2014 to prepare for the case and to participate in the trials. After the trial court judge rendered an unfavorable ruling in the case, GBRA and the State of Texas appealed the case to the Federal Fifth Circuit Court of Appeals. The Fifth Circuit Court Of Appeals reversed the lower court's decision in favor of the State of Texas and GBRA. GBRA expects these costs to continue to decline and their effect on Changes to Net Position to similarly decline following the favorable ruling.

Contributing to the increase in Net Position was an increase in Program Revenues between FY 2012 and FY 2014 of approximately \$2.9M and an increase in Non-Operating Revenues of approximately \$728,900 for a total increase approximating \$3.6M. This compares to a lower increase in the combined amount of Program Expenses and Interest Expense of \$2.2M during the same period. While various factors caused this result, principal among them was a commitment to increase customer rates when necessary, an aggressive plan to control discretionary spending, and the refunding of long-term to achieve interest savings when feasible.

Included within Program Expenses are required annual contributions into GBRA's Defined Benefit Pension Plan. These contributions have been in the amounts of \$1,013,649; \$1,011,297; and \$993,893 for Fiscal Years 2012, 2013, and 2014 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 almost \$6M over the last six years. As a result of these supplemental contributions and improving equity market conditions, the Pension Plan UAAL has decreased approximately \$4M since the 2010 actuarial report. Additional supplemental contributions may also be approved in those future years as long as the UAAL persists and when GBRA's annual financial operating results are favorable.

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

As of August 31, 2014, 2013, and 2012 respectively, GBRA's total investment in Long-Term Capital Assets net of depreciation were \$173,439,744, \$178,176,969, and \$181,598,659. These capital assets which are shown in the long-term asset section of GBRA's Statement of Net Position 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 4.5% or \$8,158,915 during period FY 2012-2014. The principal reason for this asset decrease as previously mentioned is the recognition of annual depreciation costs on these assets with no corresponding large asset acquisition to offset the depreciation.

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, 2012, 2013, and 2014 respectively were \$133,055,000; \$123,620,000; and \$117,000,000. Between Fiscal Years 2012 and 2014, revenue bonds outstanding decreased by \$16,055,000 which represents the annual principal repayment on the existing GBRA bond issues as well as the refunding or replacement of existing bond issues.

GBRA's long-term loans outstanding as of fiscal year end 2012, 2013 and 2014 respectively amounted to \$11,676,246; \$10,934,717; and \$8,024,267. These varying amounts represent the annual principal repayments of the various loans including a lump-sum payment on one loan in GBRA's Rural Utilities Division following the payoff of a \$2.5M Letter of Credit which was collateral from a developer on a wastewater treatment plant expansion. These loan reductions were also offset by new bank loans approximating \$2.6M over this period related to the purchase of new equipment and the expansion of GBRA's Dunlap Wastewater Collection System.

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 a major emphasis on repair and replacement will be required in the next few years to return this System to the level of equipment condition present in GBRA's other operations. This initiative has not heretofore been undertaken due to a lacking of funding in the System as a result of the reduction in Hydroelectric Power Sales Revenue because of persistent drought and low river flow conditions in the Guadalupe River Basin.

### **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 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 plaintiff's allegations nor does GBRA believe the plaintiff's basic cause and effect claims between freshwater flows and whooping crane health. While the trial court judge rendered an unfavorable ruling in the case, the Fifth Circuit Court of Appeals reversed the lower court's decision in favor of the State of Texas and GBRA. GBRA believes this is the correct ruling based upon the facts of the case and the growing population of whooping cranes that winter along the Texas Gulf Coast.



**GUADALUPE-BLANCO RIVER AUTHORITY**  
**STATEMENT OF NET POSITION**

**AUGUST 31, 2014 AND 2013**

<b>ASSETS AND DEFERRED OUTFLOWS</b>	<b>2014</b>	<b>2013</b>
<b>CURRENT ASSETS</b>		
Unrestricted Assets		
Cash and Cash Equivalents .....	\$ 7,842,917	\$ 5,745,176
Investments-Unrestricted .....	8,483,470	5,822,663
Interest Receivable.....	58,577	66,460
Accounts Receivable-Operating.....	2,376,118	1,538,147
Other Current Assets.....	477,480	542,855
Total Unrestricted Assets.....	19,238,562	13,715,301
Restricted Assets		
Cash and Cash Equivalents .....	4,174,867	5,311,330
Investments-Restricted .....	4,630,763	3,012,103
Interest Receivable.....	38,813	41,217
Total Restricted Assets.....	8,844,443	8,364,650
Total Current Assets.....	28,083,005	22,079,951
<b>LONG-TERM ASSETS</b>		
Restricted Assets		
Investments-Restricted .....	1,457,881	2,990,160
Total Restricted Assets.....	1,457,881	2,990,160
Capital Assets		
Land, Water and Storage Rights.....	35,538,587	35,538,587
Dams, Plants and Equipment.....	210,221,651	209,777,687
Construction In Progress.....	287,503	16,001
Less Accumulated Depreciation.....	(72,607,997)	(67,155,306)
Total Capital Assets.....	173,439,744	178,176,969
Other Assets		
Investments-Unrestricted .....	7,617,392	9,138,801
Long-Term Loans Receivable .....	295,432	346,130
Contract Development Costs (Net of Amortization).....	10,590	16,902
Permits and Licenses (Net of Amortization).....	498,375	526,891
Project Development Costs.....	4,111,082	3,663,643
Net Pension Asset.....	5,560,926	5,005,870
Total Other Assets.....	18,093,797	18,698,237
Total Long-Term Assets.....	192,991,422	199,865,366
<b>DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>185,270</b>	<b>1,201,691</b>
Total Assets and Deferred Outflows of Resources.....	\$ 221,259,697	\$ 223,147,008
<b>LIABILITIES , DEFERRED INFLOWS AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Payable from Unrestricted Assets		
Current Portion of Long-Term Loans Payable.....	\$ 455,184	\$ 471,198
Interest Payable.....	52,809	56,543
Accounts Payable-Operating.....	3,462,471	2,785,510
Total Current Unrestricted Liabilities.....	3,970,464	3,313,251
Payable from Restricted Assets		
Current Portion of Revenue Bonds.....	5,185,000	6,725,000
Current Portion of Long-Term Loans Payable.....	275,000	270,000
Interest Payable.....	1,167,639	672,828
Total Current Restricted Liabilities.....	6,627,639	7,667,828
Total Current Liabilities.....	10,598,103	10,981,079
<b>LONG-TERM LIABILITIES</b>		
Revenue Bonds Payable.....	123,993,068	130,818,753
Long-Term Loans Payable.....	8,024,267	10,934,717
	132,017,335	141,753,470
Less Current Portion.....	(5,915,184)	(7,466,198)
Total Bonds and Loans Payable.....	126,102,151	134,287,272
Advances for Operations.....	404,415	402,878
Total Long-Term Liabilities.....	126,506,566	134,690,150
Total Liabilities.....	137,104,669	145,671,229
<b>DEFERRED INFLOWS OF RESOURCES.....</b>	<b>6,827,070</b>	<b>5,768,841</b>
<b>NET POSITION</b>		
Net Investments in Capital Assets .....	41,302,982	36,423,496
Restricted for Insurance.....	1,173,475	1,154,297
Restricted for Debt Service.....	6,874,088	3,633,411
Unrestricted .....	27,977,413	30,495,734
Total Net Position.....	77,327,958	71,706,938
Total Liabilities, Deferred Inflows of Resources and Net Position.....	\$ 221,259,697	\$ 223,147,008

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

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


---

---

**FISCAL YEARS ENDED AUGUST 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>REVENUE</b>		
Power Sales.....	\$ 3,032,418	\$ 3,548,940
Water Sales and Lake Operations.....	34,316,750	34,252,743
Recreation and Land Use.....	766,399	774,504
Waste Water Treatment Services.....	3,830,673	3,649,643
Laboratory Services.....	842,643	800,922
Rental.....	385,493	352,641
Miscellaneous .....	4,382,883	1,686,873
Total Operating Revenue.....	<u>47,557,259</u>	<u>45,066,266</u>
<b>EXPENSES</b>		
Personnel Operating Costs.....	10,669,145	9,983,897
Operating Supplies and Services.....	14,675,651	14,111,633
Maintenance and Repairs .....	4,808,404	4,398,941
Depreciation and Amortization.....	6,273,761	7,279,816
Total Operating Expenses.....	<u>36,426,961</u>	<u>35,774,287</u>
Operating Income .....	11,130,298	9,291,979
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Grant Income.....	1,030,613	681,223
Investment Income.....	276,151	117,304
Gain (Loss) on the Disposal of Capital Assets.....	8,981	4,560
Interest Expense .....	(5,059,003)	(6,711,171)
Total Nonoperating Revenues (Expenses).....	<u>(3,743,258)</u>	<u>(5,908,084)</u>
Income Before Recognition of Deferrals.....	7,387,040	3,383,895
Costs (Revenue) to be Recognized in Future Years .....	(1,526,940)	2,464,710
Income Before Special Items.....	5,860,100	5,848,605
<b>SPECIAL ITEMS</b>		
Costs Associated with the Whooping Crane Endangered Species Lawsuit.....	(239,080)	(1,024,963)
Change in Net Position.....	5,621,020	4,823,642
Net Position at September 1, 2013 and 2012.....	71,706,938	66,883,296
Net Position at August 31, 2014 and 2013.....	<u>\$ 77,327,958</u>	<u>\$ 71,706,938</u>

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



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

**FISCAL YEARS ENDED AUGUST 31, 2014 AND 2013**

	<b>2014</b>	<b>2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers.....	\$ 46,716,577	\$ 45,852,442
Cash Received from Interfund Administrative Charges.....	2,577,174	2,473,872
Cash Paid for Personnel Operating Costs.....	(10,764,791)	(10,115,101)
Cash Paid for Other Operating and Maintenance Costs.....	(18,737,465)	(19,412,867)
Cash Paid for Interfund Administrative Charges.....	(2,481,528)	(2,342,668)
Cash Paid for Supplementary Contribution to Defined Benefit Plan.....	(700,000)	(1,100,000)
Costs Associated with Whooping Crane Endangered Species Lawsuit.....	(239,080)	(1,024,963)
Net Cash Flows From Operating Activities.....	16,370,887	14,330,715
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Net Change in Pension Plan Asset.....	144,944	102,869
Cash Received from Grants.....	1,005,613	681,223
Net Cash Flows Used by Noncapital and Related Activities.....	1,150,557	784,092
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from Advances from Customers, Developers, and Other Governmental Units.....	19,448	41,359
Proceeds from Revenue Bonds and Loans for Capital Assets and Plant Expansion.....	5,090,706	85,241,573
Proceeds from Sale of Capital Assets.....	20,090	13,253
Purchase of Capital Assets.....	(658,713)	(2,215,471)
Cash Paid for Construction in Progress and Project Development.....	(718,941)	(2,131,485)
Interest Paid.....	(4,511,712)	(7,651,227)
Principal Payments on Revenue Bonds.....	(11,842,507)	(88,418,667)
Principal Payments on Loans.....	(3,050,447)	(741,534)
Net Cash Flows Used by Capital and Related Financing Activities.....	(15,652,076)	(15,862,199)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash Received from Investments .....	2,757,671	1,114,141
Investment Income Received.....	286,438	441,081
Cash Paid for Investments .....	(3,952,199)	(2,767,384)
Net Cash Flows Used by Investing Activities.....	(908,090)	(1,212,162)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>961,278</b>	<b>(1,959,554)</b>
<b>CURRENT CASH AND CASH EQUIVALENTS:</b>		
At Beginning of Year.....	5,745,176	5,247,350
At End of Year.....	7,842,917	5,745,176
Net Increase.....	2,097,741	497,826
<b>RESTRICTED CASH AND CASH EQUIVALENTS:</b>		
At Beginning of Year.....	5,311,330	7,768,710
At End of Year.....	4,174,867	5,311,330
Net Decrease.....	(1,136,463)	(2,457,380)
<b>TOTAL CASH AND CASH EQUIVALENTS:</b>		
At Beginning of Year.....	11,056,506	13,016,060
At End of Year.....	12,017,784	11,056,506
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>\$ 961,278</b>	<b>\$ (1,959,554)</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating Income .....	\$ 11,130,298	\$ 9,291,979
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities:		
Depreciation and Amortization.....	6,273,754	7,279,816
Supplementary Contributions to the Defined Benefit Plan.....	(700,000)	(1,100,000)
Costs Associated with Whooping Crane Endangered Species Lawsuit.....	(239,080)	(1,024,963)
Net Change in Assets and Liabilities from Operating Activities:		
Operating Accounts Receivable.....	(782,741)	116,457
Other Current Assets.....	66,687	(235,460)
Operating Accounts Payable.....	621,969	2,886
Total Adjustments.....	5,240,589	5,038,736
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES.....</b>	<b>\$ 16,370,887</b>	<b>\$ 14,330,715</b>

**NON-CASH TRANSACTIONS SCHEDULE**

1. During fiscal year 2014 and 2013, an adjustment of \$47,417 and (\$90,754) respectively, was made to adjust investments to fair value.

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**AUGUST 31, 2014 AND 2013**

**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.
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 statement of net position. 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:

<u>Asset</u>	<u>Service Lives</u>	<u>Depreciation Method</u>
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, 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, 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, 2014 and 2013 amounted to \$495,684 and \$450,684, 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, 2014 and August 31, 2013, 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.



**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**AUGUST 31, 2014 AND 2013**

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 \$0 and \$1,239 as of August 31, 2014 and 2013, respectively, for construction in progress 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.
18. GBRA adopted the provisions of GASB #63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. The statement requires governments to account for deferred outflows of resources, deferred inflows of resources and net position as they relate to derivatives and service concession arrangements. Under the provisions of this statement, governments will already present a Statement of Net Position and changes the caption "Net Assets" to "Net Positon". GBRA has no deferred outflows or inflows of resources as they relate to derivatives and service concession agreements.
19. The Authority also adopted the provisions of GASB #65 items previously reported as Assets and Liabilities. The GASB requires that the Debt issuance costs (except for any portion that is a prepayment of insurance) should be recognized as an expense in the period incurred and no longer be reported in statements of net position. The financial statements have been restated to reflect the provisions of GASB #65.

**NOTE B - LONG TERM LIABILITIES**

GBRA currently has \$125,024,267 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, 2014 mature serially through 2039 as follows:

Year Ending August 31	LONG-TERM LOANS				REVENUE BONDS			
	Total	Interest	Principal	Balance of Principal Outstanding	Total	Interest	Principal	Balance of Principal Outstanding
				\$8,024,267				\$117,000,000
2015	968,142	237,958	730,184	7,294,083	10,096,234	4,911,234	5,185,000	111,815,000
2016	1,449,021	209,527	1,239,494	6,054,589	10,125,377	4,775,377	5,350,000	106,465,000
2017	641,654	186,018	455,636	5,598,953	9,823,693	4,613,693	5,210,000	101,255,000
2018	638,146	172,103	466,043	5,132,910	9,181,225	4,496,225	4,685,000	96,570,000
2019	639,556	157,775	481,781	4,651,129	9,195,922	4,335,922	4,860,000	91,710,000
2020	610,524	143,398	467,126	4,184,003	9,191,409	4,146,409	5,045,000	86,665,000
2021	606,683	129,104	477,579	3,706,424	9,193,764	3,943,764	5,250,000	81,415,000
2022	577,114	114,668	462,446	3,243,978	9,197,848	3,727,848	5,470,000	75,945,000
2023	547,379	101,628	445,751	2,798,227	9,206,286	3,496,286	5,710,000	70,235,000
2024	548,120	88,531	459,589	2,338,638	9,220,036	3,245,036	5,975,000	64,260,000
2025	548,695	75,011	473,684	1,864,954	8,595,255	2,985,255	5,610,000	58,650,000
2026	549,101	61,056	488,045	1,376,909	8,587,730	2,737,730	5,850,000	52,800,000
2027	240,453	46,664	193,789	1,183,120	8,596,706	2,476,706	6,120,000	46,680,000
2028	235,610	39,625	195,985	987,135	8,290,685	2,200,685	6,090,000	40,590,000
2029	235,683	32,404	203,279	783,856	8,282,306	1,922,306	6,360,000	34,230,000
2030	240,506	24,830	215,676	568,180	7,870,201	1,630,201	6,240,000	27,990,000
2031	240,073	16,893	223,180	345,000	7,360,151	1,350,151	6,010,000	21,980,000
2032	178,684	8,684	170,000	175,000	7,103,333	1,068,333	6,035,000	15,945,000
2033	177,923	2,923	175,000	--	7,102,569	777,569	6,325,000	9,620,000
2034					2,262,496	472,496	1,790,000	7,830,000
2035					2,264,516	389,516	1,875,000	5,955,000
2036					2,257,206	302,206	1,955,000	4,000,000
2037					2,255,979	210,979	2,045,000	1,955,000
2038					1,065,242	115,242	950,000	1,005,000
2039					1,064,255	59,255	1,005,000	--
	<u>\$ 9,873,067</u>	<u>\$ 1,848,800</u>	<u>\$ 8,024,267</u>		<u>\$177,390,424</u>	<u>\$ 60,390,424</u>	<u>\$ 117,000,000</u>	

**GUADALUPE BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2014 AND 2013**

**NOTE B – LONG-TERM LIABILITIES (CONTINUED)**

GBRA had the following changes in long-term liabilities for the fiscal years ended August 31, 2014 and 2013.

Series	Date of Issue	Final Maturity	Effective Interest Rate	Original Amount	Outs tanding 8/31/2012	Retired During FY 2013	Outs tanding 8/31/2013	Retired During FY 2014	Outs tanding 8/31/2014	Amounts Due Within One Year
<b>OBLIGATIONS PAYABLE DIRECTLY BY GBRA</b>										
<b>GUADALUPE VALLEY HYDROELECTRIC DIVISION</b>										
First Lockhart Nat'l Bank Loan, Equipment	11/17/2008	2013	3.9%	\$ 110,000	\$ 29,588	\$ 23,552	\$ 6,036	\$ 6,036	\$ --	\$ --
First Lockhart Nat'l Bank Loan, Equipment	02/17/2011	2014	3.5%	30,000	15,395	10,174	5,221	5,221	--	--
<b>RURAL UTILITIES DIVISION</b>										
Regions Loan, Dunlap Expansion Refunding	03/15/2012	2015	2.3%	3,590,000	3,590,000	215,000	3,375,000	2,484,252	890,748	180,000
Regions Loan, Dunlap Collection System	03/15/2012	2032	3.3%	2,600,000	2,600,000	--	2,600,000	95,000	2,505,000	95,000
Regions Loan, Emergency Generator-032	08/29/2014	2019	3.12%	33,000	--	--	--	--	33,000	6,223
Regions Loan, Emergency Generator-033	08/29/2014	2019	3.12%	37,000	--	--	--	--	37,000	6,977
Regions Loan, Emergency Generator-035	08/29/2014	2019	3.12%	70,000	--	--	--	--	70,000	13,199
<b>WATER RESOURCE DIVISION</b>										
U. S. Government Loan	01/01/1977	2026	2.5%	8,979,862	3,611,209	218,610	3,392,599	224,075	3,168,524	229,677
GE Capital Public Finance Loan, Equipment	03/19/2004	2014	4.8%	467,276	86,704	56,005	30,699	30,699	--	--
JP Morgan Chase Loan, Office Expansion	05/09/2006	2016	4.18%	1,600,000	586,667	160,000	426,667	160,000	266,667	160,000
A. Ussery, Water Rights	09/26/2006	2031	4.50%	343,496	283,350	9,749	273,601	10,188	263,413	10,646
Luling Foundation, Water Rights	09/26/2006	2031	4.50%	584,706	482,319	16,596	465,723	17,342	448,381	18,123
Metcalf Bank Loan, Lab Equipment	10/20/2008	2014	5.25%	102,945	30,016	22,308	7,708	7,708	--	--
General Improvement & Ref. Rev. Bonds, 2011	03/01/2011	2030	3.0-4.625%	10,745,000	9,730,000	435,000	9,295,000	450,000	8,845,000	470,000 (1)
General Improvement Revenue Bonds, 2012	04/04/2012	2031	0.14-1.86%	4,400,000	4,400,000	225,000	4,175,000	225,000	3,950,000	225,000
<b>Total Obligations Payable Directly by GBRA</b>				<b>\$ 33,693,285</b>	<b>\$ 25,445,248</b>	<b>\$ 1,391,994</b>	<b>\$ 24,053,254</b>	<b>\$ 3,715,521</b>	<b>\$ 20,477,733</b>	<b>\$ 1,414,845</b>
<b>CONTRACT REVENUE BONDS AND LOANS</b>										
<b>WATER RESOURCE DIVISION</b>										
Western Canyon Regional Water Supply Project Revenue Bonds										
2003	04/01/2003	2033	3.0-5.25%	\$ 79,450,000	\$ 68,045,000	\$ 68,045,000	\$ --	\$ --	\$ --	\$ --
IH35 Project Combination Contract Revenue Bonds										
2004A	12/07/2004	2037	3.0-4.13%	15,660,000	14,200,000	14,200,000	--	--	--	--
IH35 Project Combination Contract Revenue Bonds										
2004B	12/07/2004	2037	5.5-5.8%	5,305,000	4,905,000	4,905,000	--	--	--	--
RRWDS Combination Contract Revenue Bonds										
2007A	09/15/2007	2039	5.00%	9,180,000	8,740,000	160,000	8,580,000	170,000	8,410,000	175,000
RRWDS Combination Contract Revenue Bonds										
2007B	09/15/2007	2039	7.10%	5,775,000	5,575,000	75,000	5,500,000	80,000	5,420,000	85,000
RRWDS Contract Rev Ref Bonds, San Marcos										
2010	09/01/2010	2024	2.0-3.25%	\$ 6,895,000	6,060,000	430,000	5,630,000	440,000	5,190,000	445,000 (2)
IH35 Project Combination Contract Revenue Bonds										
2013	04/17/2013	2037	2.0-5.0%	19,470,000	--	505,000	18,965,000	540,000	18,425,000	545,000 (3)
Western Canyon Regional Water Supply Project Revenue Bonds										
2013A	07/10/2013	2033	1.0-5.0%	55,265,000	--	--	55,265,000	2,425,000	52,840,000	1,860,000 (4)
Western Canyon Regional Water Supply Project Revenue Bonds										
2013B	07/10/2013	2033	1.909-4.633%	6,830,000	--	--	6,830,000	310,000	6,520,000	255,000 (4)
<b>PORT LAVACA WATER TREATMENT PLANT DIVISION</b>										
Frost National Bank, Clearwell										
	03/04/2008	2022	4.00%	400,000	360,998	9,535	351,463	9,929	341,534	10,339
Water Supply Revenue Refunding Bonds										
2011	08/16/2011	2016	2.00%	1,205,000	1,180,000	285,000	895,000	290,000	605,000	300,000 (5)
<b>LULING WATER TREATMENT PLANT DIVISION</b>										
Treated Water Delivery System Contract Revenue Bonds (City of Lockhart)										
2004	05/01/2004	2030	3.0-5.0%	6,370,000	5,235,000	190,000	5,045,000	5,045,000	--	--
Treated Water Delivery System Contract Revenue Refunding Bonds (City of Lockhart)										
2014	01/15/2014	2030	3.45%	4,950,000	--	--	--	--	4,950,000	235,000 (6)
<b>CANYON HYDROELECTRIC DIVISION</b>										
Hydroelectric Project Revenue Refunding Bonds										
2002	04/15/2002	2014	3.5-4.75%	9,705,000	2,025,000	995,000	1,030,000	1,030,000	--	--



**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2014 AND 2013**

**NOTE B – LONG-TERM LIABILITIES (CONTINUED)**

Series	Date of Issue	Final Maturity	Effective Interest Rate	Original Amount	Outs tanding 8/31/2012	Re tire d During FY 2013	Outs tanding 8/31/2013	Re tire d During FY 2014	Outs tanding 8/31/2014	Amounts Due Within One Year
<b>LOCKHART WASTEWATER RECLAMATION DIVISION</b>										
Regional Wastewater Treatment System Contract Revenue Refunding Bonds										
2010	09/08/2010	2017	15%-2.5%	4,025,000	2,960,000	550,000	2,410,000	565,000	1,845,000	590,000 (7)
<b>Total Contract Revenue Bonds and Loans</b>				<u>\$ 230,485,000</u>	<u>\$ 119,285,998</u>	<u>\$ 90,349,535</u>	<u>\$ 110,501,463</u>	<u>\$ 10,904,929</u>	<u>\$ 104,546,534</u>	<u>\$ 4,500,339</u>

**Total Bonds and Loans Payable Prior to Defeasance and Accretion of Interest**

	<u>\$ 144,731,246</u>	<u>\$ 134,554,717</u>	<u>\$ 125,024,267</u>	<u>\$ 5,915,184</u>
		<b>8/31/2013</b>	<b>8/31/2014</b>	
Total Bonds and Loans Payable Prior to Defeasance and Accretion of Interest		\$ 134,554,717	\$ 125,024,267	
Less Revenue Bond Discounts and Deferred Defeasance		(755,796)	(482,129)	
Plus Revenue Bond Premiums		<u>7,954,549</u>	<u>7,475,197</u>	
<b>Net Revenue Bonds and Long-Term Loans Payable</b>		<u>141,753,470</u>	<u>132,017,335</u>	
Less Current Portion		<u>(7,466,198)</u>	<u>(5,915,184)</u>	
<b>TOTAL BONDS AND LOANS PAYABLE</b>		<u><u>\$ 134,287,272</u></u>	<u><u>\$ 126,102,151</u></u>	

**INTERDIVISION LOANS ELIMINATED FROM COMBINED BALANCE SHEET**

<b>Long-term loans payable to the General Division are as follows :</b>	<b>8/31/2013</b>	<b>8/31/2014</b>
Guadalupe Valley Hydroelectric Division	\$ 3,028,307	\$ 4,156,007
Rural Utilities Division	2,177,557	2,177,557
Water Supply Division	1,011,029	811,029
Port Lavaca Division	10,000	--
Canyon Hydroelectric Division	--	41,000
<b>Total Long-term loans payable to the General Division</b>	<u><u>\$ 6,226,893</u></u>	<u><u>\$ 7,185,593</u></u>

- 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.
- 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.
- GBRA issued in Fiscal Year 2013 Contract Revenue Refunding Bonds (IH35 Treated Water Delivery Bonds), Series 2013. These bonds were issued to retire the Series 2004 bonds. As a result of the refunding, GBRA reduced its total debt service requirements by \$4,307,567 and produced a net present value savings (economic gain) of \$2,877,554. Bonds outstanding that are considered defeased as a result of the 2013 refunding are \$0.
- GBRA issued in Fiscal Year 2013 Contract Revenue Refunding Bonds (Western Canyon Regional Water Supply Project), Series 2013A and Series 2013B. As a result of the refunding, GBRA reduced its total debt service requirements by \$9,669,586 and produced a net present value savings (economic gain) of \$6,741,092. Bonds outstanding that are considered defeased as a result of the 2013 refunding are \$0.
- GBRA issued 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.
- GBRA issued in Fiscal Year 2014 Treated Water Delivery System Contract Revenue Refunding Bonds, Series 2014 (City of Lockhart Project). These bonds were issued to retire the Series 2004 bonds. As a result of the refunding, GBRA reduced its total debt service requirements by \$634,189 and produced a net present value savings (economic gain) of \$478,361. Bonds outstanding that are considered defeased as a result of the 2014 refunding are \$0.
- 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.
- 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 (IH35), Series 2013; 3) Combined Contract Revenue Bonds (Western Canyon), Series 2013; 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 Refunding Bonds (City of Lockhart), Series 2014.

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2014 AND 2013**

**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) years certain and lifetime monthly benefit.

Wells Fargo Bank is the trustee of the plan. There is a pension plan financial report on file at the State of Texas Pension Review Board, plus 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 employer contribution each year beginning in 2011 has been 12.00% of total annual beginning of year participant payroll plus a percent (12% -normal cost percent) of total annual beginning-of-year payroll for non-participating full time employees hired after 2010. 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, 2013 and ending August 31, 2014, the Annual Pension Cost for GBRA was \$1,138,837. The actual contributions during the fiscal year were \$1,693,893, the sum of the required contribution of \$993,893 in December 2013, plus a supplemental contributions of \$700,000 in July, 2014. Before August 31, 2009, there had been no net pension obligation or asset since GBRA had historically contributed the annual required contribution. Because of a number of supplemental contributions beginning in August 2009, there is now a net pension asset of \$5,560,926 as of August 31, 2014.

**SIX-YEAR TREND INFORMATION**

Fiscal Year Ending	Annual Required Contribution (ARC)	Interest On Net Pension Asset	Adjustment to ARC	Annual Pension Cost (APC)	Amount Contributed	Percentage of APC Contributed	Net Pension Asset
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
31-Aug-13	\$ 1,011,297	\$ 318,249	\$ 421,118	\$1,114,166	\$ 2,111,297	189%	\$5,005,870
31-Aug-14	\$ 993,893	\$ (310,667)	\$ 455,621	\$1,138,837	\$ 1,693,893	149%	\$5,560,926

The Annual Pension Cost for the fiscal year ending August 31, 2014 was based on the results of the actuarial valuation as of January 1, 2013 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:	January 1, 2012	January 1, 2013	January 1, 2014
Actuarial Cost Method:	Entry age	Entry age	Entry age
Amortization Method:	Level dollar, open	Level dollar, open	Level dollar, open
Amortization Period:	19 years	15 years	12 years
Asset Valuation Method:	5-yr adjusted mkt value	5-yr adjusted mkt value	5-yr adjusted mkt value
Annual Actuarial Assumptions:			
Investment return*	7.75%	7.75%	7.50%
Projected salary increases*	4.0% plus merit**	4.0% plus merit**	3.75% plus merit**
Inflation	4.00%	4.00%	3.75%
Cost-of-living increases	0.00%	0.00%	0.00%

\* includes inflation at the stated rate

\*\*merit increases range from 5.0% to 0.0%



GUADALUPE-BLANCO RIVER AUTHORITY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
AUGUST 31, 2014 AND 2013

NOTE C - DEFINED BENEFIT PENSION PLAN

Defined Benefit Pension Plan Funding Progress

Actuarial Valuation Date	Jan 1, 2009	Jan 1, 2010	Jan 1, 2011	Jan 1, 2012	Jan 1, 2013	Jan 1, 2014
Actuarial Value of Assets	\$ 10,916,278	\$ 12,024,270	\$ 16,133,705	\$ 17,888,520	\$ 19,706,816	\$ 22,736,935
Actuarial Accrued Liability (AAL)	\$ 19,872,320	\$ 20,607,270	\$ 21,422,534	\$ 23,358,520	\$ 24,824,979	\$ 27,259,178
Unfunded AAL (UAAL)	\$ 8,956,042	\$ 8,583,000	\$ 5,288,829	\$ 5,470,000	\$ 5,118,163	\$ 4,522,243
Funded Ratio	55%	58%	75%	77%	79%	83%
Covered Payroll	\$ 8,573,185	\$ 8,506,931	\$ 8,447,077	\$ 8,203,042	\$ 7,661,304	\$ 7,423,408
UAAL as a Percentage of Covered Payroll	104%	101%	63%	67%	67%	61%

Fiscal Year Ended	Aug 31, 2009	Aug 31, 2010	Aug 31, 2011	Aug 31, 2012	Aug 31, 2013	Aug 31, 2014
Employer Contributions	\$ 1,264,425	\$ 3,970,248	\$ 1,620,832	\$ 1,013,649	\$ 2,111,297	\$ 1,693,893
Annual Pension Cost (APC)	\$ 764,425	\$ 970,248	\$ 1,014,388	\$ 1,111,354	\$ 1,114,166	\$ 1,138,837
Percentage of APC Contributed	165%	409%	159%	91%	189%	149%

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, 2014, GBRA held \$1,469,005 in restricted and unrestricted cash. Included in this amount was \$1,650 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.

Custodial Credit Risk: 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 A-1 or 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.

	Fair Value	Weighted Average Maturity in Months
Federal Home Loan Bank	\$ 7,264,257	12.22
Federal National Mortgage Assn.	6,162,720	13.26
U. S. Treasury	7,251,817	9.75
Certificates of Deposit	5,422,691	7.69
Money Market Funds	3,280,853	1.00
Texas Class	163,747	1.00
TexPool	3,192,200	1.00
Total Investments	<u>\$ 32,738,285</u>	8.84

Interest Rate Risk: 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 maturities 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.

GUADALUPE-BLANCO RIVER AUTHORITY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
AUGUST 31, 2014 AND 2013

NOTE D - CASH, CASH EQUIVALENTS AND INVESTMENTS

Investments are rated 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.

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.

Concentration of Credit Risk: 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	\$ 13,426,977	39.25%
Government Securities	7,251,817	21.20%
Certificates of Deposit	5,422,691	15.85%
Money Market Funds	3,280,853	9.59%
Public Funds Investment Pools	3,355,947	9.81%
Cash	1,469,005	4.30%
Total	<u>\$ 34,207,290</u>	<u>100.00%</u>



GUADALUPE-BLANCO RIVER AUTHORITY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
AUGUST 31, 2014 AND 2013

NOTE E – CAPITAL ASSETS

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

<b>ASSETS</b>				
Classification	Balance August 31, 2013	Additions	Removals	Balance August 31, 2014
Land, Water & Storage Rights	\$ 35,538,587	\$ --	\$ --	\$ 35,538,587
Construction in Progress	16,001	324,824	(53,322)	287,503
Total Assets Not Being Depreciated	<u>35,554,588</u>	<u>324,824</u>	<u>(53,322)</u>	<u>35,826,090</u>
Structures & Improvements	190,973,688	37,679	--	191,011,367
Specialized Equipment	7,278,239	29,452	--	7,307,691
Office Buildings & Communications	2,310,551	--	--	2,310,551
Shops & Storerooms	50,173	33,500	--	83,673
Auto & Heavy Equipment	3,878,779	261,102	(190,217)	3,949,664
Office Furniture & Equipment	1,379,128	69,113	(4,951)	1,443,290
Miscellaneous Equipment	<u>3,907,129</u>	<u>227,867</u>	<u>(19,581)</u>	<u>4,115,415</u>
Total Dams, Plants and Equipment	<u>209,777,687</u>	<u>658,713</u>	<u>(214,749)</u>	<u>210,221,651</u>
Total Capital Assets	<u>\$ 245,332,275</u>	<u>\$ 983,537</u>	<u>\$ (268,071)</u>	<u>\$ 246,047,741</u>
<b>DEPRECIATION</b>				
Classification	Balance August 31, 2013	Additions	Removals	Balance August 31, 2014
Structures & Improvements	\$ (53,100,635)	\$ (4,833,174)	\$ --	\$ (57,933,809)
Specialized Equipment	(6,078,417)	(115,295)	--	(6,193,712)
Office Buildings & Communications	(1,663,762)	(56,616)	--	(1,720,378)
Shops & Storerooms	(47,584)	(1,346)	--	(48,930)
Auto & Heavy Equipment	(2,844,804)	(279,037)	180,809	(2,943,032)
Office Furniture & Equipment	(1,154,105)	(76,525)	4,951	(1,225,679)
Miscellaneous Equipment	<u>(2,265,999)</u>	<u>(293,626)</u>	<u>17,168</u>	<u>(2,542,457)</u>
Total Accumulated Depreciation	<u>\$ (67,155,306)</u>	<u>\$ (5,655,619)</u>	<u>\$ 202,928</u>	<u>\$ (72,607,997)</u>
NET CAPITAL ASSETS	<u>\$ 178,176,969</u>	<u>\$ (4,672,082)</u>	<u>\$ (65,143)</u>	<u>\$ 173,439,744</u>

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2014 AND 2013**

**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, 2014 total \$40,890,000 and are as follows:

Series	Date of		Interest Rate	Original Amount	Outstanding 8/31/2013	Outstanding 8/31/2014
	Issue	Maturity				
Pollution Control Revenue Refunding Bonds (AEP Texas Central, formerly Central Power & Light, Company Project)						
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 REQUIREMENTS**

Under the continuing disclosure agreements of the 1) General Improvement Bonds, Series 2011; 2) Combined Contract Revenue Refunding Bonds (Western Canyon), Series 2013A and 2013B; and 3) 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; however, GBRA has included general information and the debt service by participants for the Contract Revenue Refunding Bonds (IH35), Series 2013. The required information is identified below, in the preceding footnotes and in the amortization schedules.

**General information related to all bonds (1-3 below):**

**1. DEBT SERVICE REQUIREMENTS**

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

**2. 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.

**3. 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.



**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2014 AND 2013**

**NOTE H – CONTINUING DISCLOSURE REQUIREMENTS (CONTINUED)**

**4. 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.

**GENERAL IMPROVEMENT REVENUE BONDS, SERIES 2012**

On January 18, 2012, GBRA authorized the issuance of General Improvement Revenue Bonds, Series 2012 in the amount of \$4,400,000 with a delivery date of April 4, 2012. The bonds were sold to the Texas Water Development Board and as such, no rating was required on these bonds. The bond proceeds were used to complete a study and feasibility assessment related to a new firm water supply for GBRA referred to as the Mid-Basin Project. The Project is envisioned as a conjunctive use project, utilizing both surface and ground water supplies within the basin.

The revenues pledged to repay the debt service requirements of these bonds are on parity with the pledge revenues described above for the General Improvement and Refunding Revenue Bonds, Series 2011.

**GENERAL IMPROVEMENT AND REFUNDING REVENUE BONDS, SERIES 2011 AND GENERAL IMPROVEMENT REVENUE BONDS, SERIES 2012 - FUND BALANCES AND COVERAGE**

**GENERAL IMPROVEMENT AND REFUNDING REVENUE BONDS, SERIES 2011  
AND GENERAL IMPROVEMENT REVENUE BONDS, SERIES 2012**

2011 Bonds: Average Annual Principal and Interest Requirements, 2015 - 2030	\$	745,354	
2012 Bonds: Average Annual Principal and Interest Requirements, 2015 - 2031		260,117	
Total Average Annual Principal and Interest Requirements	\$	1,005,471	
Coverage of Average Requirements by Pledged Revenues		12.12	times
Coverage of Average Requirements by Net Revenues		4.16	times
2011 Bonds: Maximum Principal and Interest Requirements, 2027	\$	837,750	
2012 Bonds: Maximum Principal and Interest Requirements, 2015		262,603	
Total Maximum Principal and Interest Requirements	\$	1,100,353	
Coverage of Maximum Requirements by Pledged Revenues		11.07	times
Coverage of Maximum Requirements by Net Revenues		3.80	times
2011 Bonds: Interest and Sinking Fund Balance	\$	68,121	
2012 Bonds: Interest and Sinking Fund Balance		18,802	
Total Interest and Sinking Fund Balance as of August 31, 2014	\$	86,923	
Pledged Revenues for the Fiscal Year Ended August 31, 2014	\$	12,182,862	(1)
Net Revenues for Fiscal Year Ended August 31, 2014	\$	4,182,898	(2)

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

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

GUADALUPE-BLANCO RIVER AUTHORITY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
AUGUST 31, 2014 AND 2013

NOTE H – CONTINUING DISCLOSURE REQUIREMENTS (CONTINUED)

RAW WATER SALES COMPONENT OF WATER RESOURCES DIVISION – HISTORICAL OPERATING STATEMENT

	Fiscal Year Ended August 31				
	2014	2013	2012	2011	2010
<b>Revenue</b>					
Raw Water Sales <sup>(1)</sup>	\$ 12,182,862	\$ 11,887,664	\$ 10,683,436	\$ 9,749,248	\$ 9,222,437
Recreation and Land Use	152,747	143,236	131,506	115,840	92,813
Rental Income	256,069	254,643	253,903	255,420	258,330
Miscellaneous	1,014,314	561,726	846,607	851,715	464,324
Total Operating Revenue	\$ 13,605,992	\$ 12,847,269	\$ 11,915,452	\$ 10,972,223	\$ 10,037,904
<b>Expense</b>					
Operating Expenses <sup>(2)(3)</sup>	\$ 8,221,164	\$ 6,927,170	\$ 8,783,873	\$ 8,017,997	\$ 6,578,495
Maintenance and Repairs <sup>(2)</sup>	484,806	529,404	407,335	513,501	439,259
Administrative and General	717,124	685,537	642,150	591,839	541,448
Total Operating Expense	\$ 9,423,094	\$ 8,142,111	\$ 9,833,358	\$ 9,123,337	\$ 7,559,202
<b>Net Revenue</b>	\$ 4,182,898	\$ 4,705,158	\$ 2,082,094	\$ 1,848,886	\$ 2,478,702
<b>Less Debt Service for Senior Lien Bonds <sup>(4)</sup></b>					
General Imp & Ref Rev Bonds, 2011	\$ 815,457	\$ 817,857	\$ 819,657	\$ 738,505	\$ 286,635
General Imp Rev Bonds, 2012	262,603	262,603	13,683	--	--
Total Debt for Senior Lien Bonds	\$ 1,078,060	\$ 1,080,460	\$ 833,340	\$ 738,505	\$ 286,635
<b>Subordinate Revenues Available</b>	\$ 3,104,838	\$ 3,624,698	\$ 1,248,754	\$ 1,110,381	\$ 2,192,067

(1) Pledged Revenues.

(2) Operating and maintenance & repair expenses have been restated from the amounts previously reported for FY2010-2012 to remove expenses associated with the raw water pipelines.

(3) Pursuant to GASB 65 debt issuance costs are expensed; however, they are removed from operating expenses in this table because they were paid using bond proceeds.

(4) Senior liens include the General Improvement Bonds, Series 2002, which were refunded with Series 2011 General Improvement and Revenue Refunding Bonds, and the General Improvement Revenue Bonds, Series 2012 (Mid-Basin WIF Project).

**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, 2014		August 31, 2013		August 31, 2012		August 31, 2011		August 31, 2010	
	Acre-Feet	% of Total	Acre-Feet	% of Total	Acre-Feet	% of Total	Acre-Feet	% of Total	Acre-Feet	% of Total
Municipal	72,479	79.90%	72,279	81.67%	70,271	81.04%	65,135	79.84%	62,159	79.08%
Domestic	8	0.01%	9	0.01%	13	0.01%	16	0.02%	17	0.02%
Industrial	17,838	19.66%	15,827	17.88%	15,830	18.26%	15,826	19.40%	15,827	20.13%
Irrigation	393	0.43%	389	0.44%	597	0.69%	602	0.74%	608	0.77%
Contracted	90,718	100.00%	88,504	100.00%	86,711	100.00%	81,579	100.00%	78,611	100.00%



**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2014 AND 2013**

**NOTE H – CONTINUING DISCLOSURE REQUIRMENTS (CONTINUED)**

**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 94.78% 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, as well as, smaller customers that are part of a large regional project, for the fiscal year ended August 31, 2014 are shown below:

		Contract Information				
		Total		Contract	Expiration	Renewal
Customer	Type	AF/YR	Revenue <sup>(2)</sup>	Date	Date	Option
Municipal & Retail						
Canyon Regional Water Authority	Regional Water Authority		\$ 1,504,453	10/31/1998	12/31/2039	(1)
City of Marion	City	100				
City of Cibola	City	1,350				
Green Valley SUD	Special Utility District	1,800				
Springs Hill WSC	Water Supply Corporation	1,925				
East Central WSC	Water Supply Corporation	1,400				
SAWS	City	4,000				
New Braunfels Utilities	City	9,720	1,215,000	01/26/1989	01/25/2050	20 Yrs
City of Seguin	City	1,000	125,000	09/01/2012	08/31/2017	---
Canyon Lake WSC	Water Supply Corporation	2,000	200,000	10/01/1994	12/31/2044	(1)
Canyon Lake WSC II	Water Supply Corporation	2,000	200,000	08/27/2001	12/31/2050	(1)
Canyon Lake WSC III	Water Supply Corporation	2,000	200,000	09/29/2006	12/31/2050	(1)
SHWSC I	Water Supply Corporation	1,850	178,125	06/26/1967	12/31/2050	(1)
SHWSC II	Water Supply Corporation	1,000	178,125	06/01/2000	12/31/2050	(1)
Green Valley SUD	Special Utility District	1,000	125,000	12/01/2008	12/31/2040	(1)
Regional RWDS Project						
City of San Marcos	City	10,000	1,250,000	10/01/1989	07/01/2047	(1)
City of Kyle	City	5,443	680,375	05/20/2005	12/31/2038	20 Yrs
City of Buda	City	1,680	210,000	04/09/2002	12/31/2042	(1)
CRWA --Hays Project	Regional Water Authority	2,038	254,750	06/04/2003	12/31/2039	(1)
GoForth SUD	Special Utility District	1,363	167,447	03/01/2004	12/31/2039	(1)
Sunfield MUD	Municipal Utility District	2,822	355,401	09/01/2005	12/31/2050	---
Monarch	Utility Company	560	70,000	01/01/2008	12/31/2037	---
GBRA Western Canyon						
Boerne	City	3,611	451,375	02/22/2000	12/31/2037	40 Yrs (2x20 Yrs)
Fair Oaks Ranch	City	1,850	231,250	02/10/2000	12/31/2037	40 Yrs (2x20 Yrs)
SAWS	City	4,000 <sup>(3)</sup>	1,224,337	03/17/2000	12/31/2037	40 Yrs (2x20 Yrs)
Cordillera Ranch	Housing Development	1,500	187,500	10/11/2001	12/31/2037	40 Yrs (2x20 Yrs)
Kendall & Tapatio	Housing Development	750	93,750	03/18/2002	12/31/2037	40 Yrs (2x20 Yrs)
Johnson Ranch	Housing Development	900	112,500	03/28/2003	12/31/2037	40 Yrs (2x20 Yrs)
Lerin Hills	Housing Development	750	93,750	09/18/2009	12/31/2036	40 Yrs (2x20 Yrs)
GBRA-Comal Trace	River Authority	50	10,914	---	---	---
SJ WTX-Bulverde	Water Supply Corporation	400	200,000	02/06/2009	12/31/2040	10 Yrs
SJ WTX-Park Village	Water Supply Corporation	322	40,250	03/24/2009	12/31/2040	10 Yrs
Total Major Municipal Customers		69,184	\$ 9,559,302			
Industrial						
Guadalupe Power Partners	Electric Generation	6,840	\$ 855,000	03/17/1999	12/31/2021	30 Yrs (6x5 Yrs)
Coleto Creek Power LP	Electric Generation	6,000	687,500	09/01/1975	09/01/2025	(1)
Hays Energy Limited Partners	Electric Generation	2,464	308,000	06/25/1999	12/31/2025	(1)
Ineos USA LLC	Chemical Company	1,100	137,500	02/11/1980	02/21/2015	40 Yrs (15 Yrs +(5x5 Yrs))
Total Major Industrial Customers		16,404	\$ 1,988,000			
Total Major Customers		85,588	\$ 11,547,302			
Total Firm Water Sales		90,718	\$ 12,182,862			
Major Customers as a Percentage of Total		94.35%	94.78%			

(1) Contract does not provide for specific renewal options

(2) Includes Out-of-District Charges

(3) Includes returnable and additional water charges

GUADALUPE-BLANCO RIVER AUTHORITY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
AUGUST 31, 2014 AND 2013

NOTE H – CONTINUING DISCLOSURE REQUIREMENTS (CONTINUED)

FIRM WATER SALES RATE HISTORY

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

The rest of this page is left intentionally blank.



GUADALUPE-BLANCO RIVER AUTHORITY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
AUGUST 31, 2014 AND 2013

NOTE H – CONTINUING DISCLOSURE REQUIREMENTS (CONTINUED)

5. CONTRACT REVENUE REFUNDING BONDS (WESTERN CANYON REGIONAL WATER SUPPLY PROJECT), SERIES 2013A & 2013B

On February 20, 2013, GBRA authorized the issuance of Combined Contract Revenue Refunding Bonds, Series 2013A and 2013B in the amount of \$55,265,000 and \$6,830,000, respectively. The proceeds were used to i) refund the Contract Revenue Bonds, Series 2003 (Western Canyon Regional Water Supply Project) to achieve debt service net present value savings of \$6,741,092, ii) fund a related account in the debt service reserve fund surety policies from Assured Guaranty Municipal Corporation and iii) pay issuance costs on the current bonds. The original proceeds from the Series 2003 bonds 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 Standard & Poor's Financial Services LLC business ("S&P"), rated the bonds "Aa1" and "AA+", respectively.

The bonds constitute special obligations of GBRA payable, both as to principal and interest, and secured solely 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.

WESTERN CANYON REGIONAL WSP - ANNUAL WATER DELIVERY BY PARTICIPANTS

COMBINED CONTRACT REVENUE REFUNDING BONDS

(WESTERN CANYON REGIONAL WATER SUPPLY PROJECTS), SERIES 2013A & 2013B

	Current (Acre-Feet)	% of Total	Ultimate (Acre-Feet)	% of Total
<b>In District</b>				
City of Boerne	975	7.95%	3,611	21.49%
City of Fair Oaks	942	7.68%	1,850	11.01%
GBRA - Cordillera	300	2.45%	1,500	8.93%
Johnson Ranch MUD	180	1.47%	900	5.36%
GBRA - Comal Trace	50	0.40%	100	0.60%
Canyon Lake WSC	722	5.89%	722	4.30%
Lerin Hills MUD	225	1.83%	750	4.46%
Tapatio/Kendall County Utility	200	1.63%	750	4.46%
Future Participants	--	0.00%	2,617	15.58%
<b>Total In District</b>	<b>3,594</b>		<b>12,800</b>	
<b>Out of District</b>				
SAWS (Initial & Returnable)	8,672	70.70%	4,000	23.81%
<b>Total Out of District</b>	<b>8,672</b>		<b>4,000</b>	
<b>Total</b>	<b>12,266</b>	<b>100.00%</b>	<b>16,800</b>	<b>100.00%</b>

WESTERN CANYON REGIONAL WSP - SOURCES OF PLEDGED REVENUES

COMBINED CONTRACT REVENUE REFUNDING BONDS

(WESTERN CANYON REGIONAL WATER SUPPLY PROJECT), SERIES 2013A & 2013B

	Fiscal Year Ended August 31				
	2014	2013	2012	2011	2010
Western Canyon O&M Revenue	\$ 3,460,286	\$ 3,368,656	\$ 3,373,591	\$ 3,355,942	\$ 3,376,289
Western Canyon Debt Service Revenue	5,306,500	5,791,241	5,837,670	5,799,640	5,821,226
	<u>\$ 8,766,786</u>	<u>\$ 9,159,897</u>	<u>\$ 9,211,261</u>	<u>\$ 9,155,582</u>	<u>\$ 9,197,515</u>
Operating Expenses	\$ 2,371,701	\$ 2,461,320	\$ 2,729,471	\$ 2,509,538	\$ 2,427,578
Maintenance & Repair	360,449	328,632	280,870	289,188	246,309
Administrative & General	148,256	150,666	148,472	136,934	127,274
Total Operating & Maintenance Expenses	<u>\$ 2,880,406</u>	<u>\$ 2,940,618</u>	<u>\$ 3,158,813</u>	<u>\$ 2,935,660</u>	<u>\$ 2,801,161</u>
Net Revenue	<u>\$ 5,886,380</u>	<u>\$ 6,219,279</u>	<u>\$ 6,052,448</u>	<u>\$ 6,219,922</u>	<u>\$ 6,396,354</u>
Debt Service	\$ 4,835,965	\$ 4,835,965	\$ 5,320,675	\$ 5,322,125	\$ 5,319,525
Debt Service Coverage Factor	1.2172	1.2860	1.1375	1.1687	1.2024

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2014 AND 2013**

**NOTE H – CONTINUING DISCLOSURE REQUIREMENTS (CONTINUED)**

**6. 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 solely by the "Net Revenues" derived by GBRA from the operation of its Water Treatment 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.

**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**

Fiscal Year Ended 8/31	City of Port Lavaca			Calhoun County Rural Water Supply Corp.			Port O'Connor Municipal Utility District <sup>(1)</sup>		
	Total Annual Water Treated (Gallons)	Customer Count	% of Total	Total Annual Water Treated (Gallons)	Customer Count	% of Total	Total Annual Water Treated (Gallons)	Customer Count (approx.)	% of Total
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%
2013	472,101,000	4,463	70.87%	84,865,000	1,368	12.74%	109,228,000	1,600	16.40%
2014	463,762,000	5,390	75.13%	77,509,000	1,388	12.56%	76,004,000	1,680	12.31%

(1) Approximate figures.

**CALHOUN COUNTY WATER SUPPLY CORPORATION MONTHLY WATER RATES**

5/8" Meter	First	2,000 gal.	\$36.00 (minimum)
	Over	2,000 gal.	\$5.05/M Gallons

**PORT O'CONNOR MUNICIPAL UTILITY DISTRICT MONTHLY WATER RATES (through 10,000 gallons)**

Up to 3/4" Meter	First	2,000 gal.	\$50.00 (minimum)
	Next	4,000 gal.	\$4.80/M Gallons
	Next	4,000 gal.	\$5.25/M Gallons

**GBRA PORT LAVACA WATER TREATMENT PLANT – HISTORICAL OPERATING STATEMENT**

	For Fiscal Year Ended August 31,				
	2014	2013	2012	2011	2010
<b>Revenues:</b>					
Water Sales and Lake Operations	\$ 1,700,693	\$ 1,649,342	\$ 1,625,723	\$ 1,568,055	\$ 1,620,238
Miscellaneous	10,965	2,079	1,226	5	1
Total	1,711,658	1,651,421	1,626,949	1,568,060	1,620,239
<b>Expenses: <sup>(1)</sup></b>					
Personnel Operating Costs	\$ 478,754	\$ 464,377	\$ 449,999	\$ 416,538	\$ 429,220
Operating Supplies and Services	535,886	538,039	524,724	586,862	611,106
Maintenance and Repairs	181,997	142,972	156,094	116,260	130,727
Administrative and General	126,594	125,861	119,196	108,765	106,328
Total	1,323,231	1,271,249	1,250,013	1,228,425	1,277,381
Net Income Available for Debt Service	\$ 388,427	\$ 380,172	\$ 376,936	\$ 339,635	\$ 342,858
Outstanding Average Annual Debt Service	\$ 308,575	\$ 307,383	\$ 306,975	\$ 254,868	\$ 314,638
Coverage	1.26	1.24	1.23	1.33	1.09

(1) Excludes depreciation expense



**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2014 AND 2013**

**7. CONTRACT REVENUE REFUNDING BONDS, SERIES 2013**

On November 28, 2012, GBRA authorized the issuance of Contract Revenue Refunding Bonds, Series 2013 in the amount of \$19,470,000. Proceeds from the sale of the Bonds were used to i) refund all of the Combination Contract Revenue, Subordinate Water Resources Division Revenue, and Surplus Water Project Revenue Bonds, Series 2004A and 2004B and ii) pay issuance costs on the current bonds. As a result of the refunding, GBRA reduced its total debt service requirements by \$4,307,567 and produced a net present value savings (economic gain) of \$2,877,554. The original proceeds from the Series 2004A and 2004B bonds were used 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 Standard & Poor's Financial Services LLC business ("S&P"), assigned an underlying rating on the Bonds of "A1" and "A+" respectively.

The bonds constitute special obligations of GBRA that are secured by a first lien on and pledge of the "Pledged Revenues," which generally consist of the "Gross Contract Revenues," received by GBRA from various public and private entities pursuant to certain "Water Supply Agreements" related to the delivery of treated water from a water treatment plant located in San Marcos, Texas to portions of Hays and Caldwell Counties, Texas through a treated water delivery system and the interest income from funds on deposit in the Interest and Sinking Fund, the Reserve Fund and the Rate Stabilization Fund. The Pledged Revenues are further pledged irrevocably to the establishment and maintenance of the Interest and Sinking Fund, the Reserve Fund and the Rate Stabilization Fund.

**CONTRACT REVENUE REFUNDING BONDS, SERIES 2013 (IH35) - DEBT SERVICE PAYABLE BY PARTICIPANTS**

CONTRACT REVENUE REFUNDING BONDS, SERIES 2013 (IH35 TREATED WATER DELIVERY SYSTEM PROJECT)

	Fiscal Year Ended August 31							
	2014		2013		2012		2011	
	Debt		Debt		Debt		Debt	
Debt Service Component of Gross Contract Revenues	MGD	Payments	MGD	Payments	MGD	Payments	MGD	Payments
From City of Buda, Texas	1.50	\$ 167,523	1.50	\$ 167,566	1.50	\$ 189,493	1.50	\$ 165,969
From City of Kyle, Texas	4.86	542,774	4.86	542,915	4.86	605,657	4.86	438,159
From GoForth Special Utility District *	1.38	146,695	1.26	126,459	1.24	123,082	1.24	156,011
From Sunfield Municipal Utilities District *	3.56	405,014	3.68	425,393	3.70	523,754	3.70	663,877
From Monarch	0.50	55,841	0.50	55,856	0.50	65,469	0.50	82,985
Total Debt Service Commitment & Revenues	11.80	\$1,317,847	11.80	\$1,318,189	11.80	\$1,507,455	11.80	\$1,507,001
Annual Debt Service Requirements		\$1,203,356		\$ 982,835		\$1,371,470		\$1,371,045
Debt Service Coverage Factor		1.0951		1.3412		1.0992		1.0992

\* Sunfield MUD's Purchase Commitment is being incrementally transferred to GoForth SUD.

**IH35 TREATED WATER DELIVERY SYSTEM - HISTORICAL OPERATING STATEMENT**

CONTRACT REVENUE REFUNDING BONDS, SERIES 2013 (IH35 TREATED WATER DELIVERY SYSTEM PROJECT)

	2014	2013	2012	2011
IH35 O&M Transmission Revenue	\$ 307,053	\$ 303,164	\$ 326,809	\$ 236,806
IH35 Debt Revenue	1,317,847	1,318,189	1,507,455	1,507,001
IH35 Interest Earnings	8,273	16,695	20,977	65,329
Total Revenue	\$ 1,633,173	\$ 1,638,048	\$ 1,855,241	\$ 1,809,136
IH35 Operating Expenses	\$ 207,227	\$ 203,279	\$ 180,359	\$ 171,252
IH35 Maintenance & Repair Expenses	41,021	63,606	37,684	18,062
IH 35 Administrative & General Expenses	9,239	9,239	7,884	6,966
Total Expenses	\$ 257,487	\$ 276,124	\$ 225,927	\$ 196,280
Net Revenue	\$ 1,375,686	\$ 1,361,924	\$ 1,629,314	\$1,612,856
Debt Service	\$ 1,203,356	\$ 982,835	\$ 1,371,470	\$1,371,045
Debt Service Coverage	1.143	1.386	1.188	1.176

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2014 AND 2013**

**NOTE I – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

GBRA is unique in that the majority of its outstanding bond issues are contract revenue bonds. In order to match revenues received from customers for the debt service of those bonds with expenditures for capital assets related to those bonds, GBRA records costs and revenues to be recognized in future period.

**NOTE J – SPECIAL ITEMS**

**Costs Associated with the Whooping Crane Endangered Species Lawsuit**

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 \$1,024,963, \$2,970,725, and \$1,994,934 for fiscal years 2013, 2012 and 2011 respectively. Following the trial court judge rendering an unfavorable opinion against the State of Texas, both the State and GBRA appealed the case to the Federal Fifth Circuit Court of Appeals. The Fifth Circuit Court of Appeals reversed the lower court's decision in favor of the State of Texas and GBRA.

**NOTE K- PRIOR PERIOD ADJUSTMENT**

GBRA adopted the provisions of GASB # 65 *Items Previously reported as Assets and Liabilities*. The GASB requires that the Debt issuance costs (except for any portion that is a prepayment of insurance) should be recognized as an expense in the period incurred and no longer be reported in statements of net position. The financial statements have been restated to reflect the provisions of GASB #65, and as result, debt issuance costs from the FY 2012 bond issues are written-off as a priorperiod adjustment. Debt issuance costs for contract revenue bonds will be recovered over time under the terms of the respective contracts and have been reclassified as deferred Outflows of Resources.

The effect on beginning net position is as follows:

August 31, 2012 as previously reported	\$ 67,164,118
Write--off FY 2012 bond issue costs	(280,822)
August 31, 2012 as restated	<u>\$ 66,883,296</u>

The rest of this page is left intentionally blank.



**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2014 AND 2013**

**NOTE L - 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, 2014 is as follows:

	Water Sales	Port Lavaca Water Plant	Luling Water Plant	Lockhart WWTP	Total
<b>REVENUES, EXPENSES AND CHANGES IN NET POSITION</b>					
Operating Revenue	\$ 22,616,812	\$ 1,711,659	\$ 1,333,763	\$ 1,676,061	\$ 27,338,295
Operating Expenses	(14,702,625)	(1,323,231)	(895,691)	(1,053,635)	(17,975,182)
Depreciation and Amortization Exp	(3,993,989)	(202,248)	(302,414)	(206,481)	(4,705,132)
Operating Income	3,920,198	186,180	135,658	415,945	4,657,981
Nonoperating Revenue (Expenses)	(3,334,852)	(27,369)	(224,439)	(43,783)	(3,630,443)
Costs to be Recovered (Deferred Rev)	(571,994)	(206,324)	320,244	(359,837)	(817,911)
Change in Net Position	\$ 13,352	\$ (47,513)	\$ 231,463	\$ 12,325	\$ 209,627
<b>NET POSITION ACTIVITIES</b>					
Current Assets	\$ 15,731,462	\$ 609,005	\$ 721,866	\$ 811,493	\$ 17,873,826
Capital Assets	135,714,031	2,552,100	5,007,095	2,818,894	146,092,120
Other Assets	9,996,472	27,837	105,076	15,578	10,144,963
Total Assets	161,441,965	3,188,942	5,834,037	3,645,965	174,110,909
Deferred Outflow of Resources	15,709		169,561		185,270
Total Assets and Deferred Outflows of Resources	\$ 161,457,674	\$ 3,188,942	\$ 6,003,598	\$ 3,645,965	\$ 174,296,179
Current Liabilities	\$ 7,758,274	\$ 617,728	\$ 494,839	\$ 1,041,651	\$ 9,912,492
Long Term Liabilities	116,269,678	664,445	4,741,737	1,285,412	122,961,272
Total Liabilities	124,027,952	1,282,173	5,236,576	2,327,063	132,873,764
Deferred Inflows of Resources	--	228,301	--	755,210	
Invested in Capital Assets Net of Related Debt	14,965,907	1,605,566	(52,261)	973,894	17,493,106
Restricted	6,567,488	235,335	157,361	347,506	7,307,690
Unrestricted	15,896,327	(162,433)	661,922	(757,708)	15,638,108
Total Net Position	37,429,722	1,678,468	767,022	563,692	\$ 40,438,904
Total Liabilities, Deferred Outflows and Net Position	\$ 161,457,674	\$ 3,188,942	\$ 6,003,598	\$ 3,645,965	\$ 174,296,179
Revenue Bonds Payable	\$ 116,601,136	\$ 605,000	\$ 4,941,932	\$ 1,845,000	\$ 123,993,068
Loans Payable	4,146,988	341,534	--	--	4,488,522
Interfund Balances:					
Accounts Receivable	1,034,555	168,548	110,000	150,150	1,463,253
Accounts Payable	1,306,648	169,879	52,794	94,379	1,623,700
<b>CASH FLOW ACTIVITIES</b>					
<b>Cash Flows</b>					
Operating Activities	\$ 11,734,090	\$ 384,250	\$ 450,812	\$ 778,336	\$ 13,347,488
Capital & Related Financing Activities	(9,439,303)	(383,345)	(453,294)	(610,044)	(10,885,986)
Noncapital Financing Activities	918,110	(10,000)	--	--	908,110
Investing Activities	(2,541,211)	(3,294)	(15,536)	12,696	(2,547,345)
	\$ 671,686	\$ (12,389)	\$ (18,018)	\$ 180,988	\$ 822,267
<b>Current Cash and Cash Equivalents</b>					
At Beginning of Year	\$ 2,536,577	\$ 45,294	\$ 209,801	\$ 93,785	\$ 2,885,457
At End of Year	4,149,458	32,433	187,922	260,768	4,630,581
Net Increase (Decrease)	\$ 1,612,881	\$ (12,861)	\$ (21,879)	\$ 166,983	\$ 1,745,124
<b>Restricted Cash and Cash Equivalents</b>					
At Beginning of Year	\$ 3,675,147	\$ 5,012	\$ --	\$ 333,890	\$ 4,014,049
At End of Year	2,733,952	5,484	3,861	347,895	3,091,192
Net Increase (Decrease)	(941,195)	472	3,861	14,005	(922,857)
	\$ 671,686	\$ (12,389)	\$ (18,018)	\$ 180,988	\$ 822,267





## Required Supplemental Information

---



This page left intentionally blank.



GUADALUPE-BLANCO RIVER AUTHORITY  
REQUIRED SUPPLEMENTAL INFORMATION  
AUGUST 31, 2014

DEFINED BENEFIT PENSION PLAN-SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Jan 1, 2009	Jan 1, 2010	Jan 1, 2011	Jan 1, 2012	Jan 1, 2013	Jan 1, 2014
Actuarial Value of Assets	\$ 10,916,278	\$ 12,024,270	\$ 16,133,705	\$ 17,888,520	\$ 19,706,816	\$ 22,736,935
Actuarial Accrued Liability (AAL)	\$ 19,872,320	\$ 20,607,270	\$ 21,422,534	\$ 23,358,520	\$ 24,824,979	\$ 27,259,178
Unfunded AAL (UAAL)	\$ 8,956,042	\$ 8,583,000	\$ 5,288,829	\$ 5,470,000	\$ 5,118,163	\$ 4,522,243
Funded Ratio	55%	58%	75%	77%	79%	83%
Covered Payroll	\$ 8,573,185	\$ 8,506,931	\$ 8,447,077	\$ 8,203,042	\$ 7,661,304	\$ 7,423,408
UAAL as a Percentage of Covered Payroll	104%	101%	63%	67%	67%	61%

Fiscal Year End Date	Aug 31, 2009	Aug 31, 2010	Aug 31, 2011	Aug 31, 2012	Aug 31, 2013	Aug 31, 2014
Employer Contributions	\$ 1,264,425	\$ 3,970,248	\$ 1,620,832	\$ 1,013,649	\$ 2,111,297	\$ 1,693,893
Annual Required Contribution (ARC)	\$ 764,425	\$ 970,248	\$ 1,020,832	\$ 1,013,649	\$ 1,011,297	\$ 993,893
Annual Pension Cost (APC)	\$ 764,425	\$ 970,248	\$ 1,014,388	\$ 1,111,354	\$ 1,114,166	\$ 1,138,837
Percentage of APC Contributed	165%	409%	160%	91%	189%	149%



This page left intentionally blank.



## Other Supplemental Information

---

# COMBINING STATEMENT OF NET POSITION

AUGUST 31, 2014

	General Division	Guadalupe Valley Hydroelectric Division	Rural Utilities Division	Water Resource Division	Port Lavaca Water Treatment Plant Division
<b>ASSETS AND DEFERRED OUTFLOWS</b>					
<b>CURRENT ASSETS</b>					
Unrestricted Assets					
Cash and Cash Equivalents.....	\$ 1,460,632	\$ 9,046	\$ 166,709	\$ 5,468,513	\$ 32,433
Investments-Unrestricted.....	1,909,856	--	--	6,115,909	--
Interest Receivable.....	10,131	--	--	42,082	9
Accounts Receivable-Operating.....	449	137,142	438,791	1,242,173	150,653
Accounts Receivable-Interfund.....	3,431,826	216,045	111,564	2,037,921	168,548
Other Current Assets.....	14,463	97,093	19,336	242,920	49,201
Total Current Assets.....	6,827,357	459,326	736,400	15,149,518	400,844
Restricted Assets					
Cash and Cash Equivalents.....	559,961	5,815	512,328	3,035,108	5,484
Investments.....	631,980	--	534,837	2,710,728	202,014
Interest Receivable.....	8,883	--	5,297	23,407	663
Total Restricted Assets.....	1,200,824	5,815	1,052,462	5,769,243	208,161
Total Current Assets.....	8,028,181	465,141	1,788,862	20,918,761	609,005
<b>LONG-TERM ASSETS</b>					
Restricted Assets					
Investments.....	250,500	--	358,001	821,543	27,837
Total Restricted Assets.....	250,500	--	358,001	821,543	27,837
Capital Assets					
Land, Water and Storage Rights.....	1,035,561	2,248,822	235,957	30,901,067	41,424
Dams, Plants and Equipment.....	2,084,356	11,534,891	13,305,025	145,104,416	7,041,646
Construction In Progress.....	--	--	121,874	8,510	--
Less Accumulated Depreciation.....	(1,676,955)	(7,397,398)	(4,262,158)	(37,379,594)	(4,530,970)
Total Capital Assets.....	1,442,962	6,386,315	9,400,698	138,634,399	2,552,100
Other Assets					
Investments-Unrestricted.....	2,019,620	--	--	5,339,676	--
Long-Term Loans Receivable.....	156,250	--	139,182	--	--
Contract Development Costs (Net of Amortization).....	--	--	--	--	--
Permits and Licenses (Net of Amortization).....	--	--	--	--	--
Project Development Costs.....	--	--	--	4,111,082	--
Net Pension Asset.....	5,560,926	--	--	--	--
Interfund Loans Receivable.....	7,185,593	--	--	--	--
Total Other Assets.....	14,922,389	--	139,182	9,450,758	--
Total Long-Term Assets.....	16,615,851	6,386,315	9,897,881	148,906,700	2,579,937
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Total Assets and Deferred Outflows .....	\$ 24,644,032	\$ 6,851,456	\$ 11,686,743	\$ 169,841,170	\$ 3,188,942
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>					
<b>CURRENT LIABILITIES</b>					
Payable from Unrestricted Assets					
Current Portion of Long-Term Loans Payable.....	\$ --	\$ --	\$ 26,399	\$ 418,446	\$ 10,339
Interest Payable.....	--	--	--	52,809	--
Accounts Payable-Operating.....	978,729	195,310	138,708	1,141,523	135,493
Accounts Payable-Interfund.....	2,777,015	326,920	324,795	2,458,228	169,879
Total Current Unrestricted Liabilities.....	3,755,744	522,230	489,902	4,071,006	315,711
Payable from Restricted Assets					
Current Portion of Debt.....	--	--	275,000	4,060,000	300,000
Interest Payable.....	--	--	43,739	1,107,652	2,017
Total Current Restricted Liabilities.....	--	--	318,739	5,167,652	302,017
Total Current Liabilities.....	3,755,744	522,230	808,641	9,238,658	617,728
<b>LONG-TERM LIABILITIES</b>					
Revenue Bonds Payable.....	--	--	--	116,601,136	605,000
Long-Term Loans Payable.....	--	--	3,535,745	4,146,988	341,534
Interfund Loans Payable.....	--	4,156,007	2,177,557	811,029	--
Less Current Portion.....	--	4,156,007	5,713,302	121,559,153	946,534
Total Bonds and Loans Payable.....	--	4,156,007	5,411,903	117,080,707	636,195
Advances for Operations.....	--	--	13,975	64,830	28,250
Total Long-Term Liabilities.....	--	4,156,007	5,425,878	117,145,537	664,445
Total Liabilities.....	3,755,744	4,678,237	6,234,519	126,384,195	1,282,173
<b>DEFERRED INFLOWS OF RESOURCES.....</b>					
	--	--	--	--	228,301
<b>NET POSITION</b>					
Net Investments in Capital Assets.....	1,442,962	6,386,316	5,864,950	17,886,275	1,605,566
Restricted for Insurance.....	1,173,475	--	--	--	--
Restricted for Debt Service.....	--	--	--	6,133,886	235,335
Unrestricted.....	18,271,851	(4,213,097)	(412,726)	19,436,814	(162,433)
Total Net Position.....	20,888,288	2,173,219	5,452,224	43,456,975	1,678,468
Total Liabilities, Deferred Inflows and Net Position.....	\$ 24,644,032	\$ 6,851,456	\$ 11,686,743	\$ 169,841,170	\$ 3,188,942

See accompanying independent auditors' report.



Calhoun County Rural Water Supply Division	Coletto Creek Division	Luling Water Treatment Plant Division	Canyon Hydroelectric Division	Lockhart Division	2014 Eliminations	2014 Total
\$ 151,632	\$ 22,411	\$ 187,922	\$ 52,838	\$ 290,781	\$ --	\$ 7,842,917
206,783	--	250,922	--	--	--	8,483,470
2,403	--	3,859	16	77	--	58,577
98,550	8,202	2,437	236,791	60,930	--	2,376,118
86,431	139,866	110,000	38,000	200,858	(6,541,059)	--
5,789	9,710	9,218	10,727	19,023	--	477,480
551,588	180,189	564,358	338,372	571,669	(6,541,059)	19,238,562
--	--	3,861	52,310	--	--	4,174,867
--	--	153,500	50,198	347,506	--	4,630,763
--	--	147	27	389	--	38,813
--	--	157,508	102,535	347,895	--	8,844,443
551,588	180,189	721,866	440,907	919,564	(6,541,059)	28,083,005
--	--	--	--	--	--	1,457,881
--	--	--	--	--	--	1,457,881
51,396	--	875,292	12,187	136,881	--	35,538,587
2,608,719	2,062,745	7,184,943	12,553,881	6,741,029	--	210,221,651
39,696	--	117,423	--	--	--	287,503
(1,790,043)	(1,734,129)	(3,170,563)	(7,215,374)	(3,450,813)	--	(72,607,997)
909,768	328,616	5,007,095	5,350,694	3,427,097	--	173,439,744
153,020	--	105,076	--	--	--	7,617,392
--	--	--	--	--	--	295,432
--	--	--	6,678	3,912	--	10,590
--	--	--	498,375	--	--	498,375
--	--	--	--	--	--	4,111,082
--	--	--	--	--	--	5,560,926
--	--	--	--	--	(7,185,593)	--
153,020	--	105,076	505,053	3,912	(7,185,593)	18,093,797
1,062,788	328,616	5,112,171	5,855,747	3,431,009	(7,185,593)	192,991,422
--	--	169,561	--	--	--	185,270
\$ 1,614,376	\$ 508,805	\$ 6,003,598	\$ 6,296,654	\$ 4,350,573	\$ (13,726,652)	\$ 221,259,697
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 455,184
--	--	--	--	--	--	52,809
90,490	115,090	192,814	34,048	440,266	--	3,462,471
119,617	148,551	52,794	46,346	116,914	(6,541,059)	--
210,107	263,641	245,608	80,394	557,180	(6,541,059)	3,970,464
--	--	235,000	--	590,000	--	5,460,000
--	--	14,231	--	--	--	1,167,639
--	--	249,231	--	590,000	--	6,627,639
210,107	263,641	494,839	80,394	1,147,180	(6,541,059)	10,598,103
--	--	4,941,932	--	1,845,000	--	123,993,068
--	--	--	--	--	--	8,024,267
--	--	--	41,000	--	(7,185,593)	--
--	--	4,941,932	41,000	1,845,000	(7,185,593)	132,017,335
--	--	(235,000)	--	(590,000)	--	(5,915,184)
--	--	4,706,932	41,000	1,255,000	(7,185,593)	126,102,151
--	--	34,805	232,143	30,412	--	404,415
--	--	4,741,737	273,143	1,285,412	(7,185,593)	126,506,566
210,107	263,641	5,236,576	353,537	2,432,592	(13,726,652)	137,104,669
--	--	--	5,843,559	755,210	--	6,827,070
909,768	328,616	(52,261)	5,350,693	1,580,097	--	41,302,982
--	--	--	--	--	--	1,173,475
--	--	157,361	--	347,506	--	6,874,088
494,501	(83,452)	661,922	(5,251,135)	(764,832)	--	27,977,413
1,404,269	245,164	767,022	99,558	1,162,771	--	77,327,958
\$ 1,614,376	\$ 508,805	\$ 6,003,598	\$ 6,296,654	\$ 4,350,573	\$ (13,726,652)	\$ 221,259,697

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

**FISCAL YEAR ENDED AUGUST 31, 2014**

	General Division	Guadalupe Valley Hydroelectric Division	Rural Utilities Division	Water Resource Division	Port Lavaca Water Treatment Plant Division
<b>REVENUE</b>					
Power Sales.....	\$ --	\$ 2,079,942	\$ --	\$ --	\$ --
Water Sales and Lake Operations.....	--	--	--	28,764,399	1,700,693
Recreation and Land Use.....	--	--	--	152,747	--
Waste Water Treatment Services.....	--	--	1,824,095	738,848	--
Laboratory Services.....	--	--	--	842,643	--
Rental.....	--	14,112	--	262,453	--
Administrative and General.....	2,577,174	--	--	--	--
Miscellaneous.....	3,031	37,065	2,590,981	1,154,280	10,966
Total Operating Revenue.....	2,580,205	2,131,119	4,415,076	31,915,370	1,711,659
<b>EXPENSES</b>					
Personnel Operating Costs.....	1,136,593	1,154,376	598,481	5,495,196	474,132
Operating Supplies and Services.....	1,067,145	365,598	552,408	10,088,517	540,508
Maintenance and Repairs.....	279,678	1,135,187	317,818	1,812,197	181,997
Administrative and General.....	--	392,756	158,691	1,358,703	126,594
Depreciation and Amortization .....	109,585	314,464	444,354	4,233,841	202,248
Total Operating Expenses .....	2,593,001	3,362,381	2,071,752	22,988,454	1,525,479
Operating Income (Loss).....	(12,796)	(1,231,262)	2,343,324	8,926,916	186,180
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Grant Income.....	--	25,750	--	1,004,863	--
Investment Income.....	43,492	4	124,566	95,878	735
Gain (Loss) on Disposal of Capital Assets.....	3,431	5,435	(1,433)	--	--
Interest Expense.....	--	(24)	(129,366)	(4,353,815)	(28,104)
Total Nonoperating Revenues (Expenses).....	46,923	31,165	(6,233)	(3,253,074)	(27,369)
Income (Loss) Before Recognition of Deferrals.....	34,127	(1,200,097)	2,337,091	5,673,842	158,811
Costs (Revenue) to be Recognized in Future Years .....	--	--	--	(571,994)	(206,324)
Income (Loss) Before Special Items.....	34,127	(1,200,097)	2,337,091	5,101,848	(47,513)
<b>SPECIAL ITEMS</b>					
Costs Associated with Whooping Crane Endangered Species Lawsuit.....	--	--	--	(239,080)	--
Change in Net Position.....	34,127	(1,200,097)	2,337,091	4,862,768	(47,513)
Net Position at September 1, 2013.....	20,854,161	3,373,316	3,115,133	38,594,207	1,725,981
Net Position at August 31, 2014 .....	\$ 20,888,288	\$ 2,173,219	\$ 5,452,224	\$ 43,456,975	\$ 1,678,468



Calhoun County Rural Water Supply Division	Coeto Creek Division	Luling Water Treatment Plant Division	Canyon Hydroelectric Division	Lockhart Division	Eliminations	Total
\$ --	\$ --	\$ --	\$ 952,476	\$ --	\$ --	\$ 3,032,418
850,656	1,081,532	1,333,763	--	585,707	--	34,316,750
--	613,652	--	--	--	--	766,399
50,973	--	--	--	1,216,757	--	3,830,673
--	--	--	--	--	--	842,643
--	108,928	--	--	--	--	385,493
--	--	--	--	--	(2,577,174)	--
94,779	32,477	--	--	459,304	--	4,382,883
996,408	1,836,589	1,333,763	952,476	2,261,768	(2,577,174)	47,557,259
318,478	750,842	340,488	100,591	395,614	(95,646)	10,669,145
420,561	514,434	388,705	57,954	679,821	--	14,675,651
117,887	376,406	78,280	45,357	463,597	--	4,808,404
82,845	146,151	88,218	27,162	100,408	(2,481,528)	--
64,924	38,866	302,414	311,579	251,486	--	6,273,761
1,004,695	1,826,699	1,198,105	542,643	1,890,926	(2,577,174)	36,426,961
(8,287)	9,890	135,658	409,833	370,842	--	11,130,298
--	--	--	--	--	--	1,030,613
3,552	25	4,596	1,946	1,357	--	276,151
--	840	--	--	708	--	8,981
--	--	(229,035)	(272,909)	(45,750)	--	(5,059,003)
3,552	865	(224,439)	(270,963)	(43,685)	--	(3,743,258)
(4,735)	10,755	(88,781)	138,870	327,157	--	7,387,040
--	13	320,244	(709,042)	(359,837)	--	(1,526,940)
(4,735)	10,768	231,463	(570,172)	(32,680)	--	5,860,100
--	--	--	--	--	--	(239,080)
(4,735)	10,768	231,463	(570,172)	(32,680)	--	5,621,020
1,409,004	234,396	535,559	669,730	1,195,451	--	71,706,938
\$ 1,404,269	\$ 245,164	\$ 767,022	\$ 99,558	\$ 1,162,771	\$ --	\$ 77,327,958

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

**FISCAL YEAR ENDED AUGUST 31, 2014**

		Guadalupe		
	General	Valley	Rural	Water
	Division	Hydroelectric	Utilities	Resource
	Division	Division	Division	Division
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Received from Customers.....	\$ --	\$ 2,145,523	\$ 4,308,794	\$ 31,296,038
Cash Received from Interfund Administrative Charges.....	2,577,174	--	--	--
Cash Paid for Personnel Operating Costs.....	(1,136,593)	(1,154,376)	(598,481)	(5,495,196)
Cash Paid for Other Operating and Maintenance Costs.....	(1,149,817)	(1,623,527)	(850,736)	(11,474,490)
Cash Paid for Interfund Administrative Charges.....	--	(392,756)	(158,691)	(1,358,703)
Supplementary Contribution to Defined Benefit Plan.....	(700,000)	--	--	--
Costs Associated with Whooping Crane Endangered Species Lawsuit and Bond Refundings.....	--	--	--	(239,080)
Net Cash Flows From (Used by) Operating Activities.....	(409,236)	(1,025,136)	2,700,886	12,728,569
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Interfund Operating Loans Received.....	--	1,127,700	--	--
Interfund Operating Loans Made .....	(1,351,200)	--	--	--
Principal Payments Made on Interfund Operating Loans.....	--	--	--	(200,000)
Principal Payments Received on Interfund Operating Loans.....	392,500	--	--	--
Net Change in Pension Plan Asset.....	144,944	--	--	--
Cash Received from Grants .....	--	25,750	--	979,863
Net Cash Flows From (Used by) Noncapital Financing Activities.....	(813,756)	1,153,450	--	779,863
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceeds from Advances from Customers, Developers, and Other Governmental Units.....	--	--	19,448	--
Proceeds from Revenue and Loans for Capital Assets and Plant Expansions.....	--	--	140,000	--
Proceeds from Sale of Capital Assets.....	3,430	12,957	459	--
Purchase of Capital Assets.....	(122,328)	(124,095)	(79,226)	(208,507)
Cash Paid for Construction in Progress.....	--	--	(121,874)	(8,510)
Cash Paid for Project Development.....	--	--	--	(447,439)
Interest Paid.....	--	(24)	(155,257)	(3,817,253)
Principal Payments on Revenue Bonds.....	--	--	--	(5,092,855)
Principal Payments on Loans.....	--	(11,257)	(2,579,252)	(450,009)
Net Cash Flows Used by Capital and Related Financing Activities.....	(118,898)	(122,419)	(2,775,702)	(10,024,573)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Cash Received from Investments .....	573,483	--	120,718	1,895,343
Investment Income Received.....	52,209	4	126,813	91,945
Cash Paid for Investments .....	381,238	--	(108,562)	(3,988,354)
Net Cash Flows From (Used by) Investing Activities.....	1,006,930	4	138,969	(2,001,066)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....</b>	<b>\$ (334,960)</b>	<b>\$ 5,899</b>	<b>\$ 64,153</b>	<b>\$ 1,482,793</b>
<b>CURRENT CASH AND CASH EQUIVALENTS:</b>				
At Beginning of Year.....	1,704,338	1,496	53,329	3,256,693
At End of Year.....	1,460,632	9,046	166,709	5,468,513
Net Increase (Decrease).....	(243,706)	7,550	113,380	2,211,820
<b>RESTRICTED CASH AND CASH EQUIVALENTS:</b>				
At Beginning of Year.....	651,215	7,466	561,555	3,764,135
At End of Year.....	559,961	5,815	512,328	3,035,108
Net Increase (Decrease).....	(91,254)	(1,651)	(49,227)	(729,027)
<b>TOTAL CASH AND CASH EQUIVALENTS:</b>				
At Beginning of Year.....	2,355,553	8,962	614,884	7,020,828
At End of Year.....	2,020,593	14,861	679,037	8,503,621
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....</b>	<b>\$ (334,960)</b>	<b>\$ 5,899</b>	<b>\$ 64,153</b>	<b>\$ 1,482,793</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS</b>				
<b>FROM OPERATING ACTIVITIES:</b>				
Operating Income (Loss).....	\$ (12,796)	\$ (1,231,262)	\$ 2,343,324	\$ 8,926,916
Adjustments to Reconcile Operating Income to Net Cash Flows				
From Operating Activities:				
Depreciation and Amortization.....	109,585	314,464	444,354	4,233,836
Supplementary Contribution to Defined Benefit Plan.....	(700,000)	--	--	--
Costs Associated with Whooping Crane Endangered Species Lawsuit .....	--	--	--	(239,080)
Net Change in Assets and Liabilities From Operating Activities:				
Operating Accounts Receivable.....	85,135	14,404	(106,713)	(648,976)
Other Current Assets.....	1,288	1,122	1,140	69,261
Operating Accounts Payable.....	107,552	(123,864)	18,781	386,612
Total Adjustments.....	(396,440)	206,126	357,562	3,801,653
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES.....</b>	<b>\$ (409,236)</b>	<b>\$ (1,025,136)</b>	<b>\$ 2,700,886</b>	<b>\$ 12,728,569</b>

**NON-CASH TRANSACTIONS SCHEDULE**

1. During fiscal year 2014 and 2013, an adjustment of \$47,417 and (\$90,754) respectively, was made to decrease investments to fair value.

See accompanying independent auditors' report.



Port Lavaca	Calhoun		Luling Water				
Water	County Rural	Coleta	Treatment	Canyon	Lockhart		
Treatment	Water Supply	Creek	Plant	Hydroelectric			
Plant Division	Division	Division	Division	Division	Division	Eliminations	Total
\$ 1,702,456	\$ 994,865	\$ 1,833,321	\$ 1,331,326	\$ 848,340	\$ 2,255,914	\$ --	\$ 46,716,577
--	--	--	--	--	--	--	2,577,174
(474,132)	(318,478)	(750,842)	(340,488)	(100,591)	(395,614)	--	(10,764,791)
(717,480)	(467,918)	(896,785)	(451,808)	(55,926)	(1,048,978)	--	(18,737,465)
(126,594)	(82,845)	(146,151)	(88,218)	(27,162)	(100,408)	--	(2,481,528)
--	--	--	--	--	--	--	(700,000)
--	--	--	--	--	--	--	(239,080)
384,250	125,624	39,543	450,812	664,661	710,914	--	16,370,887
56,000	--	72,500	--	41,000	54,000	(1,351,200)	--
--	--	--	--	--	--	1,351,200	--
(66,000)	--	(72,500)	--	--	(54,000)	392,500	--
--	--	--	--	--	--	(392,500)	--
--	--	--	--	--	--	--	144,944
--	--	--	--	--	--	--	1,005,613
(10,000)	--	--	--	41,000	--	--	1,150,557
--	--	--	--	--	--	--	19,448
--	--	--	4,950,000	--	706	--	5,090,706
--	--	3,244	--	--	--	--	20,090
(54,346)	(6,650)	(57,774)	(5,787)	--	--	--	(658,713)
--	(23,695)	--	(117,423)	--	--	--	(271,502)
--	--	--	--	--	--	--	(447,439)
(29,070)	--	--	(235,432)	(228,926)	(45,750)	--	(4,511,712)
(290,000)	--	--	(5,044,652)	(850,000)	(565,000)	--	(11,842,507)
(9,929)	--	--	--	--	--	--	(3,050,447)
(383,345)	(30,345)	(54,530)	(453,294)	(1,078,926)	(610,044)	--	(15,652,076)
1,580	46,667	--	94,924	--	24,956	--	2,757,671
811	4,684	28	6,263	2,325	1,356	--	286,438
(5,685)	(100,210)	--	(116,723)	(287)	(13,616)	--	(3,952,199)
(3,294)	(48,859)	28	(15,536)	2,038	12,696	--	(908,090)
\$ (12,389)	\$ 46,420	\$ (14,959)	\$ (18,018)	\$ (371,227)	\$ 113,566	\$ --	\$ 961,278
45,294	105,212	37,370	209,801	154,428	177,215	--	5,745,176
32,433	151,632	22,411	187,922	52,838	290,781	--	7,842,917
(12,861)	46,420	(14,959)	(21,879)	(101,590)	113,566	--	2,097,741
5,012	--	--	--	321,947	--	--	5,311,330
5,484	--	--	3,861	52,310	--	--	4,174,867
472	--	--	3,861	(269,637)	--	--	(1,136,463)
50,306	105,212	37,370	209,801	476,375	177,215	--	11,056,506
37,917	151,632	22,411	191,783	105,148	290,781	--	12,017,784
\$ (12,389)	\$ 46,420	\$ (14,959)	\$ (18,018)	\$ (371,227)	\$ 113,566	\$ --	\$ 961,278
\$ 186,180	\$ (8,287)	\$ 9,890	\$ 135,658	\$ 409,833	\$ 370,842	\$ --	\$ 11,130,298
202,248	64,924	38,866	302,414	311,577	251,486	--	6,273,754
--	--	--	--	--	--	--	(700,000)
--	--	--	--	--	--	--	(239,080)
(13,383)	3,026	(3,807)	(2,437)	(104,136)	(5,854)	--	(782,741)
(5,546)	1,005	(26)	(944)	1,495	(2,108)	--	66,687
14,751	64,956	(5,380)	16,121	45,892	96,548	--	621,969
198,070	133,911	29,653	315,154	254,828	340,072	--	5,240,589
\$ 384,250	\$ 125,624	\$ 39,543	\$ 450,812	\$ 664,661	\$ 710,914	\$ --	\$ 16,370,887

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**AMORTIZATION SCHEDULES**

**REGIONS BANK, DUNLAP WASTEWATER TREATMENT EXPANSION & COLLECTION SYSTEM**

YR END	<u>TAXABLE LOAN</u>			<u>TAX-EXEMPT LOAN</u>			<u>TOTAL</u>
AUG 31	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	REQUIREMENTS
2015	\$ 180,000	\$ 19,015	\$ 199,015	\$ 95,000	\$ 82,081	\$ 177,081	\$ 376,096
2016	710,748	8,501	719,249	100,000	78,824	178,824	898,073
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
	<u>\$ 890,748</u>	<u>\$ 27,516</u>	<u>\$ 918,264</u>	<u>\$ 2,505,000</u>	<u>\$ 878,011</u>	<u>\$ 3,383,011</u>	<u>\$ 4,301,275</u>

**REGIONS BANK, RURAL UTILITIES DIVISION LOAN**  
**EMERGENCY GENERATORS**

YR END	<u>CANYON PARK WWTP</u>			<u>DUNLAP WWTP</u>			<u>SPRINGS HILL WTP</u>		
AUG 31	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2015	\$ 6,223	\$ 914	\$ 7,137	\$ 6,977	\$ 1,024	\$ 8,001	\$ 13,199	\$ 1,938	\$ 15,137
2016	6,379	757	7,136	7,152	849	8,001	13,531	1,606	15,137
2017	6,586	550	7,136	7,384	617	8,001	13,970	1,168	15,138
2018	6,797	339	7,136	7,621	380	8,001	14,418	719	15,137
2019	7,015	121	7,136	7,866	136	8,002	14,882	256	15,138
	<u>\$ 33,000</u>	<u>\$ 2,681</u>	<u>\$ 35,681</u>	<u>\$ 37,000</u>	<u>\$ 3,006</u>	<u>\$ 40,006</u>	<u>\$ 70,000</u>	<u>\$ 5,687</u>	<u>\$ 75,687</u>



**GUADALUPE-BLANCO RIVER AUTHORITY**  
**AMORTIZATION SCHEDULES**

**U.S. GOVERNMENT LOAN, CANYON DAM AND RESERVOIR**

<b>YR END AUG 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
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
	<u>\$ 3,168,524</u>	<u>\$ 538,156</u>	<u>\$ 3,706,680</u>

**RGAN CHASE BANK, GENERAL IMPROVEMENT OFFICE EXPANSION**

<b>YR END AUG 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
2015	\$ 160,000	\$ 8,081	\$ 168,081
2016	106,667	1,672	108,339
	<u>\$ 266,667</u>	<u>\$ 9,753</u>	<u>\$ 276,420</u>

**WATER RESOURCE WATER RIGHT PURCHASE AMORTIZATION SCHEDULE**

<b><u>LULING FOUNDATION</u></b>				<b><u>ABNER USSERY</u></b>			<b>TOTAL</b>
<b>YR END AUG 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL REQUIREMENTS</b>	
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
	<u>\$ 448,381</u>	<u>\$ 202,714</u>	<u>\$ 651,095</u>	<u>\$ 263,413</u>	<u>\$ 119,087</u>	<u>\$ 382,500</u>	<u>\$ 1,033,595</u>

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**AMORTIZATION SCHEDULES**

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

YR END AUG 31	WATER RIGHT CONTRACT BUYOUT			REFUNDING PORTION-OFFICE			TOTAL
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	
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
	<u>\$ 5,795,000</u>	<u>\$ 2,151,698</u>	<u>\$ 7,946,698</u>	<u>\$ 3,050,000</u>	<u>\$ 928,971</u>	<u>\$ 3,978,971</u>	<u>\$ 11,925,669</u>

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

YR END AUG 31	PRINCIPAL	INTEREST	TOTAL
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
	<u>\$ 3,950,000</u>	<u>\$ 471,995</u>	<u>\$ 4,421,995</u>



**GUADALUPE-BLANCO RIVER AUTHORITY**  
**AMORTIZATION SCHEDULES**

<b>CONTRACT REVENUE REFUNDING BONDS, SERIES 2013</b>			
<b>IH35 TREATED WATER DELIVERY SYSTEM PROJECT</b>			
<b>YR END AUG 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
2015	\$ 545,000	\$ 652,556	\$ 1,197,556
2016	560,000	641,656	1,201,656
2017	565,000	627,656	1,192,656
2018	585,000	613,531	1,198,531
2019	600,000	601,831	1,201,831
2020	625,000	571,833	1,196,833
2021	640,000	557,769	1,197,769
2022	660,000	532,169	1,192,169
2023	690,000	505,769	1,195,769
2024	730,000	471,269	1,201,269
2025	765,000	434,769	1,199,769
2026	785,000	411,819	1,196,819
2027	810,000	387,288	1,197,288
2028	840,000	360,963	1,200,963
2029	865,000	332,613	1,197,613
2030	900,000	301,256	1,201,256
2031	930,000	268,631	1,198,631
2032	965,000	234,919	1,199,919
2033	1,000,000	199,938	1,199,938
2034	1,035,000	163,688	1,198,688
2035	1,070,000	124,875	1,194,875
2036	1,110,000	84,750	1,194,750
2037	1,150,000	43,121	1,193,121
	<u>\$ 18,425,000</u>	<u>\$ 9,124,669</u>	<u>\$ 27,549,669</u>

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**AMORTIZATION SCHEDULES**

**COMBINATION CONTRACT REVENUE REFUNDING BONDS SERIES 2013A & 2013B**  
**WESTERN CANYON REGIONAL WATER SUPPLY CONTRACT**

YR END AUG 31	SERIES 2013A			SERIES 2013B			TOTAL
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	
2015	\$ 1,860,000	\$ 2,466,706	\$ 4,326,706	\$ 255,000	\$ 253,480	\$ 508,480	\$ 4,835,186
2016	1,915,000	2,410,906	4,325,906	265,000	248,612	513,612	4,839,518
2017	1,995,000	2,334,306	4,329,306	265,000	243,553	508,553	4,837,859
2018	2,030,000	2,296,900	4,326,900	270,000	238,494	508,494	4,835,394
2019	2,115,000	2,215,700	4,330,700	275,000	233,340	508,340	4,839,040
2020	2,200,000	2,131,100	4,331,100	285,000	224,301	509,301	4,840,401
2021	2,305,000	2,021,100	4,326,100	295,000	214,933	509,933	4,836,033
2022	2,415,000	1,913,350	4,328,350	305,000	205,236	510,236	4,838,586
2023	2,535,000	1,792,600	4,327,600	315,000	195,211	510,211	4,837,811
2024	2,660,000	1,665,850	4,325,850	325,000	184,857	509,857	4,835,707
2025	2,795,000	1,532,850	4,327,850	335,000	169,799	504,799	4,832,649
2026	2,935,000	1,393,100	4,328,100	350,000	154,279	504,279	4,832,379
2027	3,080,000	1,246,350	4,326,350	370,000	138,063	508,063	4,834,413
2028	3,235,000	1,092,350	4,327,350	390,000	120,921	510,921	4,838,271
2029	3,400,000	930,600	4,330,600	405,000	102,853	507,853	4,838,453
2030	3,565,000	762,000	4,327,000	425,000	84,089	509,089	4,836,089
2031	3,745,000	585,200	4,330,200	440,000	64,399	504,399	4,834,599
2032	3,930,000	399,500	4,329,500	465,000	44,014	509,014	4,838,514
2033	4,125,000	204,600	4,329,600	485,000	22,470	507,470	4,837,070
	<u>\$ 52,840,000</u>	<u>\$ 29,395,068</u>	<u>\$ 82,235,068</u>	<u>\$ 6,520,000</u>	<u>\$ 3,142,904</u>	<u>\$ 9,662,904</u>	<u>\$ 91,897,972</u>

**GUADALUPE-BLANCO RIVER AUTHORITY  
AMORTIZATION SCHEDULES**

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

YR END AUG 31	SERIES 2007A			SERIES 2007B			TOTAL
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	
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
	<u>\$ 8,410,000</u>	<u>\$ 6,508,250</u>	<u>\$ 14,918,250</u>	<u>\$ 5,420,000</u>	<u>\$ 6,278,168</u>	<u>\$ 11,698,168</u>	<u>\$ 26,616,418</u>



**GUADALUPE-BLANCO RIVER AUTHORITY**  
**AMORTIZATION SCHEDULES**

**REGIONAL RAW WATER DELIVERY SYSTEM**  
**CONTRACT REVENUE REFUNDING BONDS, SERIES 2010**  
**(CITY OF SAN MARCOS, TEXAS PORTION)**

<b>YR END AUG 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
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
	<u>\$ 5,190,000</u>	<u>\$ 822,842</u>	<u>\$ 6,012,842</u>

\* 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**

<b>YR END AUG 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
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
	<u>\$ 341,534</u>	<u>\$ 62,193</u>	<u>\$ 403,727</u>

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

<b>YR END AUG 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
2015	\$ 300,000	\$ 9,100	\$ 309,100
2016	305,000	3,050	308,050
	<u>\$ 605,000</u>	<u>\$ 12,150</u>	<u>\$ 617,150</u>

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**AMORTIZATION SCHEDULES**

**3D WATER DELIVERY SYSTEM CONTRACT REVENUE REFUNDING BONDS, SERIES 2010  
CITY OF LOCKHART PROJECT**

<b>YR END AUG 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
2015	\$ 235,000	\$ 166,721	\$ 401,721
2016	245,000	158,441	403,441
2017	255,000	149,816	404,816
2018	260,000	140,933	400,933
2019	275,000	131,704	406,704
2020	280,000	122,130	402,130
2021	290,000	112,298	402,298
2022	300,000	102,120	402,120
2023	310,000	91,598	401,598
2024	320,000	80,730	400,730
2025	335,000	69,431	404,431
2026	345,000	57,701	402,701
2027	355,000	45,626	400,626
2028	370,000	33,120	403,120
2029	380,000	20,183	400,183
2030	395,000	6,814	401,814
	<u>\$ 4,950,000</u>	<u>\$ 1,489,366</u>	<u>\$ 6,439,366</u>

**CONTRACT REVENUE REFUNDING BONDS, SERIES 2010  
CITY OF LOCKHART PROJECT**

<b>YR END AUG 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
2015	\$ 590,000	\$ 34,200	\$ 624,200
2016	615,000	22,150	637,150
2017	640,000	8,000	648,000
	<u>\$ 1,845,000</u>	<u>\$ 64,350</u>	<u>\$ 1,909,350</u>



This page left intentionally blank.



## **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.*

	<u>Page</u>
<b>Financial Trends Information</b>	
<i>These schedules contain trend information to help the reader understand how GBRA's financial performance and well-being have changed over time.</i>	
Net Position by Component.....	91
Schedule of Changes in Net Position.....	92
Schedules of Operating Revenues by Source, Operating Expenses, and Nonoperating Revenue and Expenses.....	93
<b>Revenue Capacity</b>	
<i>These schedules contain information to help the reader assess GBRA's most significant revenue sources and types of operating systems.</i>	
Principal Customers.....	94
Operations.....	95
<b>Debt Capacity</b>	
<i>These schedules present information to help the reader assess and understand GBRA's debt burden.</i>	
Debt by Type.....	96
Third Party Debt.....	97
<b>Demographic and Economic Information</b>	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which GBRA's financial activities take place.</i>	
District Demographics.....	98-99
<b>Operating Information</b>	
<i>These schedules contain service and infrastructure data to help the reader understand how the information in GBRA's financial report relates to the services GBRA provides and the activities it performs.</i>	
Employees by Division.....	100
Operating Statistics.....	102-103
Capital Assets Additions.....	104

**Guadalupe Blanco River Authority**  
**Net Position By Component**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	<b>Fiscal Year</b>				
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
Primary government					
Invested in capital assets, net of related debt	\$ 41,302,982	\$ 36,423,496	\$ 35,853,611	\$ 40,790,810	\$ 43,235,437
Restricted	8,047,563	4,787,708	5,995,312	5,386,547	6,521,324
Unrestricted	<u>27,977,413</u>	<u>30,776,556</u>	<u>25,315,195</u>	<u>18,914,321</u>	<u>15,143,773</u>
Total primary government net position	<u>\$ 77,327,958</u>	<u>\$ 71,987,760</u>	<u>\$ 67,164,118</u>	<u>\$ 65,091,678</u>	<u>\$ 64,900,534</u>

	<b>Fiscal Year</b>				
	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
Primary government					
Invested in capital assets, net of related debt	\$ 40,582,695	\$ 38,715,589	\$ 36,361,304	\$ 38,506,620	\$ 41,278,632
Restricted	10,715,810	7,978,016	6,221,215	3,649,302	3,712,823
Unrestricted	<u>10,656,309</u>	<u>11,365,266</u>	<u>10,843,049</u>	<u>7,698,500</u>	<u>2,751,204</u>
Total primary government net position	<u>\$ 61,954,814</u>	<u>\$ 58,058,871</u>	<u>\$ 53,425,568</u>	<u>\$ 49,854,422</u>	<u>\$ 47,742,659</u>



**Guadalupe Blanco River Authority**  
**Changes in Net Position**  
**Last Ten Fiscal Years**

<b>Fiscal</b>	<b>Operating</b>	<b>Operating</b>	<b>Operating</b>	<b>Total</b>	<b>Income</b>			<b>Change</b>
<b>Year</b>	<b>Revenues</b>	<b>Expenses</b>	<b>Income</b>	<b>Nonoperating</b>	<b>before Capital</b>	<b>Capital</b>	<b>Deferrals</b>	<b>in Net</b>
				<b>Revenues</b>	<b>Contributions</b>	<b>Contributions</b>		<b>Assets</b>
				<b>(Expenses)</b>	<b>and Deferrals</b>			
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
2013	45,066,266	36,799,250	8,267,016	(5,908,084)	2,358,932	-	2,464,710	4,823,642
2014	47,577,259	36,666,041	10,891,218	(3,743,258)	7,147,960	-	(1,526,940)	5,621,020

## Guadalupe Blanco River Authority

### Operating Revenues by Source Last Ten Fiscal Years

Year	Pollution and Industrial Financing	Power Sales	Water Sales and Lake Operations	Rental, Recreation and Land Use	Waste Water Treatment Services	Laboratory Services	Miscellaneous	Total
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
2013	-	3,548,940	34,252,743	1,127,145	3,649,643	800,922	1,686,873	45,066,266
2014	-	3,032,418	34,316,750	1,151,892	3,830,673	842,643	4,382,883	47,557,259

### Operating Expenses Last Ten Fiscal Years

Year	Personnel Operating Costs	Operating Supplies and Services	Maintenance and Repairs	Depreciation and Amortization	Special Items (a) (b)	Total
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	13,291,466	4,071,712	5,847,241	2,970,725	35,860,671
2013	9,983,897	14,111,633	4,398,941	7,279,816	1,024,963	36,799,250
2014	10,669,145	14,675,651	4,808,404	6,273,761	239,080	36,666,041

(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 through FY 2014 include costs associated with the Whooping Crane Endangered Species Lawsuit.

### Nonoperating Revenue and Expenses Last Ten Fiscal Years

Year	Interest Expense	Investment Income	Grants	Gain (Loss) on Disposal of Capital Assets	Total
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)
2013	(6,711,171)	117,304	681,223	4,560	(5,908,084)
2014	(5,059,003)	276,151	1,030,613	8,981	(3,743,258)

## List of Principal Customers

Guadalupe Valley Electric Cooperative  
 New Braunfels Utilities  
 Coletto Creek Park Customers  
 Lake Wood Recreational Park Customers  
 Nolte Island Park Customers  
 Regional Laboratory Customers  
 Calhoun County Rice Farmers

City of Buda  
 City of Lockhart  
 City of Schertz  
 City of Seguin  
 Cordillera Ranch  
 North Hays County MUD #1  
 Sunfield Municipal Utility District #4  
 Johnson Ranch Municipal Utility District

### POWER SALES & OTHER SERVICES

### WATER SALES CUSTOMERS

Canyon Lake Water Supply Corp.  
 Canyon Regional Water Authority  
 City of Boerne  
 City of Buda  
 City of Fair Oaks Ranch  
 City of Kyle  
 City of Port Lavaca  
 City of San Marcos  
 City of Seguin  
 Coletto Creek Power, LP  
 Cordillera Ranch  
 Crystal Clear Water Supply Corporation  
 Guadalupe Power Partners  
 Hays Energy Limited Partnership  
 Ineos Nitriles Green Lake Plant  
 New Braunfels Utilities  
 San Antonio Water System  
 Springs Hill Water Supply Corporation  
 Sunfield Municipal Utility District #4



### WASTEWATER TREATMENT CUSTOMERS

### WATER TREATMENT CUSTOMERS

Calhoun County Rural Water Corporation  
 City of Boerne  
 City of Buda  
 City of Fair Oaks Ranch  
 City of Kyle  
 City of Lockhart  
 City of Luling  
 City of Port Lavaca  
 City of San Marcos  
 Cordillera Ranch  
 Goforth Special Utility District  
 Port O'Connor Municipal Utility District  
 San Antonio Water System  
 Sunfield Municipal Utility District #4

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

Several GBRA operating divisions are segregated into systems to facilitate cost accounting, internal control, and rate setting. 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 pays the operating and maintenance, debt service, and capital costs of the system. In these systems, revenue is completely dependent upon the number of units sold and no customer year-end adjustment is available. The table below distinguishes the systems according to the type of operations in which they operate:

<b>Budget-to-Actual Operations:</b>	<b>Principal Customers</b>	<b>County</b>
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

<b>Unit of Service Operations:</b>	<b>Principal Customers</b>	<b>County</b>
General Division	GBRA Systems	Guadalupe
Guadalupe Valley Hydroelectric Division	Guadalupe Valley Electric Coop.	Guadalupe/Gonzales
Shadow Creek Wastewater Treatment Plant	Residential Customers	Hays
Canyon Park Wastewater Reclamation System	Residential Customers	Comal
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

**Guadalupe Blanco River Authority**  
**Debt By Type**  
**Last Ten Fiscal Years**

Year	Net Obligations Payable Directly By GBRA		Net Obligations Payable From Revenue Contracts (a)		Pollution Control (b)
	<u>Bonds</u>	<u>Loans</u>	<u>Bonds</u>	<u>Loans</u>	<u>Bonds</u>
2005	\$ 4,085,000	\$ 5,971,257	\$ 136,187,350	\$ 2,902,781	\$ -
2006	3,980,000	11,431,676	132,894,615	2,834,899	-
2007	3,870,000	11,685,249	128,891,929	2,761,382	-
2008	3,755,000	11,076,109	139,522,039	395,467	-
2009	3,630,000	10,845,301	134,602,007	387,356	-
2010	3,500,000	9,981,619	129,899,199	378,910	-
2011	10,122,346	9,362,340	124,789,055	370,115	-
2012	14,108,088	11,337,160	119,930,725	360,998	-
2013	13,453,831	10,583,254	117,364,922	351,463	-
2014	12,784,574	7,682,733	111,208,494	341,534	-

(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.

**Guadalupe Blanco River Authority  
Third Party Debt  
Last Ten Fiscal Years**

**Pollution Control and  
Industrial Development Bonds**

---

<b>Year</b>	
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
2013	40,890,000
2014	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.



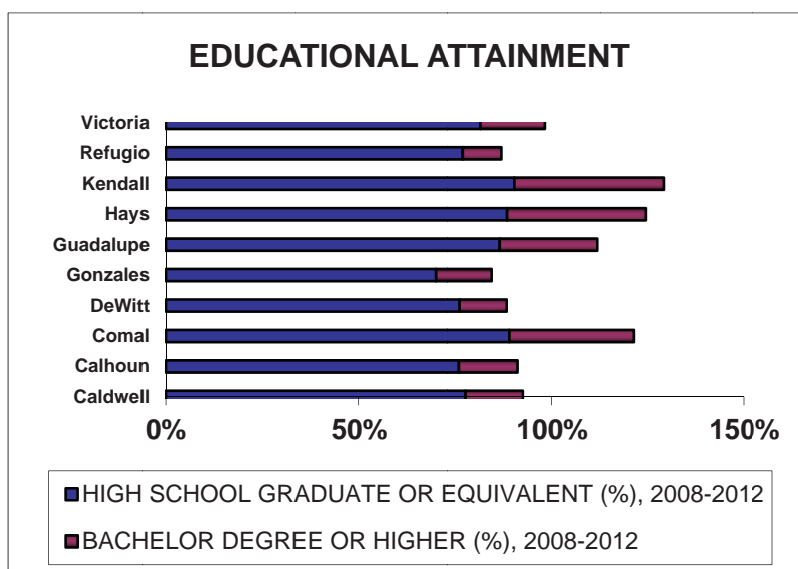
## GBRA District Demographics

GBRA's service area is geographically part of south central Texas. It stretches from the Hill Country through the I-35 Corridor and on to 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.

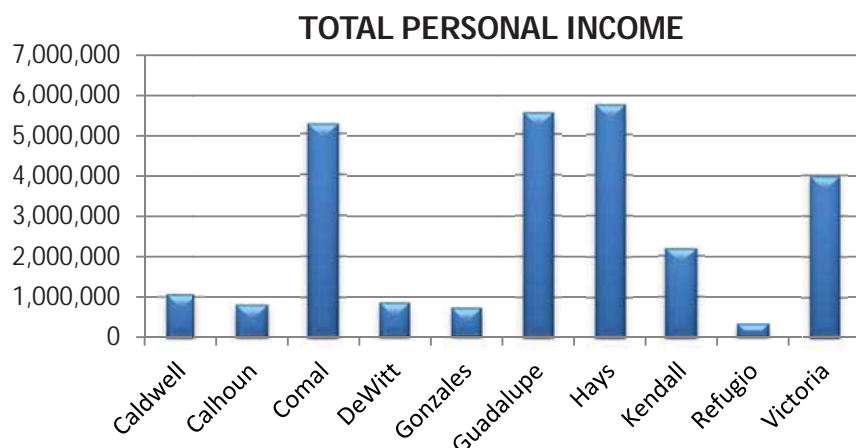
GBRA provides a variety of services to rural water corporations, electric cooperatives, industries and individuals within this ten-county district. The array of services includes water sales and distribution, water treatment, wastewater treatment, hydroelectric generation, laboratory analysis and recreation 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 and the Eagle Ford Shale oil boom. Indicative of the population boom is the fact that the cities of Austin and San Antonio are both listed in the top ten of cities which have grown the most during the last ten years. The graphs below and on the following page portray the population and economic base within GBRA's ten-county district.

COUNTY	HIGH SCHOOL GRADUATE OR EQUIV.	BACHELOR DEGREE OR HIGHER
Caldwell	75%	14%
Calhoun	75%	14%
Comal	89%	32%
DeWitt	74%	12%
Gonzales	67%	15%
Guadalupe	84%	24%
Hays	82%	32%
Kendall	91%	37%
Refugio	72%	11%
Victoria	80%	17%



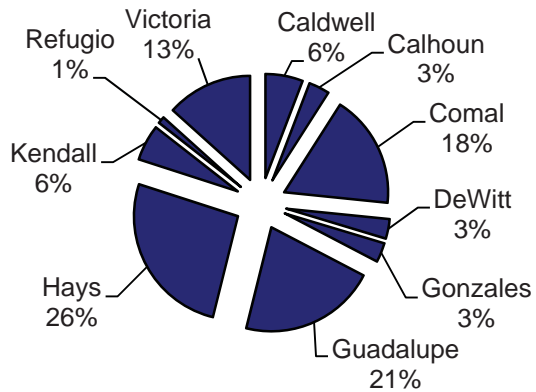
SOURCE: U.S. Census Bureau, 5yr Estimate



SOURCE: Bureau of Economic Analysis 2012

COUNTY	TOTAL PERSONAL INCOME
Hays	5,741,395
Guadalupe	5,534,047
Comal	5,248,803
Victoria	3,984,098
Kendall	2,183,357
Caldwell	1,068,564
Dewitt	830,066
Calhoun	760,130
Gonzales	678,555
Refugio	324,986

### DISTRICT POPULATION BY COUNTY



SOURCE: U.S. Census Bureau, Estimate 2013

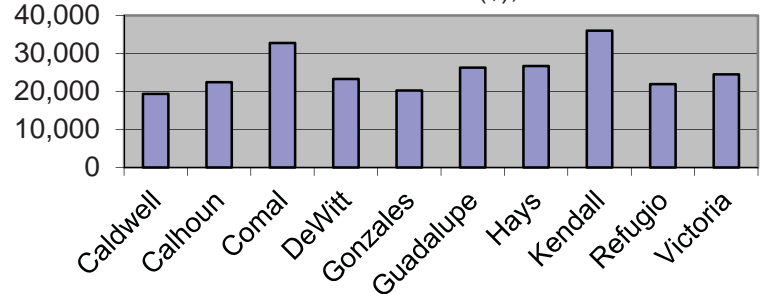
### COUNTY POPULATION

COUNTY	POPULATION
Hays	176,026
Guadalupe	143,183
Comal	118,480
Victoria	90,028
Caldwell	39,232
Kendall	37,766
Calhoun	21,806
DeWitt	20,503
Gonzales	20,312
Refugio	7,305

### COUNTY PER CAPITA INCOME

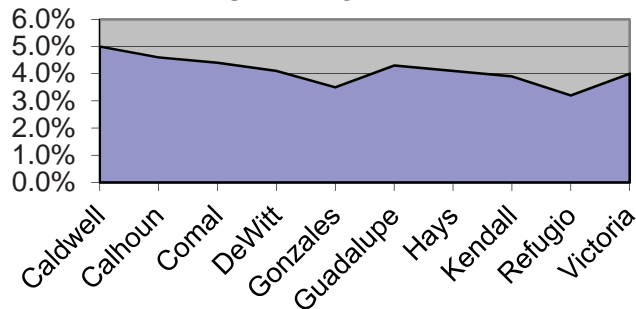
COUNTY	PER CAPITA INCOME
Kendall	35,991
Comal	32,736
Hays	26,662
Guadalupe	26,233
Victoria	24,473
DeWitt	23,281
Calhoun	22,439
Refugio	21,936
Gonzales	20,225
Caldwell	19,368

### PER CAPITA INCOME (\$), 2008-2012



SOURCE: U.S. Census Bureau, 5yr Estimate

### UNEMPLOYMENT RATE



SOURCE: US Dept. of Labor, Bureau of Labor Statistics as of April 2014

### UNEMPLOYMENT

COUNTY	RATE
Comal	4.4%
Caldwell	5.0%
Guadalupe	4.3%
Calhoun	4.6%
Victoria	4.0%
Hays	4.1%
Kendall	3.9%
Gonzales	3.5%
DeWitt	4.1%
Refugio	3.2%
Texas	5.1%
U.S.	6.1%

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

<b>Division</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
General	35.5	35.5	36	38	40	40	41	39	40	39.5
Guadalupe Valley Electric	25	25	25	25	25	25	25	26	26	26
Rural Utilities	5	6	6	7	7	7	7	7	7	7
Water Resources	45.5	45	45	46	51	48	49	49	49.5	51.5
Western Canyon	7	7	8	9	9	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	5
Victoria Regional WWRS	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 Hydroelectric	2	2	2	2	2	2	2	2	2	2
Lockhart WWTP & WTP	11	11	11	11	11	11	11	11	11	11
<b>Total</b>	<b>185</b>	<b>185.5</b>	<b>187</b>	<b>192</b>	<b>199</b>	<b>194</b>	<b>186</b>	<b>176</b>	<b>177.5</b>	<b>180</b>

**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.





This page left intentionally blank.

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**OPERATING STATISTICS**

<b>Operating Statistics:</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Water Treatment Customers:</b>			
Total Water Distributed (Gal.)			
Calhoun County Rural Water Supply Division	76,710,000	75,334,000	62,684,000
Total Water Treated (Gal.)			
CRWA-Hays/Caldwell Water Treatment Plant System	89,818,289	--	--
Lockhart Water Treatment System	557,882,000	581,087,000	479,150,000
Luling Water Treatment Plant Division	470,651,000	802,677,000	651,263,000
Port Lavaca Water Treatment Plant Division	692,600,000	666,085,000	592,510,000
San Marcos Water Treatment Plant System	1,645,448,005	1,711,018,000	2,129,290,000
Western Canyon Water Treatment Plant System	--	1,041,235,000	2,713,775,000
<b>Waste Water Treatment Customers:</b>			
Total Wastewater Treated (Gal.)			
Buda Wastewater Treatment Plant	120,300,000	119,580,000	198,200,000
Crestview Subdivision Wastewater Treatment Plant	2,523,245	2,404,060	3,256,203
Lockhart Wastewater Reclamation System	609,430,000	491,100,000	489,000,000
Rural Utilities Division	153,054,000	149,520,000	190,740,000
Victoria Regional Wastewater Reclamation Division	2,811,000,000	2,741,000,000	2,390,000,000
Village of Wimberley Wastewater Treatment Plant	2,974,000	4,381,000	5,385,000
North Hayes County MUD #1	--	3,641,000	23,790,000
Sunfield Subdivision Wastewater Treatment	--	--	--
<b>Water Sales Customers:</b>			
Rice Irrigation (Acres)			
Calhoun Canal System	2,430	2,634	2,086
Water Delivered (Gal.)			
Guadalupe Power Partners	966,788,000	1,129,607,000	974,680,000
Regional Raw Water Delivery System	2,151,367,000	1,811,222,000	2,129,290,000
<b>Power Sales &amp; Other Services:</b>			
Total Generation (kWh)			
Guadalupe Valley Hydroelectric Division	86,911,400	44,412,900	64,980,700
Canyon Hydroelectric Division	24,371,501	7,906,746	9,102,504
Annual Permits			
Lake Wood Recreation Area	13	23	11
Coleto Creek Regional Park	260	258	274
Camping Permits			
Lake Wood Recreation Area	2,264	3,235	2,112
Coleto Creek Regional Park	11,800	12,554	13,376
Camping Cabins			
Coleto Creek Regional Park	692	664	542
Day Use Permits			
Lake Wood Recreation Area	2,686	2,860	2,164
Coleto Creek Regional Park	16,051	16,378	14,177

FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
75,006,000	87,252,000	71,381,000	91,070,000	92,377,000	81,818,000	75,749,000
--	--	--	--	--	--	--
525,871,000	554,970,000	542,137,000	613,240,000	579,122,000	548,963,000	537,896,000
734,704,000	677,043,000	634,399,000	675,179,000	664,541,000	684,728,000	630,906,000
673,172,000	739,501,000	630,210,000	752,918,000	721,578,000	666,194,000	617,275,000
2,404,842,000	2,773,635,000	2,685,046,000	3,209,012,000	3,324,085,000	3,449,001,000	3,643,600,000
3,648,193,000	3,669,842,000	3,722,663,000	3,446,937,000	3,640,904,000	3,663,286,000	3,587,600,000
243,800,000	273,300,000	339,800,000	331,430,000	376,050,000	363,970,000	479,600,000
2,191,534	2,184,018	3,059,616	2,291,900	2,709,621	2,085,000	1,719,866
447,100,000	380,250,000	465,830,000	429,580,000	453,960,000	395,550,000	413,360,000
168,630,000	168,400,000	239,600,000	195,800,000	186,300,000	186,300,000	199,500,000
2,585,000,000	2,209,000,000	2,579,000,000	819,000,000	--	--	--
3,660,000	4,720,000	3,246,000	4,930,000	1,750,000	--	--
35,570,000	35,980,000	41,010,000	38,160,000	43,000,000	46,700,000	54,790,000
--	--	2,560,000	9,970,000	19,020,000	23,210,000	43,610,000
2,809	2,153	2,177	2,249	1,917	2,306	1,532
1,157,790,000	1,146,655,000	998,991,000	900,513,000	498,819,000	680,145,000	816,222,100
3,274,240,000	2,908,782,000	3,280,168,000	3,336,852,000	4,093,251,000	4,281,180,000	4,295,695,000
66,914,600	25,726,200	71,633,300	42,126,000	31,405,400	23,444,900	18,469,500
19,026,827	2,415,841	17,716,632	7,566,158	--	--	1,599
17	9	18	19	27	30	23
285	252	254	259	309	320	290
2,635	2,995	3,204	4,266	4,914	5,403	4,932
14,594	12,941	12,393	13,133	14,368	14,983	14,697
662	725	717	766	985	1,072	1,009
2,567	2,739	2,776	2,588	2,851	3,080	3,855
16,851	15,139	14,465	16,331	17,503	18,377	16,825



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

		Guadalupe			Port Lavaca	Calhoun	Victoria		Luling			
		Valley	Rural	Water	Water	County	Regional		Water	Canyon		
	General	Hydro	Utilities	Resource	Treatment	Rural Water	Wastewater	Coleto	Treatment	Hydro	Lockhart	
Year	Division	Division	Division	Division	Division	Division	Division	Division	Division	Division	Division	Total
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
2013	130,693	64,722	3,009,652	302,925	48,602	55,143	-	73,240	3,480	-	117,746	3,806,203
2014	122,328	124,095	79,226	208,507	54,346	6,651	-	57,774	5,787	-	-	\$ 658,714

**Schedule of Capital Asset Additions by Classification**  
**Last Ten Fiscal Years**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Land, Water, & Storage Rights	\$ 1,088,461	\$ -	\$ 6,718,880	\$ 99,723	\$ 433,650	\$ -	\$ 7,000,000	\$ 90,058	\$ 151,757	\$ -
Structures & Improve	4,612,873	647,401	99,724,123	2,759,542	15,702,963	1,005,294	3,749,160	242,832	2,993,788	71,179
Specialized Equip	68,966	60,202	110,451	69,706	142,709	63,522	41,246	4,777	42,542	29,452
Auto & Heavy Equip	213,367	195,622	238,477	193,219	248,342	205,812	229,186	190,060	312,585	261,102
Office Furniture & Equip	108,694	94,745	102,270	54,612	121,309	23,902	89,353	29,423	58,612	69,113
Miscellaneous Equip	443,314	95,561	1,099,896	131,337	169,314	326,797	171,895	188,165	246,919	227,867
Total	\$ 6,535,676	\$ 1,093,531	\$ 107,994,097	\$ 3,308,138	\$ 16,818,286	\$ 1,625,327	\$ 11,280,840	\$ 745,315	\$ 3,806,203	\$ 658,713

# **Independent Auditor's Report In Accordance With Government Auditing Standards**

---



This page left intentionally blank.





**ABIP**  
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

1800 St. James Place, Ste. 100 • Houston, TX 77056  
713-954-2002 • Fax 713-954-2022  
4801 NW Loop 410, Ste. 725 • San Antonio, TX 78229  
210-341-2581 • Fax 210-341-2588  
www.abipcpa.com

INDEPENDENT AUDITOR'S 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, in accordance with the 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, the financial statements of Guadalupe-Blanco River Authority, as of and for the years ended August 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise Guadalupe-Blanco River Authority's basic financial statements, and have issued our report thereon dated December 17, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Guadalupe-Blanco River Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Guadalupe-Blanco River Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Guadalupe-Blanco River Authority's internal control.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Guadalupe-Blanco River Authority's financial statements are free from 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*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ABIP, PC

Certified Public Accountants

San Antonio, Texas  
December 17, 2014



# 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.gbira.org>

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

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

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

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

Lockhart Water Treatment Division  
547 Old McMahan Road  
Lockhart, TX 78644  
TEL: (512) 398-3528  
email: [emontana@gbira.org](mailto:emontana@gbira.org)

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

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

Western Canyon Regional Treated  
Water Plant  
4775 South Cranes Mill Road  
Canyon Lake, Texas 78132  
TEL: (830) 885-2639  
FAX: (830) 885-2564  
email: [jrojas@gbira.org](mailto:jrojas@gbira.org)



Guadalupe-Blanco River Authority  
933 E. Court St.  
Seguin, Texas 78155

Change Service Requested

PRST STD  
U.S. POSTAGE PAID  
AUSTIN, TX  
PERMIT NO. 1153

