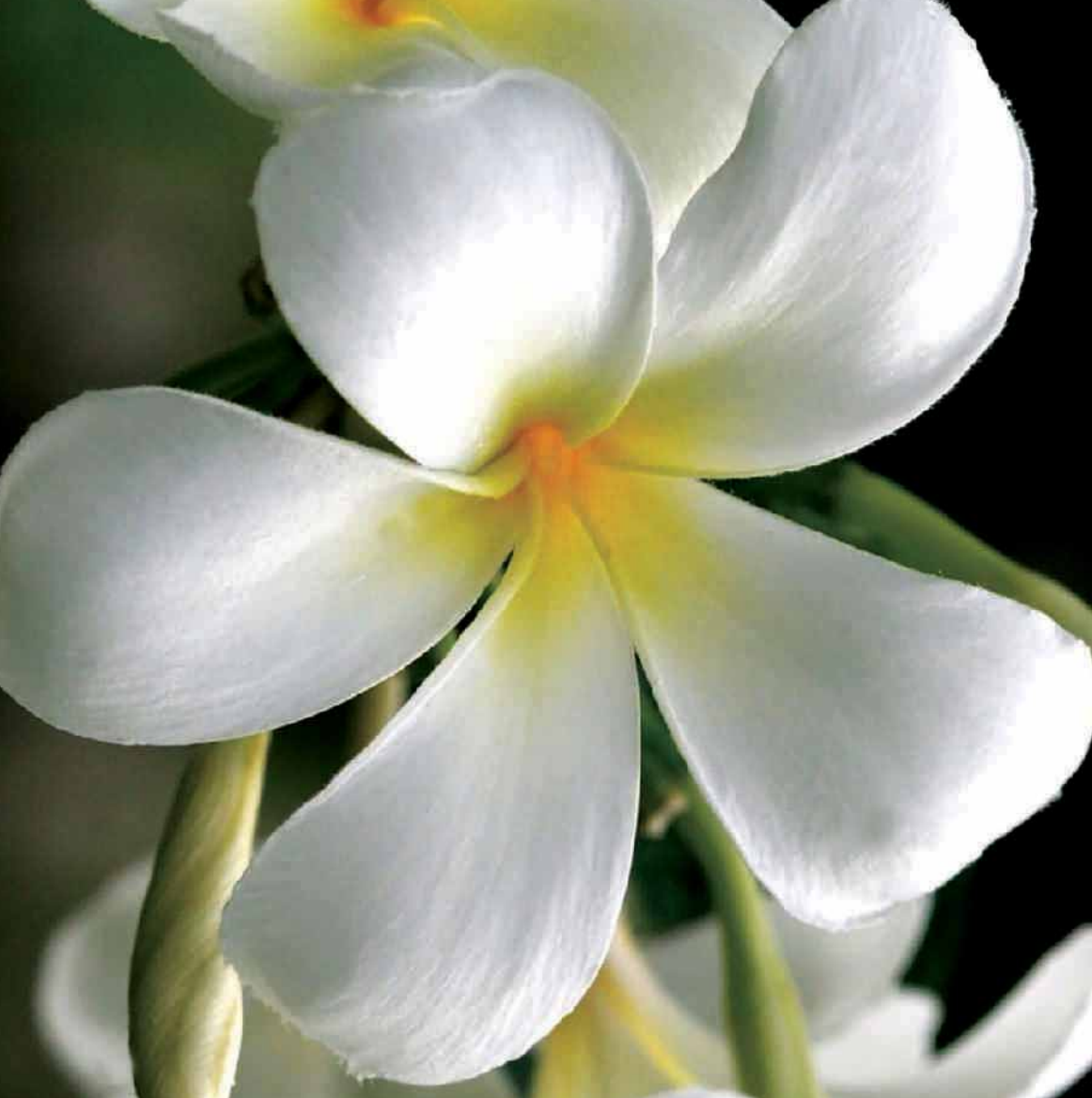




Guadalupe-Blanco
River Authority
of Texas

Comprehensive
Annual Financial
Report

Fiscal Year Ended
August 31, 2016
and 2015



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Guadalupe-Blanco
River Authority
of Texas

Annual Financial
Report

Fiscal Years
Ended August 31,
2016 and 2015

A JOURNEY THROUGH FLORA AND FAUNA OF OUR BASIN

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

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

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of Texas

Comprehensive
Annual Financial Report
for Fiscal Years Ended
August 31, 2016 and 2015

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Guadalupe-Blanco River Authority of Texas

Photo by Janet Thome



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 periodically 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 as well as capital requirements 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.

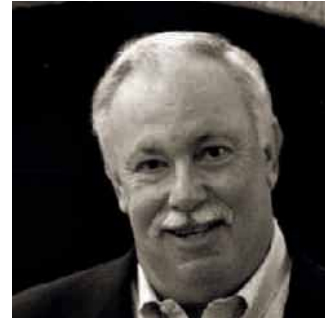
GBRA Board of Directors



Tommy O. Mathews, II, Chair
Kendall County
Appointed 2011, Gov. Rick Perry



Rusty Brockman, Vice Chair
Comal County
Appointed 2011, Gov. Rick Perry



Dennis L. Patillo, Sec.-Treas.
Victoria County
Appointed: 2011, Gov. Rick Perry



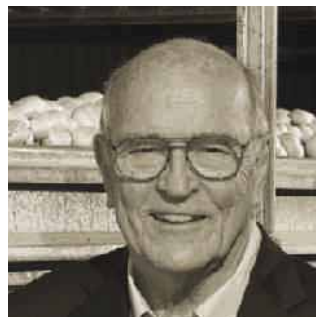
Oscar H. Fogle, Director
Caldwell County
Reappointed 2011, Gov. Rick Perry



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



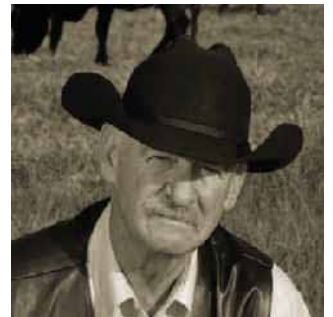
William R. Carbonara, Director
DeWitt County
Appointed: 2013, Gov. Rick Perry



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

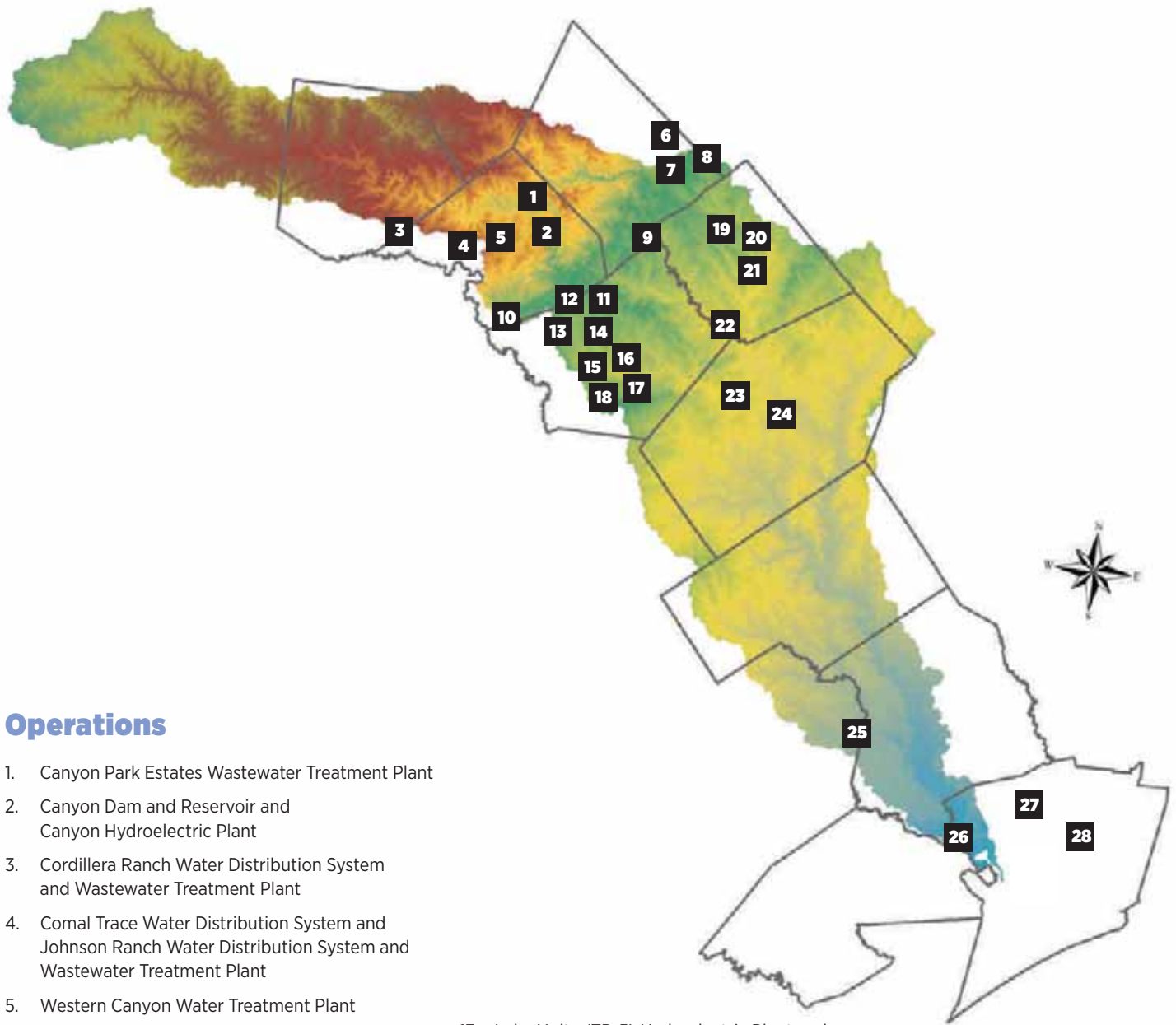


Grace G. Kunde, Director
Guadalupe County
Reappointed: 2009, Gov. Rick Perry



Don B. Meador, Director
Hays County
Appointed: 2013, Gov. Rick Perry

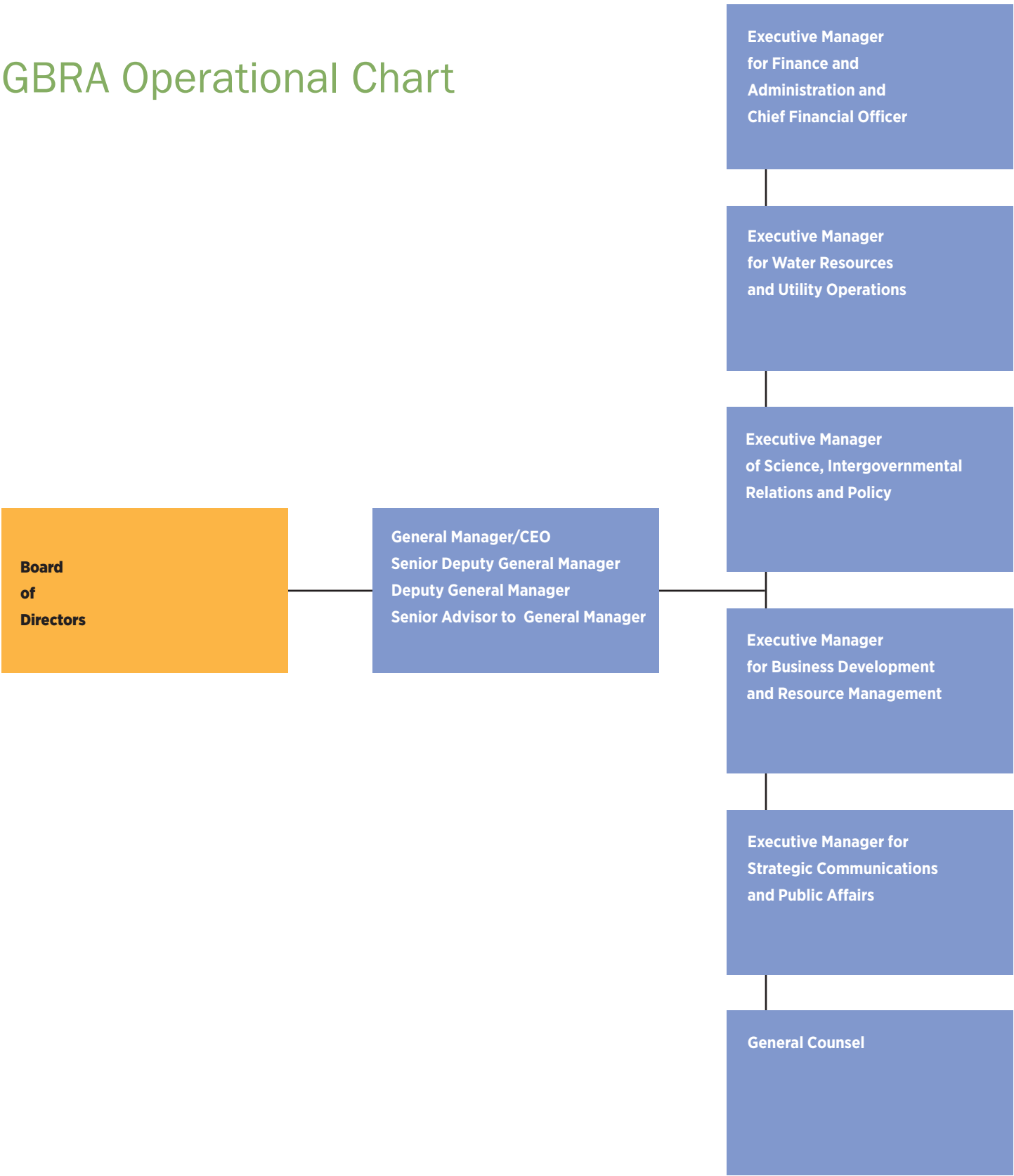
GBRA is governed by nine directors, appointed by the Governor of the State of Texas and confirmed by the Senate. The 10 counties in GBRA's statutory district are represented on a rotating basis. Each director serves a six-year term with three directors appointed or re-appointed every two years.



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. Coletto 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, 2015 – August 31, 2016)

SEPTEMBER 2015

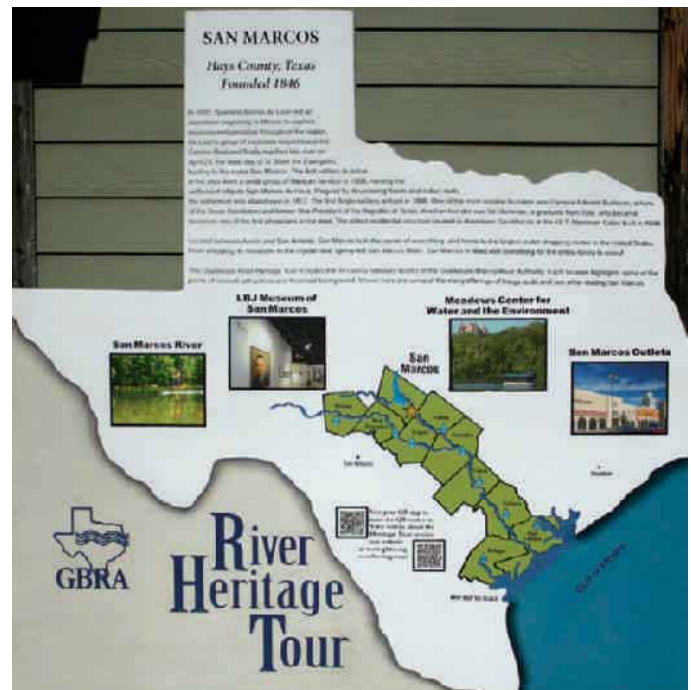
- Bryan Serold, who began his career with the Guadalupe-Blanco River Authority as a land rights agent in 1976, eventually became GBRA's Lower Basin Manager in 1995. He retired in September 2015 after a total of 39 years of service.

- GBRA hydroelectric crews initiated on Sept. 28, 2015, the 4-week schedule for maintenance on the spill gate at Lake Gonzales (H-4). The work performed was routine maintenance.

OCTOBER 2015

- The GBRA began unveiling the kiosks for its River Heritage Tour in each county of its statutory district. Local officials revealed River Heritage Tour kiosks in Boerne, Luling, New Braunfels, Seguin and Victoria on Oct. 13. Kiosks in Cuero and Gonzales were revealed Oct. 14. And, kiosks in Port Lavaca, San Marcos and Refugio were shown Oct. 15.

- The Guadalupe-Blanco River Trust (GBR Trust) Board of Trustees named two staff members to take the reins of the GBR Trust. Todd Votteler, Ph.D., was named to fill the position of Executive Director. Votteler was named the first Executive Director of the GBR Trust in 2001. The GBR Trust Board also appointed Carrie Kasnicka as the organization's new Conservation Director.



- At the end of October 2015, torrential rains and flash flooding struck the Central and South Central Texas region, including the Guadalupe River basin, for the second time in six months. The Blanco, Guadalupe and San Marcos rivers and many of their tributaries all experienced significant flooding. Overall, about 13 inches of rain fell in the area of Travis, Hays, and Caldwell counties and two people died in the flooding.



NOVEMBER 2015

- Results from the city of San Marcos general and special charter amendment election held Nov. 3, 2015, indicated voter approval of a proposition requiring no addition of fluoride to San Marcos municipal water supply. GBRA, as operator of the San Marcos Water Treatment Plant, terminated the practice of adding fluoride to the drinking water treated at the plant in mid-November at the request of city officials.

- A partnership involving the Guadalupe Blanco River Trust (GBR Trust), the U.S. Fish and Wildlife Service (USFWS) and local land owners formed the basis of conservation planning and acquisition of vital habitats for threatened and endangered species in Texas is being supported with a \$316,800 Cooperative Endangered Species Conservation Fund (CESCF) grant. Potential properties are located in Calhoun and Refugio counties and primarily will benefit the whooping crane, Atwater's prairie chicken and northern aplomado falcon.

DECEMBER 2015

- Hydroelectric crew members began adjusting lake levels to perform inspections on the hydro lakes from the flood events that occurred in May and October.

- The GBRA Board of Directors selected officers for the calendar year beginning January 2016. Board members re-elected Tommy Mathews as chairman, Rusty Brockman as vice chairman and Dennis Patillo as secretary/treasurer.

JANUARY 2016

- After lowering hydro lake levels about 4 feet, hydroelectric crews performed inspections during the month of January to determine damages that occurred from flood events in May and October.
- In the spirit of transparency and better serving its constituents, GBRA began 2016 by offering videos of its monthly Board of Directors meetings available online. Audio/visual presentations of the meetings may be accessed from the following link: <http://www.gbra.org/board/meetings.aspx>.
- January marked the tenth anniversary of the start-up of the San Marcos Water Treatment Plant and the GBRA Regional Raw Water Delivery System's service to citizens in the Hays County area.



FEBRUARY 2016

- In a deal designed to pave the way for GBRA officials to fulfill the groundwater component of its Mid-Basin Project, the Board of Directors approved the river authority's purchase of Texas Water Alliance Limited (TWA), from SJW Corp. Their vote provided authorization of the GBRA general manager to execute purchase of the assets and conduct business related to the sale.

- Two entities, GBRA and The Aransas Project (TAP), that spent years in litigation over Guadalupe River water use and how it affects the wintering population of the endangered whooping cranes began finding common ground and announced collaboration on a white paper. This white paper between GBRA and TAP provides a framework to address human and environmental issues for the benefit of the Guadalupe River system, including San Antonio Bay and Estuary, and to seek funding for studies related to this endeavor.

MARCH 2016

- The 31st Annual Great Texas River Clean Up, of which GBRA was an organizer, was held March 5. More than 700 volunteers picked up more than 17,000 pounds of trash and more than 7,000 pounds of recyclables from the upper San Marcos River to Stokes Park, Purgatory Creek, Sink Creek, Sessom Creek, Willow Creek and Cottonwood Creek.
- One of two spill gates at Lake Wood (H-5) malfunctioned during a rain event in March. Hydroelectric crews and structural engineers continue to evaluate potential replacement options, as well as studying all of the aging gates on the hydroelectric system.



APRIL 2016

- In early April, nature organizations participated in the inaugural Nature Fest at Coletto Creek Park. The event included exhibits and activities along the shoreline of Coletto Creek Reservoir to educate participants of all ages about native wildlife and the importance of conservation.



MAY 2016

- On May 21, the communities of Comal County joined GBRA and the U.S. Army Corps of Engineers in the celebration of the 50th Anniversary of Canyon Dam and Reservoir. More than 400 people attended the event.



- After approving a motion in April of appointing Kevin Patteson, former Texas Water Development Board executive administrator, as GBRA's new general manager and chief executive officer, Patteson assumed his duties on May 2. Patteson replaced retiring general manager William "Bill" E. West, Jr.

JUNE 2016

- GBRA's new general manager and CEO Kevin Patteson appointed two new administrators. Darrell Nichols, who was named senior deputy general manager, and Jonathan Stinson, who was named deputy general manager, joined GBRA on June 1.



- Work crews completed an expansion of the Shadow Creek Wastewater Treatment Plant that serves the Shadow Creek Subdivision near Buda, Texas. The Shadow Creek WWTP was expanded from 0.162 million gallons per day (mgd) to 0.372 mgd, and was put into service June 22.
- GBRA water treatment operators temporarily substituted chlorine as the disinfecting agent in the drinking water treatment process in place of its regularly used chlorine/ ammonia compound at the Port Lavaca Water Treatment Plant – a routine process performed from June 20 through July 8.

JULY 2016

- The first in a series of herbicide applications was performed to control the invasive aquatic plant hyacinth at Lake Gonzales (H-4) as part of the GBRA Aquatic Vegetation Monitoring Program. Hyacinth is a bulbous flowering aquatic plant growing in abundance in parts of the Guadalupe River. It is easily spread by clippings that break loose and float downstream or by attaching to boat propellers. The overabundance of hyacinth, particularly along banks and in low-flow areas of the lake, creates a hindrance for boat traffic and recreational use of the water.

AUGUST 2016

- Governor Greg Abbott appointed to the GBRA Board of Directors Ronald J. “Ron” Hermes of Seguin and reappointed Thomas O. “Tommy” Mathews, II, of Boerne and Dennis L. Patillo of Victoria for terms set to expire on Feb. 1, 2021. The board oversees water resources for communities in its 10-county statutory district which begins near the headwaters of the Guadalupe and Blanco rivers, goes on to San Antonio Bay, and includes Kendall, Comal, Hays, Caldwell, Guadalupe, Gonzales, DeWitt, Victoria, Calhoun, and Refugio counties.



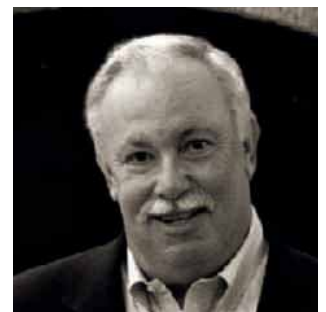
GBRA Photo Archives



Ronald J. Hermes



Thomas O. Mathews, II



Dennis L. Patillo



The Guadalupe River basin includes about 400 miles of stream beginning near Kendall County and crossing through nine more counties before ending near the briny waves of the Gulf Coast. The area includes some impressive gardens and gardeners, because here, people who love digging in the dirt can do it almost all year long.

Given the chance, a Texas gardener taking a river boat trip journey through the basin might jump out numerous times along the way to get a closer look, collect seeds or cuttings, dig a hole, and maybe insert a plant. So, in addition to an overview of GBRA's fiscal well being, think of this report as a gardener's tour of the Guadalupe River basin with a special guide to some of the plants that grow within it. We tried to keep it to 10 great plants, but this proved impossible. Many more are mentioned in our story.

Gardeners do not like bare spots where plants could be growing, and cannot choose one favorite plant. They like to recycle, reclaim, beautify, teach others and learn how to adapt to a climate that is alternately mild and harsh.

Here are some of the stories our readers will enjoy on this gardening tour:

- In the far South Texas counties where the fragrant Plumeria tree is popular, some gardeners dig them out of the ground each November to keep them from freezing and replant them in the spring. One gardener we met gives this treatment to about 20 trees every year.
- In Gonzales County, 1880s-era logging denuded the land of the Guadalupe Black Walnut tree. As a project, master gardeners there work with schoolchildren on a replanting campaign for the gargantuan tree.
- Texas sage holds its position of dominance in manicured Hill Country gardens as well as rough-and-tumble rights-of-way adjacent to major highways. One of the reasons you find this sage almost everywhere in Texas, under many different names, is its ability to thrive even during drought and show its superb strength in 100-degree-plus temperatures.

Consider this introductory section your field guide to the treasures you will find in the Guadalupe River basin.

Thomas O. Mathews, II
Chair, Board of Directors

Kevin Patteson
General Manager/CEO



TEXAS SAGE

Use:

Shrub

Exposure:

Sun

Water use:

Low

Heat, cold tolerance:

High

Blooms:

Purple in summer and fall

Height, width:

8 feet each way

Evergreen:

*Yes; leaves can be fewer
in winter*

Maintenance:

Low to none

Deer resistant:

Yes



GBRA Photo Archive

AT THE MOUTH OF THE BASIN: SAGES AND NOT MUCH SOIL

by Barbara Elmore

Our basin boat tour begins in Hays County with one of the most important plants in Texas—the iconic Texas sage plant. These beauties are what motorists see along highway rights-of-way and in bone-dry fields.

To view an example of this plant, we will hike up a hill in Dripping Springs, to the gardens of Lori Broughton, president of Hays County Master Gardeners.

Her Texas sages, like most of the plants in our tour of the Guadalupe River basin, require little water to thrive. But give this shrub a little humidity and watch the purple blooms pop. Known by the common names of Cenizo, purple sage, barometer bush, ash-bush, Cenicilla and Senisa—to list only a few—the Texas sage’s botanical name is *Leucophyllum frutescens*. People often point to the traditional silver leaf variety when referring to Texas sage, but the “green cloud” version that Broughton planted is another type worth getting excited about. It is hardy, beautiful, and offers a contrast to its silver sister.

Broughton likes this variety’s evergreen advantage because as other perennials disappear at the change of a season or turn into winter sticks, this is a pretty shade of green throughout the year. She also likes that she can trim the plant to stay inside the borders of a confined area, or let it climb taller than a person.

Although resistant to the nibbling of deer, purple sage puts out the welcome mat to bees and butterflies. Broughton likes this plant's performance so much that she planted three. Her first one, in the ground five years, is huge and thriving.

Another version of salvia does well in her landscape: *Salvia farinacea* 'Henry Duelberg', also known as Mealy blue sage or Mealycup sage. This plant is recognized by pollination ecologists as attracting large numbers of native bees, according to the Lady Bird Johnson Wildflower Center in Austin.

"I saw that on the side of the road," Broughton says. "It was thick around an abandoned house. I tried to propagate it but could not."

She found one for sale at a feed store in Wimberley and now enjoys its carefree beauty in her landscape. "I give it a haircut twice a year and it blooms," she says.

She also grows other perennials like *Salvia greggii*, and a spineless cactus with round paddles that she found in Austin. "It is huge and happy and has bright yellow blooms." She grows vegetables, too.

Like other gardeners, Broughton finds the soil of Dripping Springs a challenge. She moved from Houston, where she understood how to plant in gumbo and how to nurture different types of plants. In that more tropical climate, she was able to establish a wildlife habitat in her back yard. In Dripping Springs she grows "a lot of beautiful rocks" in 3 inches of soil. She copes by using a special soil mix for native plants, and by finding the right plants.

She also remembers a long-ago lesson from her gardener parents, who promised her a corn plant (*Dracaena*) if she passed geometry. "They were new and expensive," Broughton recalls of the houseplant. Her parents knew how to bribe her with flowers and started her on a lifelong path.



MEALY BLUE SAGE

Use:

Beds, borders, meadows

Exposure:

Sun

Water use:

Drought tolerant;
avoid planting in wet areas

Heat, cold tolerance:

Tolerates heat

Blooms:

Throughout summer

Height, width:

1-2 feet tall and sprawling

Evergreen:

No

Maintenance:

Prune after flowering to
prevent legginess

Deer resistant:

Yes



GBRA Photo Archives

COWPEN DAISY

Use:

Often grows in disturbed land

Exposure:

Sun

Water use:

Drought tolerant

Heat, cold tolerance:

Tolerates heat

Blooms:

Throughout summer

Height, width:

1-4 feet tall and sprawling

Evergreen:

No

Maintenance:

Minimal

Deer resistant:

Yes



Photo by Janet Thome

If our boat had a seat belt, we would advise buckling up for the next leg of this journey. We are headed to Kendall County, where Cathy Downs does not dawdle in her quest to feed butterflies. When Downs is not in her own garden, she is probably traveling the state telling others the importance of growing plants for butterflies and teaching how to do it. There is lots of work to be done to keep butterflies fed, so walk fast.

As a master naturalist and a conservation specialist for Monarch Watch, a network of students, teachers and others who are dedicated to the study of the Monarch butterfly, Downs keeps her eyes on both annuals and perennials that do well in Comfort.

If she had to choose only one annual, she would plant the Cowpen daisy. She likes that it blooms annually from April to November—meaning that it supplies food for butterflies and bees even in late fall when food supplies might otherwise be scarce—and that it is drought-tolerant.

This plant's botanical name is *Verbesina encelioides*, and some people call it Golden crownbeard or Butter daisy, the latter name likely because of its bright yellow, 2-inch flowers. A bonus, Downs adds, is that deer don't like it. Nor do other four-legged roaming grazers.

Among other perennial favorites in her garden, Downs listed the previously mentioned Mealy blue sage—most of the plants listed here can be found throughout the state—as

DOWN THE RIVER:
COWPEN DAISY
AND GAYFEATHER
BRING IN
BUTTERFLIES

well as a tall, fall-blooming nectar plant called gayfeather, *Liatris spicata*. The showy, stalky, feathery purple blooms on this plant come from the top down instead of from the bottom up.

Gayfeather, which sounds like a party animal, also goes by the common name of Marsh blazing star. Despite the fancy names, this is not a plant to choose for your landscape when it is blooming. That's because if you choose it only for the blooms, you might be disappointed at its appearance after-bloom. Gardeners seem to either love it all of the time, or be surprised by its non-bloom appearance. You can dead-head Gayfeather after it blooms to keep the garden tidy.

Once established, Gayfeather multiplies quickly. Gardeners plant both corms and seed, and report that the corms show a result more quickly.

Like many butterfly plants, Gayfeather offers an equal-opportunity buffet line to bees, and gardeners also note that it is pleasing to rabbits and birds.

For fall-blooming nectar plants, Downs lists among her favorites the Maximillian sunflower and Thoroughwort, also called Boneset. And of course she grows the unusual-looking Antelope horns, the larval host for Monarch butterflies.

Antelope horns, *Asclepias asperula*, are perfect for meadows and fields and they grow wild along roadsides. These plants help Monarchs by encouraging them to lay their eggs in a friendly place. Once the eggs hatch, the babies eat the plant. In this way, Monarchs reproduce. Downs propagates milkweeds from seeds she gathers on her property. The pod looks like an Antelope horn—thus the name.



GBRA Photo Archive



GAYFEATHER

Use:

Prairie plant, along fence lines, in cut-flower gardens

Exposure:

Sun to partial shade

Water use:

Likes moist but not wet soil

Heat-tolerance:

Yes. Bulbs, or corms, cold-tolerant to zone 3

Blooms:

Purple; mid-summer to late fall

Height:

2-6 feet

Evergreen:

No. May take several years to establish

Maintenance:

Minimal but can be dead-headed after bloom

Deer resistant:

Yes



MONTERREY OAK

Use:

Landscape tree

Exposure:

Sun, part shade

Water use:

Drought-tolerant but likes regular watering

Height, width:

Mature trees can be 60 feet wide to 80 feet tall

Evergreen:

Semi-evergreen

Deer resistant:

Few trees are deer-resistant. Protect foliage and bark with cage when tree is young



Now let's head for Gonzales County, where the focus is both on tall and close-to-ground plants. Think trees and roses.

TREES FOR SHADE, ROSES FOR COLOR

Gail Johnson, a past president of Gonzales County Master Gardeners, does not hesitate when asked what she would plant if she were starting with a blank landscape. Her first choice in this part of Texas, where summer heat bakes roofs, ground, people and animals, is a shade tree. Not just any tree will do. She picks a white oak.

Not that Johnson has no white oaks. She does. But she doesn't have as many as she would like, and she believes they are an excellent choice for this neck of the woods and would like to see more.

"The majority of trees in Gonzales County are red oaks, cedar elms and hickory; they are the most common, naturally occurring trees," she says. However, many of them die because of hypoxylon canker, a fungal disease that destroys stressed trees. It is common in oaks and other hardwoods.

Live oak, a popular choice for the landscape, is susceptible to oak wilt, she adds.

Her solution, and that of many other students of horticulture? Diversify the canopy. White oaks are a good

choice because they are resistant to oak wilt and are much more likely to survive it if they get it than are other oaks.

Johnson is partial to the native Monterrey oak, also known as Mexican white oak. Its botanical name is *Quercus polymorpha*. “Some of the white oaks don’t do well here, but the Monterrey does,” she says.

Although her organization, Gonzales Master Gardeners, promotes many other trees on their website, Johnson notes that the group especially like the Guadalupe Black Walnut, “an enormous tree” that was wiped out by logging in the late 1800s. To repopulate the area with this tree, master gardeners teach third graders the history of the tree, what they were used for, the importance of conservation, and the results of species loss.

Members gather nuts capable of germination from the trees still there, and, in the fall, each student plants a nut. Trees that come up are kept in a greenhouse where the students can visit them. “The following year, the students return as fourth graders and help to distribute and plant their trees,” according to the website of Gonzales Master Gardeners. “We hope our children will someday be able to tell their children how they each helped to make the black walnut common in Gonzales County once again.

Before departing from the subject of trees, Johnson offers this advice: plant native trees and buy them locally.

And now for another plant that Johnson recommends—roses. Specifically, she likes Earth-Kind rose cultivars that Texas AgriLife Extension Service selects based on rose-garden research. These shrubs are normally disease-free, pest-free, and require little, if any, chemical rescue.

For a pink rose, she likes Belinda’s Dream, the first rose to be designated an Earth-Kind cultivar. She favors its “huge, pink tea rose-shaped blossom.”

For those who prefer a yellow rose, Johnson recommends the Nacogdoches rose, also known as “Grandma’s Yellow” rose. This repeat bloomer is not an Earth-Kind rose but it is a Texas Superstar plant, given that designation after research on its toughness, reliability, disease-resistance and appearance.

BELINDA’S DREAM ROSE

Use:

Shrub, containers, cut-flower garden

Exposure:

Full sun

Water use:

Moist until established (about a month). Average water needs afterward

Heat, cold tolerance:

Hardy zones 5-9

Blooms:

Regular blooms spring, summer, fall

Height, width:

5 feet by 5 feet

Evergreen:

Semi-evergreen

Maintenance:

Light pruning improves appearance

Deer resistant:

No



GBRA Photo Archive



NACOGDOCHES ROSE/ GRANDMA'S YELLOW ROSE

Use:

Shrub, low hedge, cut-flower garden

Exposure:

Full sun for 6 hours daily

Water use:

Regular watering best

Heat, cold tolerant:

Likes Texas heat; needs cold protection zones 6 and lower

Blooms:

Repeated throughout summer

Height, width:

3 feet wide, 5 feet tall

Evergreen:

Semi-evergreen

Maintenance:

Pruning and fertilizing recommended

Deer resistant:

No



Photo by Janet Thome

The lower basin has the advantage of moderate winter temperatures.

Translation: Perennials that die back in late fall or winter on the upper part of the Guadalupe River basin are often thriving here. The disadvantage is that so many plants do well here, picking one or two favorites becomes more difficult.

But truthfully, picking one or two favorite plants is difficult anywhere. So in Victoria, as in other parts of the basin, we asked for a favorite or two, and then asked for other good plants.

Pat Plowman is a member of Victoria County Master Gardeners, and she was on the original team that planned and planted Victoria County's demonstration gardens, an ambitious project spanning more than a decade. This amazing group of gardens was planted in phases, and now is known as Victoria Educational Gardens, or VEG. If you visit, be sure to plan at least an hour to look around—more if you are a reader of signs and labels.

The VEG includes all types of gardens for children and adults and demonstrates best practices for planting everything from turf grasses to water lily ponds. The VEG's location is at an old air base with an officers' club in the middle. Even the swimming pool at the club was put to good use. "That's where our tropical garden and water garden are," Plowman says.

DOWN SOUTH HAS ITS ADVANTAGES

Plowman chooses the showy, yellow-blooming Esperanza, also called Yellow Bells, as the plant she would grow if she could choose only one. Its botanical name is *Tecoma stans*. “You cut them down and they are back in three or four months,” she says. She also is sold on the bright color this plant offers the garden, and the butterflies it lures in.

Lady Bird Johnson Wildflower Center in Austin notes that this plant appears “from south Texas west to Arizona and south through Mexico and Central America to South America as far as northern Argentina, as well as in southern Florida south through much of the Caribbean.”

If you can, try to find *Tecoma stans* var. *angustata*, which is shorter, more drought-tolerant, and more cold-tolerant than some of the tropical varieties sold in nurseries.

Running close second and third on Plowman’s list are Firebush and Mexican bush sage.

Firebush, *Hamelia patens*, is a tropical shrub that also can be cut down in early spring for a return in a few months, with its red, tube-shaped flowers followed by berries. Mexican bush sage, *Salvia leucantha*, produces flowers from late summer into fall, and is especially showy in the garden in the later months of the year. It attracts butterflies and hummingbirds.

Plowman spoke of one more tropical plant that is popular in the lower basin and even in temperatures that are not gentle in the winter. More about that on the final leg of our paddle down the river.



GBRA Photo Archive



FIREBUSH

Use:

Shrub, containers, small tree

Exposure:

Sun to partial shade;
blooms better in sun

Water use:

Drought-tolerant once established

Heat, cold tolerance:

Loves heat; consider it an annual
from Central Texas northward

Blooms:

Bright red and tubular, June
through November

Height, width:

5 feet wide, 3 to 5 feet tall as a
perennial; smaller as annual

Evergreen:

No

Maintenance:

Prune to shape

Deer resistant:

No

PLUMERIA

Use:

*Landscape tree, containers,
cut-flower gardens*

Exposure:

Sun

Water use:

*Water regularly when soil is dry. Take
care not to overwater container plants.
Needs no water when dormant*

Heat, cold tolerance:

Loves the heat; protect in winter.

Blooms:

*Summer; may take a couple of years for
new Plumeria
to bloom*

Height, width:

*Small tree size in the ground; will grow
to the size of pot in container*

Evergreen:

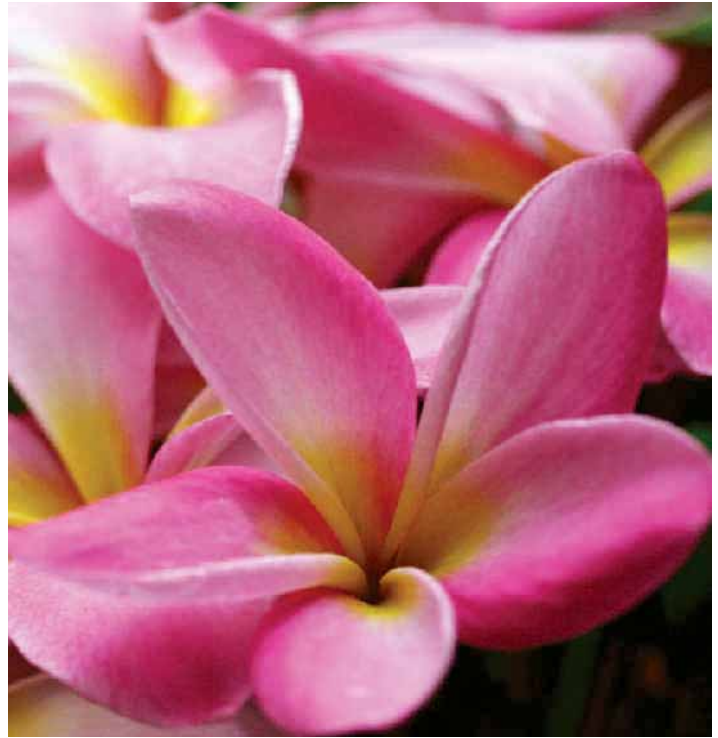
No.

Maintenance:

*Fertilize regularly during growing
season with water-soluble fertilizer.
Prune for size control*

Deer resistant:

Yes.



Now for the tree with a common name that sounds like dessert: Frangipani. That's because it is dessert. It's a tree, too, but there is a Frangipani cake, a confection that might include almonds or pecans. Depending on the recipe, the cake could also include vanilla and coconut.

Hungry yet? Just wait until you catch the scent of a luscious Plumeria.

Gardeners in Texas love Plumerias. And they have to love them to grow them, because these tropicals require a little more care than the ubiquitous Texas sage. We'll get to the care in a moment, but first: Plumerias are the tree that Hawaii made famous by using its flowers in the island's welcoming leis. The flowers offer many colors and scents.

People who love Plumerias live all over the world. And some Texas gardeners like the tree so much that they are willing, each winter, to save them from the elements (even in South Texas) by digging them up and putting them in storage until the following spring. That is because this tree of the tropics does not like a bit of cold weather.

Every year, John Balcar, a master gardener on the Texas coast, stores his 15 to 20 Plumeria plants indoors. This is a practice adopted by some Victoria gardeners too, says Pat Plowman. They are less trouble when planted in a pot, she adds. Balcar agrees. Some of his are in pots, and some are planted directly into the ground.

THE INTERNATIONAL LANGUAGE OF PLUMERIA

But are they easy to grow and maintain? “If you follow the instructions, they are not difficult to grow,” says Balcar. “Most of mine are in the ground and I dig them up.” Each fall, he cuts off the leaves, bare roots the trees, and stores the plants in a dark room because they don’t need light in the winter. “In November I bring them in, and I bring them out the first part of April.”

Balcar’s romance with Plumeria trees began when his wife, also a gardener, bought one with red blooms at a nursery. He joined the Plumeria Society of South Texas. Then he and other gardeners began trading. That was in 1994.

Now that he knows his Plumeria trees, he teaches other how to graft and prune them. The tree’s bloom can be 1 to 5 inches wide, he says, and different varieties offer different scents. “Sixty percent have a scent. Some smell like peaches,” he adds. Others might smell like vanilla. Think of a delightful scent and a Plumeria with that aroma probably exists.

Balcar plants his cuttings in a mixture of one-third potting soil, one-third sand and one-third mulch. “Cut off the limbs and just plant a stick.” Then exercise patience. “If it takes, it will shoot out new leaves in three to six months.” Plumerias also grow from seed.



GBRA Photo Archive



MEXICAN BUSH SAGE

Use:

Shrub

Exposure:

Sun

Water use:

Drought-tolerant but does need water

Heat, cold tolerance:

Tolerates heat well and hardy in some areas in winter, if mulched

Blooms:

Fall

Height, width:

3 feet wide, 5 feet tall

Evergreen:

Depends on area

Maintenance:

Little to none; prune in fall or spring, depending on area

Deer resistant:

Yes



Photo by Janet Thome

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, 2015

A handwritten signature in dark ink, reading 'Jeffrey R. Emer'. The signature is written in a cursive, flowing style.

Executive Director/CEO



December 14, 2016

The Honorable Tommy Mathews, Chair
and Members of the Board of Directors

Dear Chair Mathews and Directors,

The Comprehensive Annual Financial Report (CAFR) of the Guadalupe-Blanco River Authority (GBRA) for the fiscal year ended August 31, 2016, 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 assertion 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 2016. 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 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 retail, treated water delivery and wastewater treatment systems in Comal County. Included within these Comal County operations are the Comal Trace, Johnson Ranch, and Cordillera real estate developments and starting in FY 2015, the Singing Hills Wastewater Plant on behalf of the City of Bulverde.

GBRA’s *Port Lavaca Water Treatment Plant Division* operates and maintains a water treatment plant that supplies treated water to the City of Port Lavaca, the Calhoun County Rural Water Supply System, and the Port O’Connor Improvement District (ID). 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 ID.

The *Calhoun County Rural Water Supply Division* began in 1974 and currently operates and maintains a treated water distribution system to supply approximately 1,407 homes and businesses located throughout a large portion 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.

The position responsible for managing all of these Divisions is the GBRA General Manager/CEO. After twenty-two years in that position, William E. (Bill) West retired on September 30, 2016. Prior to Mr. West's retirement, the GBRA Board of Directors selected Mr. Jason K. (Kevin) Patteson as GBRA's new General Manager/CEO. With extensive experience in state government as well as state water financing and policy matters, Mr. Patteson is well suited to fortifying GBRA's regional partnerships while continuing a history of operational excellence.

ECONOMIC CONDITION AND OUTLOOK

The Texas Economy. The economy of the State of Texas is diverse and while it is not quite as dynamic as it was during the oil boom of the recent past, it is proving once again to be very resilient. Perhaps that should surprise no one given the State's physical size; the oil and gas deposits that abound in the State; the large trading, transportation, and educational metropolises that are scattered throughout the State; and the deep water ports located along the Texas Gulf Coast.

The population growth within Texas continues to outpace the national average. Eight of the top twenty counties in the United States with the most year-over-year population gain are located in Texas. These include the counties that Houston, Dallas, San Antonio, and Austin are located in as well as other counties just north and south of Austin. In addition to some of the State's attributes listed above, other reasons for this pace of growth are a diverse labor market, "corporate-friendly" tax structure, and affordable housing. According to Dr. Ray Perryman, noted Baylor University economist, the number of jobs within the State will grow by 11.07% over the next 5 years as compared to a projected growth of 8.68% for the remainder of the country. Similarly, total output is expected to grow by 22.55% during the same time period while the output of the country at large is projected to grow by only 16.86%. At least one additional factor that is seen as continuing growth in population and output is the recent lifting of the national ban on crude oil exports. In response to this regulatory change, a number of new facilities are being constructed along the Texas Gulf Coast in close proximity to the Eagle Ford Shale oil discovery in order to more easily and cost effectively provide access for this oil to foreign markets.

Reports and data produced by Texas Comptroller of Public Accounts shows the State's economic boom cooled somewhat following the dramatic decrease in the price of crude oil. Comptroller Glenn Hegar's Fiscal Notes State Revenue Watch for October 2016 shows a decline in year-over-year sales tax collections of 3.91% and the tax on natural gas production of 14.66%. Nevertheless, once again the State's resiliency is attested to by the fact that total state revenue benefited from an overall 13.18% increase during the same period.

Over the last decade, the State has seen more drought years than years with average or above average rainfall. During 2011, for all practical purposes a drought covered the western two-thirds of the State and rainfall records were in many cases the lowest in recorded history. Then in calendar years 2012, 2013 and 2014, rainfall became more plentiful and ground moisture had recovered to some degree, however rainfall did not appreciably change the low conversation storage in the State's water supply reservoirs. Several reservoirs, principally in West Texas, had less than 5% of capacity remaining behind

the dam. This caused agricultural losses which when coupled with losses in agricultural support industries were in the billions of dollars. Fortunately, due to the effects of El Nino, rainfall during 2015 and 2016 has resulted in reservoirs recovering to full or nearly full levels for much of the State. While this is a welcome change, the State as well as various regional water providers, have recognized the need to implement additional water management strategies identified in the State's regional water planning process.

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 Highway 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 regional economy to be among the State's growth leaders and outpace the national economy. For reporting purposes, the State Comptroller places most of the GBRA service area into the Alamo Region. The counties in and around the Cities of San Antonio and Austin are the most populous of this area.

The northern region of the GBRA district is lies between the Austin and San Antonio Metropolitan Statistical Areas (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. Consistent with the exceptional growth of its larger neighbors, the City of San Marcos has been named by Forbes magazine as "America's Next Metropolis". Forbes cites the astounding 37% growth rate as the reason for its declaration as well as the recent construction of Amazon's newest distribution center in San Marcos.

Another noteworthy growth factor for the local economy has been the oil and gas exploration boom related to the Eagle Ford Shale discovery over the last decade. This formation stretches across 23 Texas counties and two of those counties, Gonzales and DeWitt, are located in the middle stretch of the GBRA district. The impact of this discovery is still evident but due to the drop in global oil prices, the \$61 billion per year economic impact this discovery has produced in previous years has diminished somewhat. Nevertheless, the economic ripple effects can be seen in everything from new housing to new commercial developments. 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 and Continental Automotive which in the aggregate have invested \$459 million and brought in over 2,000 jobs. Further south in GBRA's district lies the City of Victoria. With its location near the Texas Gulf Coast, the Eagle Ford oil discovery, and a number of large petrochemical plants within a 30 mile radius, the City of Victoria is an economic standout. In fact, according to the Milken Institute's 2014 report entitled "2014 Best Performing Cities: Where America's Jobs Are Created and Sustained", the City of Victoria was ranked number three in the country. Within an easy commute from Victoria, just south in Calhoun County, Formosa Plastics is in the process of expanding its petrochemical plant by more than \$1 billion which should further continue the area's economic expansion and job growth.

To continue these results and economic positioning for years into the future, 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 developing 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 2016, is the provision of ample water resources for the Guadalupe River Basin along with the planning that is necessary to permit, finance,

construct and commit 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 the region diligently monitor the use of water from the Edwards Aquifer to ensure that the goals of the HCP are met. Throughout Fiscal Year 2016, GBRA's staff was actively exploring future water supply projects including both groundwater and surface water sources. GBRA's principal 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 make available as much as 75,000 – 85,000 acre-feet of new water supplies for Guadalupe River basin constituents.

Still another major initiative that GBRA participated in during the recent past including Fiscal Year 2016 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 have been affected by this suit, GBRA sought and was granted intervention into the suit on the side of the TCEQ. While the case was ultimately decided in favor of the State and GBRA, during calendar year 2016, GBRA and the plaintiffs collaborated on a "White Paper" to identify what steps may be taken in the future to better assure sufficient water for people as well as the cranes and environment. Fortunately, the current number of whooping cranes is at its highest level since recovery efforts began fifty years ago giving all the parties in the case some time to develop this initiative.

From an operational perspective, in many respects Fiscal Year 2016 was reasonably routine. No major hurricanes impacted the Texas Gulf Coast although the Guadalupe River Basin did experience some flooding during 2016. Substantive damage was sustained by residents living along the banks of the Blanco River and further downstream on the San Marcos River, while GBRA also suffered damage to one of its Lake Wood hydroelectric dam spillgates. The means to repair or replace this spillgate is currently being reviewed by GBRA's engineering staff. Also resulting from these floods, GBRA is participating with local residents, county officials, and the federal government to clean up residual debris piles and log jams along the river.

For the Future. As noted above, GBRA's efforts to ensure 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 was 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 fifty-year 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 group 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 in the Gonzales County area of GBRA's district. It is incumbent on both GBRA and the 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 population of the Guadalupe River Basin.

In addition to the effort focused on future water supply alternatives, GBRA also worked to ensure 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 ensure the Edwards aquifer was managed effectively and in accordance with state law thereby ensuring adequate springflow into the Guadalupe and San Marcos Rivers.

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 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 46 through 50, GBRA continues to meet its responsibility for sound financial management. GBRA recommends readers pay close attention to 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, mitigate 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 issuances that are of a regional, multi-customer nature. This coverage factor has allowed GBRA to expand its financial reserves and position the organization to better assimilate the monetary impacts of natural disasters, unscheduled repair projects, and any 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 flood 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 2016 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, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

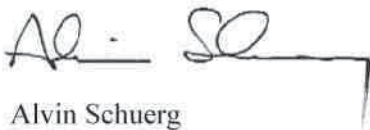
In order to be awarded a Certificate, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such a CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. GBRA has received a Certificate for the last 42 consecutive fiscal years (1973-2015). 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,



Kevin Patteson
General Manager/CEO



Alvin Schuerg
Senior Advisor to the GM



Cindy Demers
Executive Manager of Finance and Administration/CFO

Financial Section

Independent Auditor's Report

To the Board of Directors
Guadalupe-Blanco River Authority

We have audited the accompanying financial statements of Guadalupe-Blanco River Authority as of and for the years ended August 31, 2016 and 2015, 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, 2016 and 2015, 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, the schedule of changes in the net pension liability and related ratios, and schedule of employer contributions on pages 38-42 and 68-70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The other supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 supplemental 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 14, 2016, 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 14, 2016

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 2016, 2015 and 2014 respectively, Assets and Deferred Outflows of Resources exceeded Liabilities and Deferred Inflows of Resources by \$80,257,492; \$74,519,264; and \$77,327,958. Between August 31, 2014 and August 31, 2016, Net Position amounts have increased \$2,929,534 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 that have averaged

\$5,383,066 per year during the period. This has been further manifested in an increase of \$4,732,084 in Cash, Cash Equivalents, and Unrestricted Investments during the period. The Cash and Unrestricted Investment increase is principally reflected in the 2014 – 2016 increase in Other Assets – Investments Unrestricted of \$5,533,904. Another noteworthy item for the three year period relates to the changing pension plan reporting requirements. Starting in 2015, GASB Statement 68 requires that governmental organizations recognize in their financial statements any Unfunded Actuarial Accrued Liability associated with a defined benefit pension plan. The net result of this altered accounting includes recording in FY 2016 and 2015 respectively, a Net Pension Liability of \$6,588,043 and \$4,320,626. Disclosure requirements that further explain GBRA's pension plan and the requirements of GASB 68 are found in Footnote C. GBRA emphasizes that despite the financial statement consequences of these altered Pension Plan accounting requirements, GBRA's operations and their financial statement impacts has been positive over the period herein presented as previously stated. The following table presents a Condensed Statement of Net Position for August 31, 2016, 2015 and 2014:

GUADALUPE-BLANCO RIVER AUTHORITY			
STATEMENT OF NET POSITION			
AUGUST 31, 2016, 2015, AND 2014			
ASSETS	2016	2015	2014
Current Assets			
Unrestricted Assets	\$ 18,577,210	\$ 20,117,330	\$ 19,238,562
Restricted Assets	10,334,471	6,413,173	8,844,443
Long-Term Assets			
Restricted Assets	2,983,782	3,936,693	1,457,881
Capital Assets	165,632,254	169,048,256	173,439,744
Other Assets	20,446,470	15,217,372	18,093,797
Total Assets	217,974,187	214,732,824	221,074,427
DEFERRED OUTFLOWS OF RESOURCES	3,834,731	2,323,333	185,270
Total Assets and Deferred Outflows of Resources	\$ 221,808,918	\$ 217,056,157	\$ 221,259,697
LIABILITIES AND NET POSITION			
Current Liabilities			
Payable from Current Assets	\$ 4,140,103	\$ 3,568,271	\$ 3,970,464
Payable from Restricted Assets	6,412,616	7,299,682	6,627,639
Long-Term Liabilities			
Bonds and Loans Payable	114,754,269	118,960,641	126,102,151
Advances for Operations	521,038	417,875	404,415
Net Pension Liability	6,588,043	4,320,626	-
Total Liabilities	132,416,069	134,567,095	137,104,669
DEFERRED INFLOWS OF RESOURCES	9,135,357	7,969,798	6,827,070
NET POSITION			
Net Investments in Capital Assets	\$ 45,212,346	\$ 43,492,246	\$ 41,302,982
Restricted for Debt Service	4,732,175	6,916,028	6,874,088
Restricted for Insurance	1,300,517	1,184,715	1,173,475
Unrestricted	29,012,454	22,926,275	27,977,413
Total Net Position	80,257,492	74,519,264	77,327,958
Total Liabilities, Deferred Inflows and Net Position	\$ 221,808,918	\$ 217,056,157	\$ 221,259,697

The Total Net Position amount in the above statement is subdivided into an Unrestricted Net Position amount, two Restricted Net Positions amounts, and a final amount described as Net Investments in Capital Assets. The two restricted Net Position subcomponents include 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, 2016, 2015 and 2014:

GUADALUPE-BLANCO RIVER AUTHORITY			
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION			
FISCAL YEARS ENDED AUGUST 31, 2016, 2015, AND 2014			
REVENUE	2016	2015	2014
Program Revenues			
General Operating	\$ 3,044,658	\$ 2,794,114	\$ 2,580,205
Recreation and Land Use	1,661,061	1,717,763	1,836,589
Hydroelectric Generation	4,208,761	2,958,807	3,083,595
Water Treatment & Distribution	38,115,128	37,811,058	36,132,532
Waste Water Treatment	6,130,200	4,364,064	6,501,512
Interfund Eliminations	(2,943,855)	(2,788,639)	(2,577,174)
Total Revenues	<u>50,215,953</u>	<u>46,857,167</u>	<u>47,557,259</u>
EXPENSES			
Program Expenses			
General Operating	3,095,963	2,417,356	2,593,001
Recreation and Land Use	1,654,519	1,730,238	1,826,699
Hydroelectric Generation	4,213,145	4,048,269	3,905,024
Water Treatment & Distribution	29,022,026	26,858,363	26,515,464
Waste Water Treatment	5,702,320	4,850,971	4,163,947
Interfund Eliminations	(2,943,855)	(2,788,639)	(2,577,174)
Total Expenses	<u>40,744,118</u>	<u>37,116,558</u>	<u>36,426,961</u>
NON OPERATING REVENUES (EXPENSES)			
Grant Income	1,531,700	891,457	1,030,613
Investment Income	365,520	124,228	276,151
Gain (Loss) on Disposal of Capital Assets	8,594	17,392	8,981
Interest Expense	(4,387,175)	(4,553,127)	(5,059,003)
Total Non Operating Revenues (Expenses)	<u>(2,481,361)</u>	<u>(3,520,050)</u>	<u>(3,743,258)</u>
Net Income Before Recognition of Deferrals	6,990,474	6,220,559	7,387,040
Costs (Revenue) to be Recognized in Future Years	<u>(1,252,246)</u>	<u>(1,209,707)</u>	<u>(1,526,940)</u>
Income Before Special Items	5,738,228	5,010,852	5,860,100
SPECIAL ITEMS			
Costs for the Whooping Crane Endangered Species Lawsuit	-	(220,901)	(239,080)
Change in Net Position	<u>5,738,228</u>	<u>4,789,951</u>	<u>5,621,020</u>
Net Position September 1, 2015 and 2014 and 2013	74,519,264	69,729,313	71,706,938
Net Position August 31, 2016 and 2015 and 2014	<u>\$ 80,257,492</u>	<u>\$ 74,519,264</u>	<u>\$ 77,327,958</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 2016, 2015, and 2014 increases in Net Position are \$5,738,228; \$4,789,951; and \$5,621,020. 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.

Contributing to the increase in Net Position was an increase in Program Revenues between FY 2014 and FY 2016 of approximately \$2.7M and an increase in Non-Operating Revenues of \$590,069 which was

adequate to offset the \$3.6M increase in Program Expenses and Interest Expense. 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 reduction interest expense through the amortization and periodic refunding of long-term debt.

Capital Asset and Long-Term Debt Activity

As of August 31, 2016, 2015, and 2014 respectively, GBRA's total investment in Long-Term Capital Assets net of depreciation were \$165,632,254; \$169,048,256; and \$173,439,744. 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 \$7,807,490 during period FY 2014-2016. The principal reason for this asset decrease 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, 2014, 2015, and 2016 respectively were \$117,000,000; \$111,815,000; and \$108,465,000. Between Fiscal Years 2014 and 2016, revenue bonds outstanding decreased by a net amount of \$8,535,000. During FY 2016, GBRA did issue \$2,000,000 in new revenue bonds to fund new water supply studies however this amount was more than offset by the annual principal repayment on existing GBRA bond issues as well as the refunding or replacement of other bond issues.

GBRA's long-term loans outstanding as of fiscal year end 2014, 2015 and 2016 respectively amounted to \$8,024,267; \$7,294,084; and \$6,054,591. 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.

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 20 years old. Additionally, this equipment is subject to an 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. The funding deficiency has been the result of the reduction in Hydroelectric Power Sales Revenue because of drought conditions in 4 out of the last 7 years as well as a general impediment to increased hydroelectric energy charges due to a stable wholesale electric market.

Other Potentially Significant Matters

The GBRA Board of Directors established on October 1, 2016 a rate of \$142 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.

GUADALUPE-BLANCO RIVER AUTHORITY
STATEMENT OF NET POSITION

AUGUST 31, 2016 AND 2015

ASSETS AND DEFERRED OUTFLOWS	2016	2015
CURRENT ASSETS		
Unrestricted Assets		
Cash and Cash Equivalents	\$ 8,384,471	\$ 10,567,257
Investments-Unrestricted	7,140,096	6,421,372
Interest Receivable.....	87,161	56,565
Accounts Receivable-Operating.....	2,494,546	2,557,977
Other Current Assets.....	470,936	514,159
Total Unrestricted Assets.....	18,577,210	20,117,330
Restricted Assets		
Cash and Cash Equivalents	7,643,028	3,937,416
Investments-Restricted	2,655,467	2,445,791
Interest Receivable.....	35,976	29,966
Total Restricted Assets.....	10,334,471	6,413,173
Total Current Assets.....	28,911,681	26,530,503
LONG-TERM ASSETS		
Restricted Assets		
Investments-Restricted	2,983,782	3,936,693
Total Restricted Assets.....	2,983,782	3,936,693
Capital Assets		
Land, Water and Storage Rights.....	35,538,587	35,538,587
Dams, Plants and Equipment.....	212,374,711	211,433,931
Construction In Progress.....	1,293,941	165,344
Less Accumulated Depreciation.....	(83,574,985)	(78,089,606)
Total Capital Assets.....	165,632,254	169,048,256
Other Assets		
Investments-Unrestricted	13,151,296	10,043,251
Long-Term Loans Receivable	186,971	244,054
Contract Development Costs (Net of Amortization).....	1,304	4,277
Permits and Licenses (Net of Amortization).....	445,742	469,860
Project Development Costs.....	6,661,157	4,455,930
Net Pension Asset.....	-	-
Total Other Assets.....	20,446,470	15,217,372
Total Long-Term Assets.....	189,062,506	188,202,321
DEFERRED OUTFLOWS OF RESOURCES.....	3,834,731	2,323,333
Total Assets and Deferred Outflows of Resources.....	\$ 221,808,918	\$ 217,056,157
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
CURRENT LIABILITIES		
Payable from Unrestricted Assets		
Current Portion of Long-Term Loans Payable.....	\$ 350,636	\$ 428,745
Interest Payable.....	45,057	48,981
Accounts Payable-Operating.....	3,744,410	3,090,545
Total Current Unrestricted Liabilities.....	4,140,103	3,568,271
Payable from Restricted Assets		
Current Portion of Revenue Bonds.....	5,210,000	5,350,000
Current Portion of Long-Term Loans Payable.....	105,000	810,748
Interest Payable.....	1,097,616	1,138,934
Total Current Restricted Liabilities.....	6,412,616	7,299,682
Total Current Liabilities.....	10,552,719	10,867,953
LONG-TERM LIABILITIES		
Revenue Bonds Payable.....	114,365,314	118,256,050
Long-Term Loans Payable.....	6,054,591	7,294,084
	120,419,905	125,550,134
Less Current Portion.....	(5,665,636)	(6,589,493)
Total Bonds and Loans Payable.....	114,754,269	118,960,641
Advances for Operations.....	521,038	417,875
Net Pension Liability.....	6,588,043	4,320,626
Total Long-Term Liabilities.....	121,863,350	123,699,142
Total Liabilities.....	132,416,069	134,567,095
DEFERRED INFLOWS OF RESOURCES.....	9,135,357	7,969,798
NET POSITION		
Net Investments in Capital Assets	45,212,346	43,492,246
Restricted for Insurance.....	1,300,517	1,184,715
Restricted for Debt Service.....	4,732,175	6,916,028
Unrestricted	29,012,454	22,926,275
Total Net Position.....	80,257,492	74,519,264
Total Liabilities, Deferred Inflows of Resources and Net Position.....	\$ 221,808,918	\$ 217,056,157

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, 2016 AND 2015

	2016	2015
REVENUE		
Power Sales.....	\$ 3,980,284	\$ 2,914,459
Water Sales and Lake Operations.....	36,351,390	35,235,777
Recreation and Land Use.....	752,100	769,951
Waste Water Treatment Services.....	4,481,509	4,070,855
Laboratory Services.....	965,329	914,476
Rental.....	312,628	370,317
Miscellaneous.....	3,372,713	2,581,332
Total Operating Revenue.....	<u>50,215,953</u>	<u>46,857,167</u>
EXPENSES		
Personnel Operating Costs.....	12,837,247	11,553,310
Operating Supplies and Services.....	17,397,816	14,894,444
Maintenance and Repairs.....	4,891,652	4,963,250
Depreciation and Amortization.....	5,617,403	5,705,554
Total Operating Expenses.....	<u>40,744,118</u>	<u>37,116,558</u>
Operating Income.....	<u>9,471,835</u>	<u>9,740,609</u>
NONOPERATING REVENUES (EXPENSES)		
Grant Income.....	1,531,700	891,457
Investment Income.....	365,520	124,228
Gain (Loss) on the Disposal of Capital Assets.....	8,594	17,392
Interest Expense.....	(4,387,175)	(4,553,127)
Total Nonoperating Revenues (Expenses).....	<u>(2,481,361)</u>	<u>(3,520,050)</u>
Income Before Recognition of Deferrals.....	6,990,474	6,220,559
Costs (Revenue) to be Recognized in Future Years.....	<u>(1,252,246)</u>	<u>(1,209,707)</u>
Income Before Special Items.....	<u>5,738,228</u>	<u>5,010,852</u>
SPECIAL ITEMS		
Costs Associated with the Whooping Crane Endangered Species Lawsuit.....	-	(220,901)
Change in Net Position.....	<u>5,738,228</u>	<u>4,789,951</u>
Net Position at September 1, 2015 and 2014.....	74,519,264	69,729,313
Net Position at August 31, 2016 and 2015.....	<u>\$ 80,257,492</u>	<u>\$ 74,519,264</u>

The accompanying notes are an integral part of this statement.

GUADALUPE-BLANCO RIVER AUTHORITY
STATEMENT OF CASH FLOWS

FISCAL YEARS ENDED AUGUST 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers.....	\$ 50,178,121	\$ 46,671,059
Cash Received from Interfund Administrative Charges.....	2,943,855	2,788,639
Cash Paid for Personnel Operating Costs.....	(12,257,607)	(12,328,695)
Cash Paid for Other Operating and Maintenance Costs.....	(21,392,487)	(19,500,373)
Cash Paid for Interfund Administrative Charges.....	(2,849,629)	(2,683,607)
Costs Associated with Whooping Crane Endangered Species Lawsuit.....	-	(220,901)
Net Cash Flows From Operating Activities.....	16,622,253	14,726,122
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash Received from Grants.....	1,531,700	891,457
Net Cash Flows Used by Noncapital and Related Activities.....	1,531,700	891,457
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from Advances from Customers, Developers, and Other Governmental Units.....	25,833	20,128
Proceeds from Revenue Bonds and Loans for Capital Assets and Plant Expansion.....	2,000,000	-
Proceeds from Sale of Capital Assets.....	13,137	25,718
Purchase of Capital Assets.....	(1,034,202)	(1,202,647)
Cash Paid for Construction in Progress and Project Development.....	(3,333,824)	(413,710)
Interest Paid.....	(4,432,417)	(4,585,660)
Principal Payments on Revenue Bonds.....	(5,906,793)	(5,753,075)
Principal Payments on Loans.....	(1,239,493)	(730,183)
Net Cash Flows Used by Capital and Related Financing Activities.....	(13,907,759)	(12,639,429)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash Received from Investments.....	2,063,649	4,584,338
Investment Income Received.....	328,916	135,090
Cash Paid for Investments.....	(5,115,933)	(5,210,689)
Net Cash Flows Used by Investing Activities.....	(2,723,368)	(491,261)
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	1,522,826	2,486,889
CURRENT CASH AND CASH EQUIVALENTS:		
At Beginning of Year.....	10,567,257	7,842,917
At End of Year.....	8,384,471	10,567,257
Net Increase.....	(2,182,786)	2,724,340
RESTRICTED CASH AND CASH EQUIVALENTS:		
At Beginning of Year.....	3,937,416	4,174,867
At End of Year.....	7,643,028	3,937,416
Net Decrease.....	3,705,612	(237,451)
TOTAL CASH AND CASH EQUIVALENTS:		
At Beginning of Year.....	14,504,673	12,017,784
At End of Year.....	16,027,499	14,504,673
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	\$ 1,522,826	\$ 2,486,889
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating Income.....	\$ 9,471,835	\$ 9,740,609
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities:		
Depreciation and Amortization.....	5,617,403	5,705,554
Actuarially Determined Net Pension Expense.....	513,330	1,013,949
Costs Associated with Whooping Crane Endangered Species Lawsuit.....	-	(220,901)
Net Change in Assets and Liabilities from Operating Activities:		
Operating Accounts Receivable.....	189,036	(242,386)
Other Current Assets.....	43,223	(36,679)
Operating Accounts Payable.....	626,890	450,278
Net Pension Liability.....	160,536	(1,684,302)
Total Adjustments.....	7,150,418	4,985,513
NET CASH FLOWS FROM OPERATING ACTIVITIES.....	\$ 16,622,253	\$ 14,726,122

NON-CASH TRANSACTIONS SCHEDULE

1. During fiscal year 2016 and 2015, an adjustment of \$37,281 and (\$79,655) respectively, was made to adjust investments to fair value.

The accompanying notes are an integral part of this statement.

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2016 AND 2015

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:

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

8. **Other Assets.** Included within other assets are contract development costs, 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, 2016 and 2015 amounted to \$616,557 and \$530,165, 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, 2016 and August 31, 2015, 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 Position.** GBRA recognizes net position 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.

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16. **Capitalization of Interest.** It is GBRA's policy to capitalize net interest costs on funds borrowed to finance the construction of capital assets. GBRA recorded no interest expense or interest income for construction in progress.
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. **Deferred Outflows/Inflows.** 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 Position". GBRA has no deferred outflows or inflows of resources as they relate to derivatives and service concession agreements.
19. **Debt Issue Costs.** 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.
20. **Change in Accounting Policy.** During fiscal year 2015, GBRA changed accounting policies related to reporting of net pension liability, deferred outflows of resources, and deferred inflows of resources in a statement of net position by adopting GASB Statement No. 68 "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27."

NOTE B - LONG TERM LIABILITIES

GBRA currently has \$114,519,591 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, 2016 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
				\$6,054,591				\$108,465,000
2017	641,654	186,018	455,636	5,598,955	9,823,693	4,613,693	5,210,000	103,255,000
2018	638,146	172,103	466,043	5,132,912	9,181,225	4,496,225	4,685,000	98,570,000
2019	639,557	157,775	481,782	4,651,130	9,195,922	4,335,922	4,860,000	93,710,000
2020	610,524	143,398	467,126	4,184,004	9,191,409	4,146,409	5,045,000	88,665,000
2021	606,683	129,104	477,579	3,706,425	9,193,764	3,943,764	5,250,000	83,415,000
2022	577,114	114,668	462,446	3,243,979	9,197,848	3,727,848	5,470,000	77,945,000
2023	547,379	101,628	445,751	2,798,228	9,206,286	3,496,286	5,710,000	72,235,000
2024	548,120	88,531	459,589	2,338,639	9,423,331	3,303,331	6,120,000	66,115,000
2025	548,695	75,011	473,684	1,864,955	8,795,522	3,040,522	5,755,000	60,360,000
2026	549,102	61,057	488,045	1,376,910	8,789,810	2,789,810	6,000,000	54,360,000
2027	240,453	46,664	193,789	1,183,121	8,800,110	2,525,110	6,275,000	48,085,000
2028	235,610	39,625	195,985	987,136	8,494,979	2,244,979	6,250,000	41,835,000
2029	235,683	32,404	203,279	783,857	8,482,095	1,962,095	6,520,000	35,315,000
2030	240,506	24,830	215,676	568,181	8,070,297	1,665,297	6,405,000	28,910,000
2031	240,074	16,893	223,181	345,000	7,560,226	1,380,226	6,180,000	22,730,000
2032	178,684	8,684	170,000	175,000	7,308,080	1,093,080	6,215,000	16,515,000
2033	177,923	2,923	175,000	--	7,306,538	796,538	6,510,000	10,005,000
2034					2,465,412	485,412	1,980,000	8,025,000
2035					2,466,107	396,107	2,070,000	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>\$ 7,455,907</u>	<u>\$ 1,401,316</u>	<u>\$ 6,054,591</u>		<u>\$159,595,336</u>	<u>\$ 51,130,336</u>	<u>\$ 108,465,000</u>	

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NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
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NOTE B – LONG-TERM LIABILITIES (CONTINUED)

GBRA had the following changes in long-term liabilities for the fiscal years ended August 31, 2016 and 2015.

Series	Date of Issue	Final Maturity	Effective Interest Rate	Original Amount	Outstanding 8/31/2014	Retired During FY 2015	Outstanding 8/31/2015	Retired During FY 2016	Outstanding 8/31/2016	Amounts Due Within One Year
OBLIGATIONS PAYABLE DIRECTLY BY GBRA										
RURAL UTILITIES DIVISION										
Regions Loan, Dunlap Expansion Refunding	03/15/2012	2015	2.3%	\$ 3,590,000	\$ 890,748	\$ 180,000	\$ 710,748	\$ 710,748	\$ --	\$ --
Regions Loan, Dunlap Collection System	03/15/2012	2032	3.3%	2,600,000	2,505,000	95,000	2,410,000	100,000	2,310,000	105,000
Regions Loan, Emergency Generator-032	08/29/2014	2019	3.12%	33,000	33,000	6,223	26,777	6,379	20,398	6,586
Regions Loan, Emergency Generator-033	08/29/2014	2019	3.12%	37,000	37,000	6,977	30,023	7,152	22,871	7,384
Regions Loan, Emergency Generator-035	08/29/2014	2019	3.12%	70,000	70,000	13,199	56,801	13,531	43,270	13,970
WATER RESOURCE DIVISION										
U.S. Government Loan	01/01/1977	2026	2.5%	8,979,862	3,168,524	229,677	2,938,847	235,419	2,703,428	241,305
J.P. Morgan Chase Loan, Office Expansion	05/09/2006	2016	4.18%	1,600,000	266,667	160,000	106,667	106,667	--	--
A. Usseyry, Water Rights	09/26/2006	2031	4.50%	343,496	263,413	10,645	252,768	11,126	241,642	11,626
Luling Foundation, Water Rights	09/26/2006	2031	4.50%	584,706	448,381	18,123	430,258	18,938	411,320	19,790
General Improvement & Ref. Rev. Bonds, 2011	03/01/2011	2030	3.0-4.625%	10,745,000	8,845,000	470,000	8,375,000	490,000	7,885,000	505,000 (1)
General Improvement Revenue Bonds, 2012	04/04/2012	2031	0.14-1.86%	4,400,000	3,950,000	225,000	3,725,000	220,000	3,505,000	220,000
General Improvement Revenue Bonds, 2015	12/01/2015	2035	2.088-3.38%	2,000,000	--	--	--	--	2,000,000	--
Total Obligations Payable Directly by GBRA				\$ 34,983,064	\$ 20,477,733	\$ 1,414,844	\$ 19,062,889	\$ 1,919,960	\$ 19,142,929	\$ 1,130,661
CONTRACT REVENUE BONDS AND LOANS										
WATER RESOURCE DIVISION										
RRWDS Combination Contract Revenue Bonds										
2007A	09/15/2007	2039	5.00%	\$ 9,180,000	\$ 8,410,000	\$ 175,000	\$ 8,235,000	\$ 185,000	\$ 8,050,000	\$ 195,000
RRWDS Combination Contract Revenue Bonds										
2007B	09/15/2007	2039	7.10%	5,775,000	5,420,000	85,000	5,335,000	90,000	5,245,000	100,000
RRWDS Contract Rev Ref Bonds, San Marcos										
2010	09/01/2010	2024	2.0-3.25%	\$ 6,895,000	5,190,000	445,000	4,745,000	460,000	4,285,000	470,000 (2)
IH35 Project Combination Contract Revenue Bonds										
2013	04/17/2013	2037	2.0-5.0%	19,470,000	18,425,000	545,000	17,880,000	560,000	17,320,000	565,000 (3)
Western Canyon Regional Water Supply Project Revenue Bonds										
2013A	07/10/2013	2033	1.0-5.0%	55,265,000	52,840,000	1,860,000	50,980,000	1,915,000	49,065,000	1,995,000 (4)
Western Canyon Regional Water Supply Project Revenue Bonds										
2013B	07/10/2013	2033	1.909-4.63%	6,830,000	6,520,000	255,000	6,265,000	265,000	6,000,000	265,000 (4)
PORT LAVACA WATER TREATMENT PLANT DIVISION										
Frost National Bank, Clearwell										
	03/04/2008	2022	4.00%	400,000	341,534	10,339	331,195	29,533	301,662	49,975
Water Supply Revenue Refunding Bonds										
2011	08/16/2011	2016	2.00%	1,205,000	605,000	300,000	305,000	305,000	--	-- (5)
LULING WATER TREATMENT PLANT DIVISION										
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	4,715,000	245,000	4,470,000	255,000 (6)
LOCKHART WASTEWATER RECLAMATION DIVISION										
Regional Wastewater Treatment System Contract Revenue Refunding Bonds										
2010	09/08/2010	2017	1.5%-2.5%	4,025,000	1,845,000	590,000	1,255,000	615,000	640,000	640,000 (7)
Total Contract Revenue Bonds and Loans				\$ 113,995,000	\$ 104,546,534	\$ 4,500,339	\$ 100,046,195	\$ 4,669,533	\$ 95,376,662	\$ 4,534,975
Total Bonds & Loans Payable Prior to Defeasance and Accretion of Interest					\$ 125,024,267		\$ 119,109,084		\$ 114,519,591	\$ 5,665,636
							8/31/2015		8/31/2016	
Total Bonds and Loans Payable Prior to Defeasance and Accretion of Interest							\$ 119,109,084		\$ 114,519,591	
Less Revenue Bond Discounts and Deferred Defeasance							(451,240)		(420,350)	
Plus Revenue Bond Premiums							6,892,290		6,320,664	
Net Revenue Bonds and Long-Term Loans Payable							125,550,134		120,419,905	
Less Current Portion							(6,589,493)		(5,665,636)	
TOTAL BONDS AND LOANS PAYABLE							\$ 118,960,641		\$ 114,754,269	
INTERDIVISION LOANS ELIMINATED FROM COMBINED BALANCE SHEET										
Long-term loans payable to the General Division are as follows:							8/31/2015		8/31/2016	
Guadalupe Valley Hydroelectric Division							\$4,769,857		\$4,301,357	
Rural Utilities Division							2,367,557		2,285,057	
Water Supply Division							989,629		995,829	
Total Long-term loans payable to the General Division							\$8,127,043		\$7,582,243	

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2016 AND 2015

NOTE B – LONG-TERM LIABILITIES (CONTINUED)

1. GBRA issued in Fiscal Year 2011 General Improvement and Refunding Revenue Bonds, Series 2011. These bonds were issued to retire the General Improvement Revenue Bonds, Series 2002 and to provide funds for the lump sum buy-out of the Water Right Subordination Agreement between GBRA and the City of Seguin. The refunding of the 2002 General Improvement Revenue Bonds produced an economic loss of \$27,473, but was necessary to remove bond covenants in the 2002 bonds to facilitate the new money portion of the bond. GBRA's buy-out of the Water Right Subordination agreement effectively produced a savings of approximately \$4,295,500. Bonds outstanding that are considered defeased as a result of the 2011 refunding are \$0.
2. GBRA issued in Fiscal Year 2011 Regional Raw Water Delivery System Contract Revenue Refunding Bonds, Series 2010 (City of San Marcos portion). These bonds were issued to retire the 1998 bonds, except for the September 1, 2010 payment of \$340,000. As a result of the refunding, GBRA reduced its total debt service requirement by \$842,606 and produced a net present value savings (economic gain) of \$848,929. Bonds outstanding that are considered defeased as a result of the 2011 refunding are \$0.
3. GBRA 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.
4. 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.
5. 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.
6. 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.
7. 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, 2016 AND 2015

NOTE C - DEFINED BENEFIT PENSION PLAN

A. GENERAL INFORMATION ABOUT THE 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. The plan issues a stand-alone report pursuant to GASB Statement No. 67, which may be obtained by writing the Retirement and Benefit Committee at 933 East Court Street, Seguin, Austin, Texas 78155. See that report for all information about the plan fiduciary net position.

2. Funding Policy

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. Normal retirement age is 65. The plan also provides benefits for early and late retirement, death, and disability. The retirement benefit at normal retirement is equal to 1.3% of final average earnings times the number of years of credited service. The normal form of payment is a ten (10) year certain and lifetime monthly benefit. Other lifetime monthly benefit optional forms are available, but there is no partial lump sum option.

There is no provision for automatic postretirement benefit increases. The plan has the authority to provide, and has periodically in the past provided, ad hoc postretirement benefit increases.

3. Employees Covered by the Plan

In the January 1, 2016 actuarial valuation, the following numbers of employees were covered by the plan:

Inactive employees or beneficiaries currently receiving benefits	67
Inactive employees entitled to but not yet receiving benefits	42
Active Employees	103
	<hr/> 212

4. 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 a regular annual contribution which is not actuarially determined but which is expected to be adequate to pay the plan's total cost. GBRA contributes this regular amount, usually in December, equal to the sum of the normal cost using the entry age actuarial cost method plus an amount that will amortize the unfunded actuarial accrued liability (UAAL) over an open period that can vary from year to year. The regular annual employer contribution according to the current funding policy which began in 2011 is 12.00% of total projected annual beginning-of-year participant compensation plus a percent (12% - normal cost percent) of total projected annual beginning-of-year compensation for non-participating full-time employees hired after 2010. The number of years needed to amortize the plan's UAAL is actuarially determined using an open, level percentage of employee compensation method. All of the costs of administering the plan, except investment management fees, are paid by GBRA and are not considered in the determination of the employer contribution.

Based on this funding policy, the actuaries' recommended contribution for the plan year ending December 31, 2016 is \$1,038,202 payable as of December 31, 2016. This amount will fund the plan's normal cost for the year and is expected to amortize the UAAL as a level percent of employee compensation over eight years. There are no required contributions by the participants.

Ultimately, the funding policy also depends upon the total return of the plan's assets, which varies from year to year. Investment policy decisions are established and maintained by the Retirement and Benefit Committee. The committee selects and employs investment managers with the advice of their investment consultant who is completely independent of the investment managers. For the year ending December 31, 2015, the money-weighted rate of return on pension plan investments was -1.75%. This measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

B. NET PENSION LIABILITY

The Employer's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016.

Total pension liability	\$	32,356,203
Plan fiduciary net position		<hr/> 25,768,160
Employer's net pension liability	\$	6,588,043
Plan fiduciary net position as a percentage of the total pension liability		79.6%

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
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NOTE C - DEFINED BENEFIT PENSION PLAN

1. Actuarial Assumptions

The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50 percent
Salary increases	3.00 percent, plus merit and promotion increases that vary by age and service
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables for males and for females (sex distinct) projected to 2024 by scale AA.

The long-term expected rate of return on pension plan investments is reviewed annually and was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future net real rates of return by the target asset allocation percentage (currently resulting in 4.25%) and by adding expected inflation (3.0%). In addition, the final 7.0% assumption was selected by "rounding down" and thereby reflects a reduction of 0.25% for adverse deviation. The target allocation and expected arithmetic net real rates of return for each major asset class are summarized in the following table:

	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities		
Large cap domestic	30%	5.65%
Small cap domestic	7	5.93
International developed	12	6.05
Emerging Markets	3	7.60
Hedge fund of funds	10	2.75
Real estate	12	3.31
Fixed income	26	1.96
Cash	0	0.35
Total	100%	
Weighted Average		4.25%

2. Discount Rate

The discount rate used to measure the total pension liability was 7.00%. No projection of cash flows was used to determine the discount rate because the January 1, 2016 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in nine years. That UAAL was based on an actuarial value of assets that was only 8% more than the plan fiduciary net position as of December 31, 2015. Because of the nine-year amortization period of the UAAL, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments as the discount rate to determine the total pension liability.

3. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Employer, calculated using the discount rate of 7.00%, as well as what the Employer's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6%) or 1-percentage-point higher (8%) than the current rate:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Employer's Net Pension Liability	\$10,350,653	\$6,588,043	\$3,372,519

4. Plan Fiduciary Net Position

The plan fiduciary net position reported above is the same as reported by the plan. Detailed information about the plan fiduciary net position is available in the plan's separately issued audited financial statements, which are reported using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Investments are reported at fair value, the price that would be recognized to sell an asset in an orderly transaction between market participants at the measurement date.

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2016 AND 2014

NOTE C - DEFINED BENEFIT PENSION PLAN

C. CHANGES IN THE NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Amounts as of August 31, 2015 ¹	\$ 29,637,113	\$ 25,316,487	\$ 4,320,626
Changes for the year:			
Service cost	383,820		383,820
Interest	2,146,011		2,146,011
Differences between expected and actual experience	552,928		552,928
Contributions by the employer		1,733,464	(1,733,464)
Contributions by the participant		0	0
Net investment income		(440,231)	440,231
Benefit payments	(841,560)	841,560	0
Administrative expenses	477,891	0	477,891
Assumption changes	0	0	0
Other	2,719,090	451,673	2,267,417
Net changes	\$ 32,356,203	\$ 25,768,160	\$ 6,588,043
Amounts as of August 31, 2016 ²			

¹ Measurements for the fiscal year ended August 31, 2015 were taken as of December 31, 2014

² Measurements for the fiscal year ended August 31, 2016 were taken as of December 31, 2015

D. PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended August 31, 2016, the Employer GASB 68 pension expense was \$1,707,330. Amounts recognized in the fiscal year represent changes between the current and prior measurement dates.

1. Components of Pension Expense for the Fiscal Year Ended August 31, 2016

Service Cost	\$ 383,820
Interest	2,146,011
Amortization of differences between expected and actual experience	105,500
Amortization of changes of assumptions	197,226
Projected earnings on pension plan investments	(1,826,085)
Amortization of differences between projected and actual earnings	700,858
Pension plan administrative expenses	0
Other	0
Total pension expense	\$ 1,707,330

2. Deferred Outflows of Resources and Deferred Inflows of Resources to Be Recognized in Pension Expense in Future Years

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 447,428	\$ 0
Changes of assumptions	795,294	0
Net difference between projected and actual earnings on pension plan investments	2,555,840	0
Total	\$ 3,798,562	\$ 0

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2016 AND 2015

NOTE C - DEFINED BENEFIT PENSION PLAN

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended August 31	Net of Deferred Outflows Minus Deferred Inflows	
2017	\$	1,003,584
2018		1,003,585
2019		1,003,585
2020		740,404
2021		47,404
Thereafter		0
Total	\$	3,798,562

3. Deferred Outflow of Resources to be Recognized Next Year

No supplemental contribution was contributed subsequent to the measurement date of the net pension liability, as shown in Section III. So there is no deferred outflow of resources that will be recognized as a reduction in the net pension liability in the fiscal year ending August 31, 2017.

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, 2016, GBRA held \$2,141,147 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	\$ 6,998,257	18.07
Federal Home Loan Mortgage	1,703,655	6.2
Federal National Mortgage Assn.	7,910,681	31.76
Federal Farm Credit Bank	604,212	27.02
U. S. Treasury	6,784,660	18.63
Certificates of Deposit	4,959,244	10.06
Money Market Funds	6,000,270	1.00
Texas Class	164,705	1.00
TexPool	4,691,309	1.00
Total Investments	\$ 39,816,993	14.86

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, 2016 AND 2015

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	\$ 17,216,805	41.04%
Government Securities	6,784,660	16.17%
Certificates of Deposit	4,959,244	11.82%
Money Market Funds	6,000,270	14.30%
Public Funds Investment Pools	4,856,014	11.57%
Cash	2,141,147	5.10%
Total	<u>\$ 41,958,140</u>	<u>100.00%</u>

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2016 AND 2015

NOTE E – CAPITAL ASSETS

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

ASSETS				
Classification	Balance August 31, 2015	Additions	Removals	Balance August 31, 2016
Land, Water & Storage Rights	\$ 35,538,587	\$ --	\$ --	\$ 35,538,587
Construction in Progress	165,344	1,128,597	--	1,293,941
Total Assets Not Being Depreciated	35,703,931	1,128,597	--	36,832,528
Structures & Improvements	191,324,267	67,805	--	191,392,072
Specialized Equipment	7,312,897	70,054	--	7,382,951
Office Buildings & Communications	2,310,551	14,268	--	2,324,819
Shops & Storerooms	83,673	--	--	83,673
Auto & Heavy Equipment	4,123,128	335,544	(86,194)	4,372,478
Office Furniture & Equipment	1,469,474	26,672	--	1,496,146
Miscellaneous Equipment	4,809,941	519,859	(7,228)	5,322,572
Total Dams, Plants and Equipment	211,433,931	1,034,202	(93,422)	212,374,711
Total Capital Assets	\$ 247,137,862	\$ 2,162,799	\$ (93,422)	\$ 249,207,239
DEPRECIATION				
Classification	Balance August 31, 2015	Additions	Removals	Balance August 31, 2016
Structures & Improvements	\$ (62,707,724)	\$ (4,672,513)	\$ --	\$ (67,380,237)
Specialized Equipment	(6,284,866)	(77,257)	--	(6,362,123)
Office Buildings & Communications	(1,776,931)	(42,361)	--	(1,819,292)
Shops & Storerooms	(50,745)	(1,815)	--	(52,560)
Auto & Heavy Equipment	(3,079,211)	(285,992)	81,650	(3,283,553)
Office Furniture & Equipment	(1,300,124)	(69,608)	--	(1,369,732)
Miscellaneous Equipment	(2,890,005)	(424,711)	7,228	(3,307,488)
Total Accumulated Depreciation	\$ (78,089,606)	\$ (5,574,257)	\$ 88,878	\$ (83,574,985)
NET CAPITAL ASSETS	\$ 169,048,256	\$ (3,411,458)	\$ (4,544)	\$ 165,632,254

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2016 AND 2015

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, 2016 total \$40,890,000 and are as follows:

Series	Date of		Interest Rate	Original Amount	Outstanding 8/31/2015	Outstanding 8/31/2016
	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 REQUIRMENTS

Under the continuing disclosure agreements of the 1) General Improvement and Refunding Revenue Bonds, Series 2011; 2) General Improvement Revenue Bonds, Series 2012; 3) General Improvement Revenue Bonds, Series 2015; 4) Combined Contract Revenue Refunding Bonds (Western Canyon), Series 2013A and 2013B; and 5) 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, 2016 AND 2015

NOTE H – CONTINUING DISCLOSURE REQUIREMENTS (CONTINUED)

4. The revenues pledged to repay the debt service requirements of General Improvement and Refunding Revenue Bonds, Series 2011, General Improvement Revenue Bonds, Series 2012, and General Improvement Revenue Bonds, Series 2015 the are on parity with the pledge revenues described as follows:

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 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".

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.

GENERAL IMPROVEMENT REVENUE BONDS, SERIES 2015

On October 21, 2015, GBRA authorized the issuance of General Improvement Revenue Bonds, Series 2015 in the amount of \$2,000,000 with a delivery date of December 1, 2015. The bonds were sold to the Texas Water Development Board through the SWIRFT Program and as such, no rating was required on these bonds. The bond proceeds were used to fund a feasibility study in connection with the development of an integrated water-power project (IWPP Project) along the Texas Gulf Coast to provide a regional solution that would create a new source of water supply for the Coastal Bend (Region N) and South Central (Region L) and potentially Central Texas (Region K) regional water planning areas, and to pay costs of issuance.

GENERAL IMPROVEMENT AND REFUNDING REVENUE BONDS, SERIES 2011 AND GENERAL IMPROVEMENT REVENUE BONDS, SERIES 2012, GENERAL IMPROVEMENT REVENUE BONDS, SERIES 2015 - 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, 2016 - 2030	\$	734,632	
2012 Bonds: Average Annual Principal and Interest Requirements, 2016 - 2031	\$	260,119	
2015 Bonds: Average Annual Principal and Interest Requirements, 2024 - 2035		-	(1)
Total Average Annual Principal and Interest Requirements	\$	994,751	
Coverage of Average Requirements by Pledged Revenues		13.17	times
Coverage of Average Requirements by Net Revenues		4.69	times
2011 Bonds: Maximum Principal and Interest Requirements, 2027	\$	837,750	
2012 Bonds: Maximum Principal and Interest Requirements, 2028	\$	262,522	
2015 Bonds: Maximum Principal and Interest Requirements, 2032		204,747	
Total Maximum Principal and Interest Requirements	\$	1,305,019	
Coverage of Maximum Requirements by Pledged Revenues		10.04	times
Coverage of Maximum Requirements by Net Revenues		3.57	times
2011 Bonds: Interest and Sinking Fund Balance	\$	68,638	
2012 Bonds: Interest and Sinking Fund Balance	\$	18,802	
2015 Bonds: Interest and Sinking Fund Balance		-	
Total Interest and Sinking Fund Balance as of August 31, 2016	\$	87,440	
Pledged Revenues for the Fiscal Year Ended August 31, 2016	\$	13,102,085	(2)
Net Revenues for Fiscal Year Ended August 31, 2016	\$	4,660,481	(3)

(1) GBRA General Improvement Revenue Bonds, Series 2015 will be included into this table in 2024, when debt payments begin.

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

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

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2016 AND 2015

NOTE H – CONTINUING DISCLOSURE REQUIRMENTS (CONTINUED)

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

	Fiscal Year Ended August 31				
	2016	2015	2014	2013	2012
Revenue					
Raw Water Sales ⁽¹⁾	\$ 13,102,085	\$ 12,655,121	\$ 12,182,862	\$ 11,887,664	\$ 10,683,436
Recreation and Land Use	110,864	135,384	152,747	143,236	131,506
Rental Income	202,773	256,013	256,069	254,643	253,903
Miscellaneous	1,650,476	970,639	1,014,314	561,726	846,607
Total Operating Revenue	\$ 15,066,198	\$ 14,017,157	\$ 13,605,992	\$ 12,847,269	\$ 11,915,452
Expense					
Operating Expenses ⁽²⁾⁽³⁾	\$ 8,933,305	\$ 8,354,846	\$ 8,221,164	\$ 6,927,170	\$ 8,783,873
Maintenance and Repairs ⁽²⁾	573,861	570,516	484,806	529,404	407,335
Administrative and General	898,551	810,998	717,124	685,537	642,150
Total Operating Expense	\$ 10,405,717	\$ 9,736,360	\$ 9,423,094	\$ 8,142,111	\$ 9,833,358
Net Revenue	\$ 4,660,481	\$ 4,280,797	\$ 4,182,898	\$ 4,705,158	\$ 2,082,094
Less Debt Service for Senior					
Lien Bonds⁽⁴⁾					
General Imp & Ref Rev Bonds, 2011	\$ 823,357	\$ 817,457	\$ 815,457	\$ 817,857	\$ 819,657
General Imp Rev Bonds, 2012	257,603	262,603	262,603	262,603	13,683
General Imp Rev Bonds, 2015 ⁽⁵⁾	--	--	--	--	--
Total Debt for Senior Lien Bonds	\$ 1,080,960	\$ 1,080,060	\$ 1,078,060	\$ 1,080,460	\$ 833,340
Subordinate Revenues Available	\$ 3,579,521	\$ 3,200,737	\$ 3,104,838	\$ 3,624,698	\$ 1,248,754

(1) Pledged Revenues.

(2) Operating and maintenance & repair expenses have been restated from the amounts previously reported for FY2012 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), and the General Improvement Revenue Bonds, Series 2015 (IWPP Project).

(5) Debt service payments for the General Improvement Revenue Bonds, Series 2015 begin in 2024.

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, 2016		August 31, 2015		August 31, 2014		August 31, 2013		August 31, 2012	
	Acre-Feet	% of Total	Acre-Feet	% of Total	Acre-Feet	% of Total	Acre-Feet	% of Total	Acre-Feet	% of Total
Municipal	72,327	79.90%	72,479	79.91%	72,479	79.90%	72,279	81.67%	70,271	81.04%
Domestic	5	0.01%	6	0.01%	8	0.01%	9	0.01%	13	0.01%
Industrial	17,827	19.69%	17,827	19.65%	17,838	19.66%	15,827	17.88%	15,830	18.26%
Irrigation	363	0.40%	388	0.43%	393	0.43%	389	0.44%	597	0.69%
Contracted	90,522	100.00%	90,700	100.00%	90,718	100.00%	88,504	100.00%	86,711	100.00%

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2016 AND 2015

NOTE H – CONTINUING DISCLOSURE REQUIREMENTS (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 94.82% 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, 2016 are shown below:

		Contract Information					
		Total			Contract	Expiration	Renewal
Customer	Type	AF/YR	Revenue ⁽²⁾		Date	Date	Option
Municipal & Retail							
Canyon Regional Water Authority	Regional Water Authority		\$ 1,608,658		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	1,308,150		01/26/1989	01/25/2050	20 Yrs
City of Seguin	City	1,000	134,583		09/01/2012	08/31/2017	---
Canyon Lake WSC	Water Supply Corporation	2,000	269,115		10/01/1994	12/31/2044	(1)
Canyon Lake WSC II	Water Supply Corporation	2,000	269,115		08/27/2001	12/31/2050	(1)
Canyon Lake WSC III	Water Supply Corporation	2,000	269,115		09/29/2006	12/31/2050	(1)
SHWSC I	Water Supply Corporation	1,850	248,979		06/26/1967	12/31/2050	(1)
SHWSC II	Water Supply Corporation	1,000	134,583		06/01/2000	12/31/2050	(1)
Green Valley SUD	Special Utility District	1,000	134,583		12/01/2008	12/31/2040	(1)
Regional RWDS Project							
City of San Marcos	City	10,000	1,345,833		10/01/1989	07/01/2047	(1)
City of Kyle	City	5,443	732,537		05/20/2005	12/31/2038	20 Yrs
City of Buda	City	1,680	226,300		04/09/2002	12/31/2042	(1)
CRWA --Hays Project	Regional Water Authority	2,038	274,281		06/04/2003	12/31/2039	(1)
GoForth SUD	Special Utility District	1,050	301,922		03/01/2004	12/31/2039	(1)
Sunfield MUD	Municipal Utility District	3,136	261,444		09/01/2005	12/31/2050	---
Monarch	Utility Company	560	75,367		01/01/2008	12/31/2037	---
GBRA Western Canyon							
Boerne	City	3,611	484,476		02/22/2000	12/31/2037	40 Yrs (2x20 Yrs)
Fair Oaks Ranch	City	1,850	248,208		02/10/2000	12/31/2037	40 Yrs (2x20 Yrs)
SAWS	City	4,000 ⁽³⁾	1,287,490		03/17/2000	12/31/2037	40 Yrs (2x20 Yrs)
Cordillera Ranch	Housing Development	1,500	201,250		10/11/2001	12/31/2037	40 Yrs (2x20 Yrs)
Kendall & Tapatio	Housing Development	750	100,625		03/18/2002	12/31/2037	40 Yrs (2x20 Yrs)
Johnson Ranch	Housing Development	900	120,750		03/28/2003	12/31/2037	40 Yrs (2x20 Yrs)
Lerin Hills	Housing Development	750	100,625		09/18/2009	12/31/2036	40 Yrs (2x20 Yrs)
GBRA-Comal Trace	River Authority	50	12,427		---	---	---
SJ WTX-Bulverde	Water Supply Corporation	400	53,823		02/06/2009	12/31/2040	10 Yrs
SJ WTX-Park Village	Water Supply Corporation	322	43,202		03/24/2009	12/31/2040	10 Yrs
Total Major Municipal Customers		69,185	\$ 10,247,241				
Industrial							
Guadalupe Power Partners	Electric Generation	6,840	\$ 889,163		03/17/1999	12/31/2021	30 Yrs (6x5 Yrs)
Coleto Creek Power LP	Electric Generation	6,000	807,500		09/01/1975	09/01/2025	(1)
Hays Energy Limited Partners	Electric Generation	2,464	331,613		06/25/1999	12/31/2025	(1)
Ineos USA LLC	Chemical Company	1,100	148,042		02/11/1980	07/15/2018	40 Yrs (15 Yrs + (5x5 Yrs))
Total Major Industrial Customers		16,404	\$ 2,176,318				
Total Major Customers		85,589	\$ 12,423,559				
Total Firm Water Sales		90,522	\$ 13,102,085				
Major Customers as a Percentage of Total		94.55%	94.82%				

(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, 2016 AND 2015

NOTE H – CONTINUING DISCLOSURE REQUIRMENTS (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
130.00	10/1/2014
135.00	10/1/2015

(1) Excludes out-of-district charges.

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GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2016 AND 2015

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 *	% of	Ultimate	% of
	(Acre-Feet)	Total	(Acre-Feet)	Total
In District				
City of Boerne	975	8.7%	3,611	21.49%
City of Fair Oaks	942	8.4%	1,850	11.0%
GBRA - Cordillera	300	2.68%	1,500	8.93%
Johnson Ranch MUD	180	1.6%	900	5.36%
GBRA - Comal Trace	50	0.44%	100	0.60%
Canyon Lake WSC	722	6.45%	722	4.30%
Lerin Hills MUD	225	2.0%	750	4.46%
Kendall West Utilities	200	1.79%	750	4.46%
Other Participants	40	0.36%	40	0.24%
Future Participants	--	0.00%	2,577	15.34%
Total In District	3,634		12,800	
Out of District				
SAWS (Initial & Additional)	7,566	67.55%	4,000	23.8%
Total Out of District	7,566		4,000	
Total	11,200	100.00%	16,800	100.00%

* Annual Water Delivery is based on contractual commitments of each participant

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				
	2016	2015	2014	2013	2012
Western Canyon O&M Revenue	\$ 3,852,141	\$ 3,737,294	\$ 3,460,286	\$ 3,368,656	\$ 3,373,591
Western Canyon Debt Service Revenue	5,334,466	5,285,307	5,306,500	5,791,241	5,837,670
	<u>\$ 9,186,607</u>	<u>\$ 9,022,601</u>	<u>\$ 8,766,786</u>	<u>\$ 9,159,897</u>	<u>\$ 9,211,261</u>
Operating Expenses	\$ 3,229,970	\$ 2,548,014	\$ 2,557,111	\$ 2,651,498	\$ 2,729,471
Maintenance & Repair	253,229	285,637	360,449	328,632	280,870
Administrative & General	155,616	134,416	148,256	150,666	148,472
Total Operating & Maintenance Expenses	<u>\$ 3,638,815</u>	<u>\$ 2,968,067</u>	<u>\$ 3,065,816</u>	<u>\$ 3,130,796</u>	<u>\$ 3,158,813</u>
Net Revenue	<u>\$ 5,547,792</u>	<u>\$ 6,054,534</u>	<u>\$ 5,700,970</u>	<u>\$ 6,029,101</u>	<u>\$ 6,052,448</u>
Debt Service	\$ 4,835,186	\$ 4,835,186	\$ 4,835,965	\$ 4,835,965	\$ 5,320,675
Debt Service Coverage Factor	1.1474	1.2522	1.1789	1.2467	1.1375

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2016 AND 2015

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 ⁽¹⁾		
	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
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%
2015	553,128,000	5,390	77.31%	75,275,000	1,420	10.52%	87,048,000	1,686	12.17%
2016	508,841,000	5,390	73.32%	82,845,000	1,443	11.94%	102,295,000	1,707	14.74%

(1) Approximate figures.

CALHOUN COUNTY WATER SUPPLY CORPORATION MONTHLY WATER RATES

5/8" Meter	First	2,000 gal.	\$40.00 (minimum)
	Over	2,000 gal.	\$6.05/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,				
	2016	2015	2014	2013	2012
Revenues:					
Water Sales and Lake Operations	\$ 1,542,213	\$ 1,813,857	\$ 1,700,693	\$ 1,649,342	\$ 1,625,723
Miscellaneous	307	20,313	10,965	2,079	1,226
Total	1,542,520	1,834,170	1,711,658	1,651,421	1,626,949
Expenses: ⁽¹⁾					
Personnel Operating Costs	\$ 477,836	\$ 529,417	\$ 478,754	\$ 464,377	\$ 449,999
Operating Supplies and Services	616,815	664,006	535,886	538,039	524,724
Maintenance and Repairs	185,355	145,230	181,997	142,972	156,094
Administrative and General	126,012	137,284	126,594	125,861	119,196
Total	1,406,018	1,475,937	1,323,231	1,271,249	1,250,013
Net Income Available for Debt Service	\$ 136,502	\$ 358,233	\$ 388,427	\$ 380,172	\$ 376,936
Outstanding Average Annual Debt Service	\$ -	\$ 308,050	\$ 308,575	\$ 307,383	\$ 306,975
Coverage ⁽²⁾	-	1.16	1.26	1.24	1.23

(1) Excludes depreciation expense

(2) Bonds paid in full in January 2016

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2016 AND 2015

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							
	2016		2015		2014		2013	
	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	\$ 167,523	1.50	\$ 167,523	1.50	\$ 167,566
From City of Kyle, Texas	4.86	542,774	4.86	542,774	4.86	542,774	4.86	542,915
From GoForth Special Utility District *	2.46	274,990	1.46	166,536	1.38	146,695	1.26	126,459
From Sunfield Municipal Utilities District *	2.48	276,720	3.48	385,174	3.56	405,014	3.68	425,393
From Monarch	0.50	55,841	0.50	55,841	0.50	55,841	0.50	55,856
Total Debt Service Commitment & Revenues	11.80	\$1,317,848	11.80	\$1,317,848	11.80	\$1,317,847	11.80	\$1,318,189
Annual Debt Service Requirements		\$1,201,656		\$1,197,556		\$1,203,356		\$ 982,835
Debt Service Coverage Factor		1.0967		1.1004		1.0951		1.3412

* 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)

	2016	2015	2014	2013
IH35 O&M Transmission Revenue	\$ 403,268	\$ 328,441	\$ 307,053	\$ 303,164
IH35 Debt Revenue	1,317,848	1,317,848	1,317,847	1,318,189
IH35 Interest Earnings	14,070	3,070	8,273	16,695
Total Revenue	\$ 1,735,186	\$ 1,649,359	\$ 1,633,173	\$ 1,638,048
IH35 Operating Expenses	\$ 247,819	\$ 249,398	\$ 207,227	\$ 203,279
IH35 Maintenance & Repair Expenses	69,296	61,019	41,021	63,606
IH 35 Administrative & General Expenses	10,752	9,893	9,239	9,239
Total Expenses	\$ 327,867	\$ 320,310	\$ 257,487	\$ 276,124
Net Revenue	\$ 1,407,319	\$ 1,329,049	\$ 1,375,686	\$ 1,361,924
Debt Service	\$ 1,201,656	\$ 1,197,556	\$ 1,203,356	\$ 982,835
Debt Service Coverage	1.171	1.110	1.143	1.386

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2016 AND 2015

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. Deferred outflows of resources attributed to operations totaled \$36,169 while deferred inflows of resources related to operations totaled \$9,135,357.

Deferred outflows of resources related to the implementation of GASB 68 reporting for pension plans totaled \$3,798,562.

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 \$220,901, \$239,080, \$1,024,963, \$2,970,725, and \$1,994,934 for fiscal years 2015, 2014, 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. Thereafter the plaintiffs filed an appeal with the United States Supreme Court. The Supreme Court refused to hear the case leaving the Fifth Circuit decision in favor of TCEQ and GBRA in place ending five years of litigation.

NOTE K- FAIR VALUE MEASUREMENT AND APPLICATION

The Government Accounting Standards Board issued Statement No. 72 that defined fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." GASB Statement No. 72 establishes a three-tier hierarchy of data used to determine fair value. Level 1 inputs (data) are unadjusted quoted prices in active markets. The quoted prices must be for identical items. Level 2 inputs are directly or indirectly observable, but are not considered to be Level 1. Level 3 inputs are unobservable.

As of August 31, 2016, all GBRA investments are considered to be Level 1 inputs.

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GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2016 AND 2015

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, 2016 is as follows:

	Water Sales	Port Lavaca Water Plant	Luling Water Plant	Lockhart WWTP	Total
REVENUES, EXPENSES AND CHANGES IN NET POSITION					
Operating Revenue	\$ 24,010,146	\$ 1,542,520	\$ 1,340,238	\$ 1,739,188	\$ 28,632,092
Operating Expenses	(11,982,968)	(1,406,018)	(860,163)	(1,077,469)	(15,326,618)
Depreciation and Amortization Exp	(3,516,622)	(205,834)	(135,137)	(200,359)	(4,057,952)
Operating Income	8,510,556	(69,332)	344,938	461,360	9,247,522
Nonoperating Revenue (Expenses)	(2,332,612)	(14,863)	(150,348)	(21,018)	(2,518,841)
Costs to be Recovered (Deferred Rev)	(782,562)	(221,324)	(82,153)	(424,419)	(1,510,458)
Change in Net Position	\$ 5,395,382	\$ (305,519)	\$ 112,437	\$ 15,923	\$ 5,218,223
NET POSITION ACTIVITIES					
Current Assets	\$ 17,675,400	\$ 400,992	\$ 495,892	\$ 843,065	\$ 19,415,349
Capital Assets	128,876,782	2,177,956	4,813,976	2,481,835	138,350,549
Other Assets	14,775,992	--	102,633	1,304	14,879,929
Total Assets	161,328,174	2,578,948	5,412,501	3,326,204	172,645,827
Deferred Outflow of Resources	--	--	36,169	--	36,169
Total Assets and Deferred Outflows of Resources	\$ 161,328,174	\$ 2,578,948	\$ 5,448,670	\$ 3,326,204	\$ 172,681,996
Current Liabilities	\$ 7,545,246	\$ 343,874	\$ 415,855	\$ 1,084,403	\$ 9,389,378
Long Term Liabilities	108,071,894	279,937	4,242,745	30,412	112,624,988
Total Liabilities	115,617,140	623,811	4,658,600	1,114,815	122,014,366
Deferred Inflows of Resources	1,579,801	665,948	--	1,579,280	--
Net Investments in Capital Assets	16,258,016	1,876,293	351,036	1,841,834	20,327,179
Restricted	4,188,199	--	169,307	374,699	4,732,205
Unrestricted	23,685,018	(587,104)	569,727	(1,584,424)	22,083,217
Total Net Position	44,131,233	1,289,189	1,090,070	632,109	\$ 47,142,601
Total Liabilities, Deferred Outflows and Net Position	\$ 161,328,174	\$ 2,578,948	\$ 5,748,670	\$ 3,326,204	\$ 172,981,996
Revenue Bonds Payable	\$ 109,262,374	\$ --	\$ 4,462,940	\$ 640,000	\$ 114,365,314
Loans Payable	3,356,391	301,662	--	--	3,658,053
Interfund Balances:					
Accounts Receivable	1,076,472	169,640	7,187	152,345	1,405,644
Accounts Payable	812,463	198,491	41,930	45,288	1,098,172
CASH FLOW ACTIVITIES					
Cash Flows					
Operating Activities	\$ 12,161,137	\$ 163,002	\$ 461,983	\$ 593,819	\$ 13,379,941
Capital & Related Financing Activities	(9,631,537)	(365,699)	(403,442)	(649,958)	(11,050,636)
Noncapital Financing Activities	909,289	--	--	--	909,289
Investing Activities	(1,826,587)	231,509	(51,168)	(12,028)	(1,658,274)
	\$ 1,612,302	\$ 28,812	\$ 7,373	\$ (68,167)	\$ 1,580,320
Current Cash and Cash Equivalents					
At Beginning of Year	\$ 6,622,761	\$ 19,064	\$ 87,103	\$ 316,350	\$ 7,045,278
At End of Year	3,841,683	52,887	93,898	248,183	4,236,651
Net Increase (Decrease)	\$ (2,781,078)	\$ 33,823	\$ 6,795	\$ (68,167)	\$ (2,808,627)
Restricted Cash and Cash Equivalents					
At Beginning of Year	\$ 2,536,575	\$ 5,011	\$ 7,128	\$ --	\$ 2,548,714
At End of Year	6,929,955	--	7,706	--	6,937,661
Net Increase (Decrease)	4,393,380	(5,011)	578	--	4,388,947
	\$ 1,612,302	\$ 28,812	\$ 7,373	\$ (68,167)	\$ 1,580,320



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Required Supplemental Information

GUADALUPE-BLANCO RIVER AUTHORITY
REQUIRED SUPPLEMENTAL INFORMATION
AUGUST 31, 2016

A. Schedule of Changes in the Employer's Net Pension Liability and Related Ratios for the Last 10 Fiscal Years¹

	Fiscal Year Ending 8/31/2016	Fiscal Year Ending 8/31/2015
1. Total Pension Liability		
a. Service cost	\$ 383,820	\$ 357,786
b. Interest	2,146,011	2,027,051
c. Changes of benefit provisions	0	0
d. Differences between expected and actual experience	552,928	0
e. Changes of assumptions	477,891	620,672
f. Benefit payments	(841,560)	(698,521)
g. Net Change	\$ 2,719,090	2,306,988
h. Total Pension Liability – Beginning	29,637,113	27,330,125 ²
i. Total Pension Liability – Ending	\$ 32,356,203	\$ 29,637,113
2. Plan Fiduciary Net Position		
a. Contributions by the employer	\$ 1,733,464	\$ 1,684,302
b. Contributions by the participants	0	0
c. Net investment income	(440,231)	486,549
d. Benefit payments	(841,560)	(698,521)
e. Administrative expenses	0 ²	0 ²
f. Net Change	451,673	1,472,330
g. Plan Fiduciary Net Position – Beginning	25,316,487	23,844,157
h. Plan Fiduciary Net Position – Ending	\$ 25,768,160	\$ 25,316,487
3. Employer's Net Pension Liability – Ending [Item 1(i) – 2(h)]	\$ 6,588,043	\$ 4,320,626
4. Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.6%	85.4%
5. Covered Payroll	\$ 7,565,168	\$ 7,423,408
6. Employer's Net Pension Liability as a Percentage of Covered Payroll	87.1%	58.2%

Notes to Schedule:

¹ Until a full 10-year trend is compiled, only available information is shown. The measurement date is the December 31 eight months prior to the fiscal year end. Amounts recognized in the fiscal year represent changes between the current and prior measurement dates.

² The plan pays only money management fees and bank custody fees. GBRA pays all administrative expenses.

³ Determined from the ending total pension liability based on the discount rate of 7.50% (the investment return assumption for the January 1, 2014 actuarial valuation) using the roll back procedure allowed for the initial year of implementing GASB 68.

GUADALUPE-BLANCO RIVER AUTHORITY
REQUIRED SUPPLEMENTAL INFORMATION
AUGUST 31, 2016

B. Schedule of Employer Contributions for the Last 10 Fiscal Years¹

	Plan Year Ending 12/31/2015	Plan Year Ending 12/31/2014
1. Actuarially determined contribution	\$ 1,033,464	\$ 984,302
2. Contributions in relation to the actuarially determined contribution	<u>1,733,464</u>	<u>1,684,302</u>
3. Contribution deficiency (excess)	\$ (700,000)	\$ (700,000)
4. Covered payroll	\$ 7,565,168	\$ 7,423,408
5. Contributions as a percentage of covered payroll	22.9%	22.7%

Notes to Schedule:

Actuarially determined contribution amount for the plan year ending December 31 was calculated in the January 1 actuarial valuation one year earlier. Methods and assumptions used to determine the actuarially determined contributions:

Actuarial cost method	Entry age
Amortization method	Level percent of payroll, open period
Recalculated amortization period	8 and 10 years, respectively, for years ending in 2015 and 2014
Asset valuation method	5-year smoothed market
Inflation	3.5% and 3.75%, respectively, for years ending in 2015 and 2014
Salary increases	inflation plus merit and promotion increases that vary by age and service
Investment rate of return	7.25% and 7.50%, respectively, for years ending in 2015 and 2014
Retirement age	Rates that vary by age and service
Mortality	RP-2000 Combined Healthy Mortality Tables for males and for females (sex distinct) projected to 2024 by scale AA

¹ Until a full 10-year trend is compiled, only available information is shown.

C. Contributions Reflected in Asset Value as of December 31, 2015 Measurement Date (Applicable for Fiscal Year Ending August 31, 2016)

Month of Contribution	Amount
July 2015	\$ 700,000
December 2015	<u>1,033,464</u>
Total	\$ 1,733,464

D. Subsequent Contributions Made Prior to Fiscal Year End (August 31, 2016)

Month of Contribution	Amount
N/A	\$ 0
Total	\$ 0 ¹

¹ An amount contributed subsequent to the measurement date of the net pension liability would be a deferred outflow of resources that would be recognized as a reduction in the net pension liability in the next fiscal year.

GUADALUPE-BLANCO RIVER AUTHORITY
REQUIRED SUPPLEMENTAL INFORMATION
AUGUST 31, 2016

Amortization Schedules

A. Increase (Decrease) in Pension Expense Arising from the Recognition of Differences between Projected and Actual Earnings on Pension Plan Investments

Fiscal Year Difference Recognized	Differences between Projected and Actual Earnings	Amortization Period	Recognized Outflow (Inflow) of Resources					
			Fiscal Year Recognized					
			2016	2017	2018	2019	2020	2021
2015	\$ 1,237,977	5 yrs	\$ 247,595	\$ 247,595	\$ 247,596	\$ 247,596	\$ 0	\$ 0
2016	2,266,316	5 yrs	453,263	453,263	453,263	453,263	453,264	0
2017								
2018								
2019								

Net increase (decrease) for A \$700,858

B. Increase (Decrease) in Pension Expense Arising from the Recognition of Changes in Assumptions

First Fiscal Year Difference Recognized	Changes in Assumptions	Amortization Period	Recognized Outflow (Inflow) of Resources					
			Fiscal Year Recognized					
			2016	2017	2018	2019	2020	2021
2015	\$ 620,672	5.853 yrs	\$ 106,043	\$ 106,043	\$ 106,043	\$ 106,043	\$ 90,457	\$ 0
2016	477,891	5.241 yrs	91,183	91,183	91,183	91,183	91,183	21,976
2017								
2018								
2019								

Net increase (decrease) for B \$ 197,226

C. Increase (Decrease) in Pension Expense Arising from the Recognition of Differences between Expected and Actual Experience

First Fiscal Year Difference Recognized	Differences between Expected and Actual Experience	Amortization Period	Recognized Outflow (Inflow) of Resources					
			Fiscal Year Recognized					
			2016	2017	2018	2019	2020	2021
2015	\$ 0		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2016	552,928	5.241 yrs	105,500	105,500	105,500	105,500	105,500	25,428
2017								
2018								
2019								

Net increase (decrease) for C \$ 105,500

Net for future years (A+B+C) \$1,003,584 \$1,003,585 \$1,003,585 \$ 740,404 \$ 47,404

Other Supplemental Information

COMBINING SCHEDULE OF NET POSITION
AUGUST 31, 2016

	General Division	Guadalupe Valley Hydroelectric Division	Rural Utilities Division	Water Resource Division	Port Lavaca Water Treatment Plant Division
ASSETS AND DEFERRED OUTFLOWS					
CURRENT ASSETS					
Unrestricted Assets					
Cash and Cash Equivalents.....	\$ 1,766,998	\$ 72,378	\$ 333,951	\$ 5,162,634	\$ 52,887
Investments-Unrestricted.....	1,000,810	--	250,000	5,624,143	--
Interest Receivable.....	21,138	--	7	54,486	--
Accounts Receivable-Operating.....	1,247	446,909	430,886	1,171,204	111,914
Accounts Receivable-Interfund.....	3,311,189	219,603	111,328	2,091,418	169,640
Other Current Assets.....	11,598	96,554	20,912	228,035	66,551
Total Current Assets.....	6,112,980	835,444	1,147,084	14,331,920	400,992
Restricted Assets					
Cash and Cash Equivalents.....	448,007	--	154,184	6,929,955	--
Investments.....	477,748	--	292,640	1,348,809	--
Interest Receivable.....	6,126	--	2,779	26,195	--
Total Restricted Assets.....	931,881	--	449,603	8,304,959	--
Total Current Assets.....	7,044,861	835,444	1,596,687	22,636,879	400,992
LONG-TERM ASSETS					
Restricted Assets					
Investments.....	556,495	--	--	2,427,287	--
Total Restricted Assets.....	556,495	--	--	2,427,287	--
Capital Assets					
Land, Water and Storage Rights.....	1,035,561	2,248,822	235,957	30,901,067	41,424
Dams, Plants and Equipment.....	2,195,210	11,544,244	13,801,975	146,343,757	7,042,710
Construction In Progress.....	--	--	1,129,993	88,000	15,279
Less Accumulated Depreciation.....	(1,870,049)	(7,938,438)	(5,184,242)	(44,934,533)	(4,921,457)
Total Capital Assets.....	1,360,722	5,854,628	9,983,683	132,398,291	2,177,956
Other Assets					
Investments-Unrestricted.....	2,720,236	--	--	9,727,909	--
Long-Term Loans Receivable.....	93,750	--	93,221	--	--
Contract Development Costs (Net of Amortization).....	--	--	--	--	--
Permits and Licenses (Net of Amortization).....	--	--	--	--	--
Project Development Costs.....	--	--	--	6,661,157	--
Interfund Loans Receivable.....	7,582,243	--	--	--	--
Total Other Assets.....	10,396,229	--	93,221	16,389,066	--
Total Long-Term Assets.....	12,313,446	5,854,628	10,076,904	151,214,644	2,177,956
DEFERRED OUTFLOWS OF RESOURCES	3,798,562	--	--	--	--
Total Assets and Deferred Outflows.....	\$ 23,156,869	\$ 6,690,072	\$ 11,673,591	\$ 173,851,523	\$ 2,578,948
LIABILITIES, DEFERRED INFLOWS AND NET POSITION					
CURRENT LIABILITIES					
Payable from Unrestricted Assets					
Current Portion of Long-Term Loans Payable.....	\$ --	\$ --	\$ 27,940	\$ 272,721	\$ 49,975
Interest Payable.....	--	--	--	45,057	--
Accounts Payable-Operating.....	293,119	158,436	601,439	1,632,318	95,408
Accounts Payable-Interfund.....	2,599,576	610,114	342,528	2,197,978	198,491
Total Current Unrestricted Liabilities.....	2,892,695	768,550	971,907	4,148,074	343,874
Payable from Restricted Assets					
Current Portion of Debt.....	--	--	105,000	4,315,000	--
Interest Payable.....	--	--	32,148	1,052,617	--
Total Current Restricted Liabilities.....	--	--	137,148	5,367,617	--
Total Current Liabilities.....	2,892,695	768,550	1,109,055	9,515,691	343,874
LONG-TERM LIABILITIES					
Revenue Bonds Payable.....	--	--	--	109,262,374	--
Long-Term Loans Payable.....	--	--	2,396,538	3,356,391	301,662
Interfund Loans Payable.....	--	4,301,357	2,285,057	995,829	--
Less Current Portion.....	--	--	4,681,595	113,614,594	301,662
Total Bonds and Loans Payable.....	--	4,301,357	(132,940)	(4,587,721)	(49,975)
Advances for Operations.....	--	--	13,975	64,830	28,250
Net Pension Liability.....	6,588,043	--	--	--	--
Total Long-Term Liabilities.....	6,588,043	4,301,357	4,562,630	109,091,703	279,937
Total Liabilities.....	9,480,738	5,069,907	5,671,685	118,607,394	623,811
DEFERRED INFLOWS OF RESOURCES	--	--	--	1,579,801	665,948
NET POSITION					
Net Investments in Capital Assets.....	1,360,722	5,854,629	7,587,146	19,779,524	1,876,293
Restricted for Insurance.....	1,300,517	--	--	--	--
Restricted for Debt Service.....	--	--	--	4,188,199	--
Unrestricted.....	11,014,892	(4,234,464)	(1,585,240)	29,696,605	(587,104)
Total Net Position.....	13,676,131	1,620,165	6,001,906	53,664,328	1,289,189
Total Liabilities, Deferred Inflows and Net Position.....	\$ 23,156,869	\$ 6,690,072	\$ 11,673,591	\$ 173,851,523	\$ 2,578,948

See accompanying independent auditors' report.

Calhoun County Rural Water Supply Division	Coletto Creek Division	Luling Water Treatment Plant Division	Canyon Hydroelectric Division	Lockhart Division	2016 Eliminations	2016 Total
\$ 131,288	\$ 134,583	\$ 93,898	\$ 187,642	\$ 448,212	\$ --	\$ 8,384,471
160,067	--	105,076	--	--	--	7,140,096
5,564	--	5,966	--	--	--	87,161
111,990	379	--	162,320	57,697	--	2,494,546
86,000	136,060	114,248	39,200	202,367	(6,481,053)	--
5,637	8,827	7,187	9,880	15,755	--	470,936
500,546	279,849	326,375	399,042	724,031	(6,481,053)	18,577,210
--	--	7,706	103,176	--	--	7,643,028
--	--	161,601	--	374,669	--	2,655,467
--	--	210	--	666	--	35,976
--	--	169,517	103,176	375,335	--	10,334,471
500,546	279,849	495,892	502,218	1,099,366	(6,481,053)	28,911,681
--	--	--	--	--	--	2,983,782
--	--	--	--	--	--	2,983,782
51,396	--	875,292	12,187	136,881	--	35,538,587
2,616,838	2,091,418	7,392,461	12,553,881	6,792,217	--	212,374,711
60,669	--	--	--	--	--	1,293,941
(1,884,925)	(1,791,096)	(3,453,777)	(7,689,290)	(3,907,178)	--	(83,574,985)
843,978	300,322	4,813,976	4,876,778	3,021,920	--	165,632,254
300,518	--	402,633	--	--	--	13,151,296
--	--	--	--	--	--	186,971
--	--	--	--	1,304	--	1,304
--	--	--	445,742	--	--	445,742
--	--	--	--	--	--	6,661,157
--	--	--	--	--	(7,582,243)	--
300,518	--	402,633	445,742	1,304	(7,582,243)	20,446,470
1,144,496	300,322	5,216,609	5,322,520	3,023,224	(7,582,243)	189,062,506
--	--	36,169	--	--	--	3,834,731
\$ 1,645,042	\$ 580,171	\$ 5,748,670	\$ 5,824,738	\$ 4,122,590	(14,063,296)	\$ 221,808,918
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 350,636
--	--	--	--	--	--	45,057
56,431	111,114	106,074	49,340	640,731	--	3,744,410
174,050	230,543	41,930	16,741	69,102	(6,481,053)	--
230,481	341,657	148,004	66,081	709,833	(6,481,053)	4,140,103
--	--	255,000	--	640,000	--	5,315,000
--	--	12,851	--	--	--	1,097,616
--	--	267,851	--	640,000	--	6,412,616
230,481	341,657	415,855	66,081	1,349,833	(6,481,053)	10,552,719
--	--	4,462,940	--	640,000	--	114,365,314
--	--	--	--	--	--	6,054,591
--	--	--	--	--	(7,582,243)	--
--	--	4,462,940	--	640,000	(7,582,243)	120,419,905
--	--	(255,000)	--	(640,000)	--	(5,665,636)
--	--	4,207,940	--	--	(7,582,243)	114,754,269
--	--	34,805	348,766	30,412	--	521,038
--	--	--	--	--	--	6,588,043
--	--	4,242,745	348,766	30,412	(7,582,243)	121,863,350
230,481	341,657	4,658,600	414,847	1,380,245	(14,063,296)	132,416,069
--	--	--	5,310,328	1,579,280	--	9,135,357
843,977	300,322	351,036	4,876,777	2,381,920	--	45,212,346
--	--	--	--	--	--	1,300,517
--	--	169,307	--	374,669	--	4,732,175
570,584	(61,808)	569,727	(4,777,214)	(1,593,524)	--	29,012,454
1,414,561	238,514	1,090,070	99,563	1,163,065	--	80,257,492
\$ 1,645,042	\$ 580,171	\$ 5,748,670	\$ 5,824,738	\$ 4,122,590	(14,063,296)	\$ 221,808,918

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

FISCAL YEAR ENDED AUGUST 31, 2016

	General Division	Guadalupe Valley Hydroelectric Division	Rural Utilities Division	Water Resource Division	Port Lavaca Water Treatment Plant Division
REVENUE					
Power Sales.....	\$ --	\$ 3,636,626	\$ --	\$ --	\$ --
Water Sales and Lake Operations.....	--	--	--	31,040,330	1,542,213
Recreation and Land Use.....	--	--	--	110,864	--
Waste Water Treatment Services.....	--	--	2,103,138	1,180,029	--
Laboratory Services.....	--	--	--	965,329	--
Rental.....	--	12,190	--	209,157	--
Administrative and General.....	2,943,855	--	--	--	--
Miscellaneous.....	100,803	212,557	514,749	1,830,725	307
Total Operating Revenue.....	3,044,658	3,861,373	2,617,887	35,336,434	1,542,520
EXPENSES					
Personnel Operating Costs.....	1,557,621	1,467,983	646,953	6,653,759	477,836
Operating Supplies and Services.....	1,144,595	524,909	754,318	12,562,607	616,815
Maintenance and Repairs.....	306,637	860,185	497,468	1,943,089	185,355
Administrative and General.....	--	450,320	171,709	1,617,368	126,012
Depreciation and Amortization.....	87,110	299,315	473,196	3,805,454	205,834
Total Operating Expenses.....	3,095,963	3,602,712	2,543,644	26,582,277	1,611,852
Operating Income (Loss).....	(51,305)	258,661	74,243	8,754,157	(69,332)
NONOPERATING REVENUES (EXPENSES)					
Grant Income.....	--	--	--	1,531,700	--
Investment Income.....	38,730	3	17,639	294,096	281
Gain (Loss) on Disposal of Capital Assets.....	--	--	--	--	--
Interest Expense.....	--	--	(81,957)	(4,109,683)	(15,144)
Total Nonoperating Revenues (Expenses).....	38,730	3	(64,318)	(2,283,887)	(14,863)
Income (Loss) Before Recognition of Deferrals.....	(12,575)	258,664	9,925	6,470,270	(84,195)
Costs (Revenue) to be Recognized in Future Years.....	--	--	--	(782,562)	(221,324)
Change in Net Position.....	(12,575)	258,664	9,925	5,687,708	(305,519)
Net Position at September 1, 2015.....	13,688,706	1,361,501	5,541,981	48,426,620	1,594,708
Transfer of Net Assets from Water Supply Operations to Rural Util Div.....	--	--	450,000	(450,000)	--
Net Position at August 31, 2016.....	\$ 13,676,131	\$ 1,620,165	\$ 6,001,906	\$ 53,664,328	\$ 1,289,189

Calhoun County Rural Water Supply Division	Coleta Creek Division	Luling Water Treatment Plant Division	Canyon Hydroelectric Division	Lockhart Division	Eliminations	Total
\$ --	\$ --	\$ --	\$ 343,658	\$ --	\$ --	\$ 3,980,284
975,192	899,645	1,340,236	--	553,774	--	36,351,390
--	641,236	--	--	--	--	752,100
50,120	--	--	--	1,148,222	--	4,481,509
--	--	--	--	--	--	965,329
--	91,281	--	--	--	--	312,628
--	--	--	--	--	(2,943,855)	--
85,418	28,899	2	3,730	595,523	--	3,372,713
1,110,730	1,661,061	1,340,238	347,388	2,297,519	(2,943,855)	50,215,953
389,490	822,478	343,275	127,725	444,353	(94,226)	12,837,247
400,758	270,428	326,281	81,136	715,969	--	17,397,816
155,039	381,032	102,861	97,468	362,518	--	4,891,652
102,803	138,415	87,746	41,359	113,897	(2,849,629)	--
59,625	42,166	135,137	262,745	246,821	--	5,617,403
1,107,715	1,654,519	995,300	610,433	1,883,558	(2,943,855)	40,744,118
3,015	6,542	344,938	(263,045)	413,961	--	9,471,835
--	--	--	--	--	--	1,531,700
4,750	31	7,893	300	1,797	--	365,520
4,536	3,792	--	--	266	--	8,594
--	--	(158,241)	--	(22,150)	--	(4,387,175)
9,286	3,823	(150,348)	300	(20,087)	--	(2,481,361)
12,301	10,365	194,590	(262,745)	393,874	--	6,990,474
--	(4,533)	(82,153)	262,745	(424,419)	--	(1,252,246)
12,301	5,832	112,437	--	(30,545)	--	5,738,228
1,402,260	232,682	977,633	99,563	1,193,610	--	74,519,264
\$ 1,414,561	\$ 238,514	\$ 1,090,070	\$ 99,563	\$ 1,163,065	\$ --	\$ 80,257,492

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

FISCAL YEAR ENDED AUGUST 31, 2016

	General Division	Guadalupe Valley Hydroelectric Division	Rural Utilities Division	Water Resource Division
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers.....	\$ --	\$ 3,686,002	\$ 2,609,923	\$ 35,315,897
Cash Received from Interfund Administrative Charges.....	2,943,855	--	--	--
Cash Paid for Personnel Operating Costs.....	(883,755)	(1,467,983)	(646,953)	(6,653,759)
Cash Paid for Other Operating and Maintenance Costs.....	(1,562,739)	(1,208,837)	(803,428)	(14,128,416)
Cash Paid for Interfund Administrative Charges.....	--	(450,320)	(171,709)	(1,617,368)
Net Cash Flows From (Used by) Operating Activities.....	497,361	558,862	987,833	12,916,354
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund Operating Loans Received.....	--	31,500	67,500	61,200
Interfund Operating Loans Made.....	(400,200)	--	--	--
Principal Payments Made on Interfund Operating Loans.....	--	(500,000)	(150,000)	(55,000)
Principal Payments Received on Interfund Operating Loans.....	945,000	--	--	--
Cash Received from Grants.....	--	--	--	1,531,700
Internal Financing for Construction Project.....	--	--	450,000	(450,000)
Net Cash Flows From (Used by) Noncapital Financing Activities.....	544,800	(468,500)	367,500	1,087,900
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from Advances from Customers, Developers, and Other Governmental Units.....	--	--	25,833	--
Proceeds from Revenue and Loans for Capital Assets and Plant Expansions.....	--	--	--	2,000,000
Proceeds from Sale of Capital Assets.....	--	--	--	--
Purchase of Capital Assets.....	(97,078)	(76,635)	(84,284)	(706,609)
Cash Paid for Construction in Progress.....	--	--	(1,081,717)	(16,500)
Cash Paid for Project Development.....	--	--	--	(2,205,227)
Interest Paid.....	--	--	(90,432)	(4,144,728)
Principal Payments on Revenue Bonds.....	--	--	--	(4,742,297)
Principal Payments on Loans.....	--	--	(837,811)	(372,150)
Net Cash Flows Used by Capital and Related Financing Activities.....	(97,078)	(76,635)	(2,068,411)	(10,187,511)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash Received from Investments.....	599,544	--	702,773	523,537
Investment Income Received.....	23,086	3	17,700	279,100
Cash Paid for Investments.....	(1,437,119)	--	(250,000)	(3,302,120)
Net Cash Flows From (Used by) Investing Activities.....	(814,489)	3	470,473	(2,499,483)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	\$ 130,594	\$ 13,730	\$ (242,605)	\$ 1,317,260
CURRENT CASH AND CASH EQUIVALENTS:				
At Beginning of Year.....	1,534,686	52,830	461	8,238,754
At End of Year.....	1,766,998	72,378	333,951	5,162,634
Net Increase (Decrease).....	232,312	19,548	333,490	(3,076,120)
RESTRICTED CASH AND CASH EQUIVALENTS:				
At Beginning of Year.....	549,725	5,818	730,279	2,536,575
At End of Year.....	448,007	--	154,184	6,929,955
Net Increase (Decrease).....	(101,718)	(5,818)	(576,095)	4,393,380
TOTAL CASH AND CASH EQUIVALENTS:				
At Beginning of Year.....	2,084,411	58,648	730,740	10,775,329
At End of Year.....	2,215,005	72,378	488,135	12,092,589
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	\$ 130,594	\$ 13,730	\$ (242,605)	\$ 1,317,260
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS				
FROM OPERATING ACTIVITIES:				
Operating Income (Loss).....	\$ (51,305)	\$ 258,661	\$ 74,243	\$ 8,754,157
Adjustments to Reconcile Operating Income to Net Cash Flows				
From Operating Activities:				
Depreciation and Amortization.....	87,110	299,315	473,196	3,805,454
Actuarially Determined Net Pension Expense.....	513,330	--	--	--
Net Change in Assets and Liabilities From Operating Activities:				
Operating Accounts Receivable.....	155,120	(175,371)	(8,117)	(65,895)
Other Current Assets.....	1,586	1,999	1,189	35,616
Net Pension Liability.....	160,536	--	--	--
Operating Accounts Payable.....	(369,016)	174,258	447,322	387,022
Total Adjustments.....	548,666	300,201	913,590	4,162,197
NET CASH FLOWS FROM OPERATING ACTIVITIES.....	\$ 497,361	\$ 558,862	\$ 987,833	\$ 12,916,354
NON-CASH TRANSACTIONS SCHEDULE				

1. During fiscal year 2016 and 2015, an adjustment of \$37,281 and (\$79,655) respectively, was made to decrease investments to fair value.

See accompanying independent auditors' report.

Port Lavaca Water Treatment Plant Division	Calhoun County Rural Water Supply Division	Coleto Creek Division	Luling Water Treatment Plant Division	Canyon Hydroelectric Division	Lockhart Division	Eliminations	Total
\$ 1,677,302	\$ 1,098,754	\$ 1,665,594	\$ 1,391,922	\$ 405,906	\$ 2,326,821	\$ --	\$ 50,178,121
--	--	--	--	--	--	--	2,943,855
(477,836)	(389,490)	(822,478)	(343,275)	(127,725)	(444,353)	--	(12,257,607)
(910,452)	(504,496)	(650,867)	(498,918)	(91,036)	(1,033,298)	--	(21,392,487)
(126,012)	(102,803)	(138,415)	(87,746)	(41,359)	(113,897)	--	(2,849,629)
163,002	101,965	53,834	461,983	145,786	735,273	--	16,622,253
216,500	--	23,500	--	--	--	(400,200)	--
--	--	--	--	--	--	400,200	--
(216,500)	--	(23,500)	--	--	--	945,000	--
--	--	--	--	--	--	(945,000)	--
--	--	--	--	--	--	--	1,531,700
--	--	--	--	--	--	--	1,531,700
--	--	--	--	--	--	--	25,833
--	--	--	--	--	--	--	2,000,000
--	7,447	3,791	--	--	1,899	--	13,137
(5,599)	(37,226)	(12,990)	--	--	(13,781)	--	(1,034,202)
(9,407)	(20,973)	--	--	--	--	--	(1,128,597)
--	--	--	--	--	--	--	(2,205,227)
(16,161)	--	--	(158,946)	--	(22,150)	--	(4,432,417)
(305,000)	--	--	(244,496)	--	(615,000)	--	(5,906,793)
(29,532)	--	--	--	--	--	--	(1,239,493)
(365,699)	(50,752)	(9,199)	(403,442)	--	(649,032)	--	(13,907,759)
230,551	2,941	--	4,303	--	--	--	2,063,649
958	1,541	31	4,658	300	1,539	--	328,916
--	(53,002)	--	(60,129)	--	(13,563)	--	(5,115,933)
231,509	(48,520)	31	(51,168)	300	(12,024)	--	(2,723,368)
\$ 28,812	\$ 2,693	\$ 44,666	\$ 7,373	\$ 146,086	\$ 74,217	\$ --	\$ 1,522,826
19,064	128,595	89,917	87,103	41,852	373,995	--	10,567,257
52,887	131,288	134,583	93,898	187,642	448,212	--	8,384,471
33,823	2,693	44,666	6,795	145,790	74,217	--	(2,182,786)
5,011	--	--	7,128	102,880	--	--	3,937,416
--	--	--	7,706	103,176	--	--	7,643,028
(5,011)	--	--	578	296	--	--	3,705,612
24,075	128,595	89,917	94,231	144,732	373,995	--	14,504,673
52,887	131,288	134,583	101,604	290,818	448,212	--	16,027,499
\$ 28,812	\$ 2,693	\$ 44,666	\$ 7,373	\$ 146,086	\$ 74,217	\$ --	\$ 1,522,826
\$ (69,332)	\$ 3,015	\$ 6,542	\$ 344,938	\$ (263,045)	\$ 413,961	\$ --	\$ 9,471,835
205,834	59,625	42,166	135,137	262,745	246,821	--	5,617,403
--	--	--	--	--	--	--	513,330
139,331	4,461	3	51,684	58,518	29,302	--	189,036
(3,709)	776	569	1,359	871	2,967	--	43,223
--	--	--	--	--	--	--	160,536
(109,122)	34,088	4,554	(71,135)	86,697	42,222	--	626,890
232,334	98,950	47,292	117,045	408,831	321,312	--	7,150,418
\$ 163,002	\$ 101,965	\$ 53,834	\$ 461,983	\$ 145,786	\$ 735,273	\$ --	\$ 16,622,253

GUADALUPE-BLANCO RIVER AUTHORITY
AMORTIZATION SCHEDULES

REGIONS BANK, DUNLAP WASTEWATER TREATMENT EXPANSION & COLLECTION SYSTEM LOAN

YR END AUG 31	TAX-EXEMPT LOAN		
	PRINCIPAL	INTEREST	TOTAL
2017	\$ 105,000	\$ 75,401	\$ 180,401
2018	105,000	71,894	176,894
2019	110,000	68,303	178,303
2020	115,000	64,546	179,546
2021	115,000	60,708	175,708
2022	120,000	56,780	176,780
2023	125,000	52,689	177,689
2024	130,000	48,430	178,430
2025	135,000	44,005	179,005
2026	140,000	39,412	179,412
2027	145,000	34,653	179,653
2028	145,000	29,810	174,810
2029	150,000	24,883	174,883
2030	160,000	19,706	179,706
2031	165,000	14,279	179,279
2032	170,000	8,684	178,684
2033	175,000	2,923	177,923
	<u>\$ 2,310,000</u>	<u>\$ 717,106</u>	<u>\$ 3,027,106</u>

REGIONS BANK, RURAL UTILITIES DIVISION LOAN
EMERGENCY GENERATORS

YR END AUG 31	CANYON PARK WWTP			DUNLAP WWTP			SPRINGS HILL WWTP		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
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>\$ 20,398</u>	<u>\$ 1,010</u>	<u>\$ 21,408</u>	<u>\$ 22,871</u>	<u>\$ 1,133</u>	<u>\$ 24,004</u>	<u>\$ 43,270</u>	<u>\$ 2,143</u>	<u>\$ 45,413</u>

GUADALUPE-BLANCO RIVER AUTHORITY
AMORTIZATION SCHEDULES

U.S. GOVERNMENT LOAN, CANYON DAM AND RESERVOIR

<u>YR END AUG 31</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
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>\$ 2,703,428</u>	<u>\$ 385,472</u>	<u>\$ 3,088,900</u>

WATER RESOURCE WATER RIGHT PURCHASE AMORTIZATION SCHEDULE

<u>LULING FOUNDATION</u>				<u>ABNER USSERY</u>			<u>TOTAL</u>
<u>YR END AUG 31</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL REQUIREMENTS</u>	
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	21,534	967	22,501	60,796
	<u>\$ 411,320</u>	<u>\$ 163,175</u>	<u>\$ 574,495</u>	<u>\$ 241,642</u>	<u>\$ 95,859</u>	<u>\$ 337,501</u>	<u>\$ 911,996</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	
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>\$ 5,205,000</u>	<u>\$ 1,699,472</u>	<u>\$ 6,904,472</u>	<u>\$ 2,680,000</u>	<u>\$ 700,383</u>	<u>\$ 3,380,383</u>	<u>\$ 10,284,855</u>

GENERAL IMPROVEMENT REVENUE BONDS, SERIES 2012

MID-BASIN PROJECT

YR END AUG 31	PRINCIPAL	INTEREST	TOTAL
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>\$ 3,505,000</u>	<u>\$ 396,789</u>	<u>\$ 3,901,789</u>

GUADALUPE-BLANCO RIVER AUTHORITY
AMORTIZATION SCHEDULES

GENERAL IMPROVEMENT REVENUE BONDS, SERIES 2015
IWPP PROJECTS, SWIRF FUNDS

YR END AUG 31	PRINCIPAL	INTEREST	TOTAL
2017	\$ --	\$ --	\$ --
2018	--	--	--
2019	--	--	--
2020	--	--	--
2021	--	--	--
2022	--	--	--
2023	--	--	--
2024	145,000	58,295	203,295
2025	145,000	55,267	200,267
2026	150,000	52,080	202,080
2027	155,000	48,404	203,404
2028	160,000	44,294	204,294
2029	160,000	39,789	199,789
2030	165,000	35,096	200,096
2031	170,000	30,075	200,075
2032	180,000	24,747	204,747
2033	185,000	18,969	203,969
2034	190,000	12,916	202,916
2035	195,000	6,591	201,591
	<u>\$ 2,000,000</u>	<u>\$ 426,523</u>	<u>\$ 2,426,523</u>

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

YR END AUG 31	PRINCIPAL	INTEREST	TOTAL
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>\$ 17,320,000</u>	<u>\$ 7,830,457</u>	<u>\$ 25,150,457</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	
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>\$ 49,065,000</u>	<u>\$ 24,517,456</u>	<u>\$ 73,582,456</u>	<u>\$ 6,000,000</u>	<u>\$ 2,640,812</u>	<u>\$ 8,640,812</u>	<u>\$ 82,223,268</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	
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>\$ 8,050,000</u>	<u>\$ 5,676,000</u>	<u>\$ 13,726,000</u>	<u>\$ 5,245,000</u>	<u>\$ 5,517,789</u>	<u>\$ 10,762,789</u>	<u>\$ 24,488,789</u>

GUADALUPE-BLANCO RIVER AUTHORITY
AMORTIZATION SCHEDULES

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

YR END AUG 31	PRINCIPAL	INTEREST	TOTAL
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>\$ 4,285,000</u>	<u>\$ 552,456</u>	<u>\$ 4,837,456</u>

* The principal and related interest due on September 1, 2016 (FY2017) were paid in fiscal year ending August 31, 2016.

FROST NATIONAL BANK, PORT LAVACA WTP CLEARWELL

YR END AUG 31	PRINCIPAL	INTEREST	TOTAL
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>\$ 301,662</u>	<u>\$ 35,421</u>	<u>\$ 337,083</u>

TREATED WATER DELIVERY SYSTEM CONTRACT REVENUE REFUNDING BONDS
SERIES 2014
CITY OF LOCKHART PROJECT (LULING-TO-LOCKHART PIPELINE)

YR END AUG 31	PRINCIPAL	INTEREST	TOTAL
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>\$ 4,470,000</u>	<u>\$ 1,164,204</u>	<u>\$ 5,634,204</u>

CONTRACT REVENUE REFUNDING BONDS, SERIES 2010
CITY OF LOCKHART PROJECT

YR END AUG 31	PRINCIPAL	INTEREST	TOTAL
2017	\$ 640,000	\$ 8,000	\$ 648,000
	<u>\$ 640,000</u>	<u>\$ 8,000</u>	<u>\$ 648,000</u>

Statistical Section

Index and Explanation

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

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<i>These schedules contain trend information to help the reader understand how GBRA's financial performance and well-being have changed over time.</i>	
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Guadalupe Blanco River Authority
Net Position By Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Primary government					
Net investment in capital assets	\$ 45,212,346	\$ 43,492,246	\$ 41,302,982	\$ 36,423,496	\$ 35,853,611
Restricted	6,032,692	8,100,743	8,047,563	4,787,708	5,995,312
Unrestricted	<u>29,012,454</u>	<u>22,926,275</u>	<u>27,977,413</u>	<u>30,776,556</u>	<u>25,315,195</u>
Total primary government net position	<u>\$ 80,257,492</u>	<u>\$ 74,519,264</u>	<u>\$ 77,327,958</u>	<u>\$ 71,987,760</u>	<u>\$ 67,164,118</u>

	Fiscal Year				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Primary government					
Net investment in capital assets	\$ 40,790,810	\$ 43,235,437	\$ 40,582,695	\$ 38,715,589	\$ 36,361,304
Restricted	5,386,547	6,521,324	10,715,810	7,978,016	6,221,215
Unrestricted	<u>18,914,321</u>	<u>15,143,773</u>	<u>10,656,309</u>	<u>11,365,266</u>	<u>10,843,049</u>
Total primary government net position	<u>\$ 65,091,678</u>	<u>\$ 64,900,534</u>	<u>\$ 61,954,814</u>	<u>\$ 58,058,871</u>	<u>\$ 53,425,568</u>

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

<u>Fiscal Year</u>	<u>Operating Revenues</u>	<u>Operating Expenses</u>	<u>Operating Income</u>	<u>Total Nonoperating Revenues (Expenses)</u>	<u>Income before Capital Contributions and Deferrals</u>	<u>Capital Contributions</u>	<u>Deferrals</u>	<u>Restatement</u>	<u>Change in Net Position</u>
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
2015	46,857,167	37,337,459	9,519,708	(3,520,050)	5,999,658	-	(1,209,707)	(7,598,645)	(2,808,694)
2016	50,215,953	40,744,118	9,471,835	(2,481,361)	6,990,474	-	(1,252,246)		5,738,228

The Guadalupe Blanco River Authority adopted GASB 68, Accounting and Financial Reporting for Pensions in FY 2015, resulting in a decrease in net assets of \$7,598,645.

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
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
2015	-	2,914,459	35,235,777	1,140,268	4,070,855	914,476	2,581,332	46,857,167
2016	-	3,980,284	36,351,390	1,064,728	4,481,509	965,329	3,372,713	50,215,953

Operating Expenses Last Ten Fiscal Years

Year	Personnel Operating Costs	Operating Supplies and Services	Maintenance and Repairs	Depreciation and Amortization	Special Items (a)	Total
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
2015	11,553,310	14,894,444	4,963,250	5,705,554	220,901	37,337,459
2016	12,837,247	17,397,816	4,891,652	5,617,403	-	40,744,118

(a) Special Items in FY 2010 through FY 2015 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
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)
2015	(4,553,127)	124,228	891,457	17,392	(3,520,050)
2016	(4,387,175)	365,520	1,531,700	8,594	(2,481,361)

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 Bulverde
 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
 Kendall West Utilities
 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	Price Per Acre-Foot (1)	Effective Date
\$38.75	10/1/1980	\$96.00	10/1/2006
44.76	10/1/1985	100.00	10/1/2007
53.03	10/1/1990	105.00	10/1/2008
61.00	10/1/1997	110.00	10/1/2010
69.00	10/1/2000	114.00	10/1/2011
80.00	10/1/2002	125.00	10/1/2012
84.00	11/1/2003	130.00	10/1/2014
88.00	10/1/2004	135.00	10/1/2015
92.00	10/1/2005		

(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:

Budget-to-Actual Operations:	Principal Customers	County
Northcliffe Wastewater Treatment Plant	City of Schertz	Guadalupe
Sunfield Wastewater Treatment Plant	Sunfield MUD #4	Hays
Singing Hills Wastewater Treatment Plant	City of Bulverde	Comal
Buda Wastewater Treatment Plant	City of Buda	Hays
Port Lavaca Water Treatment Plant	City of Port Lavaca	Calhoun
Coleto Creek Reservoir	Coleto Creek Power, LP	Victoria/Goliad
Luling Water Treatment Plant	Cities of Luling & Lockhart	Caldwell
Canyon Hydroelectric Plant	New Braunfels Utilities	Comal
Lockhart Wastewater Reclamation System	City of Lockhart	Caldwell
Lockhart Water Treatment Plant	City of Lockhart	Caldwell

Unit of Service Operations:	Principal Customers	County
General Division	GBRA Systems	Guadalupe
Guadalupe Valley Hydroelectric Division	Guadalupe Valley Electric Coop.	Guadalupe/Gonzales
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
	<u>Bonds</u>	<u>Loans</u>	<u>Bonds</u>	<u>Loans</u>	<u>Bonds</u>
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	-
2015	12,095,316	6,962,889	106,160,734	331,195	-
2016	13,391,059	5,752,929	100,974,255	301,662	-

(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.

In FY 2016, Net Obligations Payable from Revenue Contracts were as follows:

		Customer Revenue Contract
RRWDS Combination Contract Revenue Bonds Series 2007 A & B	\$ 13,367,161	Cities of Kyle & Buda, GoForth SUD, Sunfield MUD, Monarch Util, Hays Energy LP, Canyon Reg Water Authority
RRWDS Combination Revenue Refunding Bonds, San Marcos Series 2010	\$ 4,285,000	City of San Marcos
IH 35 Proj Combination Contract Revenue Bonds, Series 2013	\$ 17,252,123	Cities of Kyle & Buda, GoForth SUD, Monarch Util, Sunfield MUD
Western Canyon Regional WS Project Revenue Bonds, Series 2013 A&B	\$ 60,967,031	San Antonio Water System, Cities of Boerne & Fair Oaks, Canyon Lake Water Supply Co., Kendall West, Lerin MUD, DH Investments, Bremer Ranch, Couser Ranch, Retail Operations: Cordillera, Comal Trace, Johnson Ranch
Frost National Bank-Clearwell	\$ 301,662	Port O'Connor MUD, Calhoun Co Rural Water
Treated Water Delivery System Contract Revenue Refund. Bonds, Series 2014	\$ 4,462,940	City of Lockhart
Regional Wastewater Treat. System Contract Rev Refund Bonds, Series 2010	\$ 640,000	City of Lockhart

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

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

**Pollution Control and
Industrial Development Bonds**

Year	
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
2015	40,890,000
2016	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.

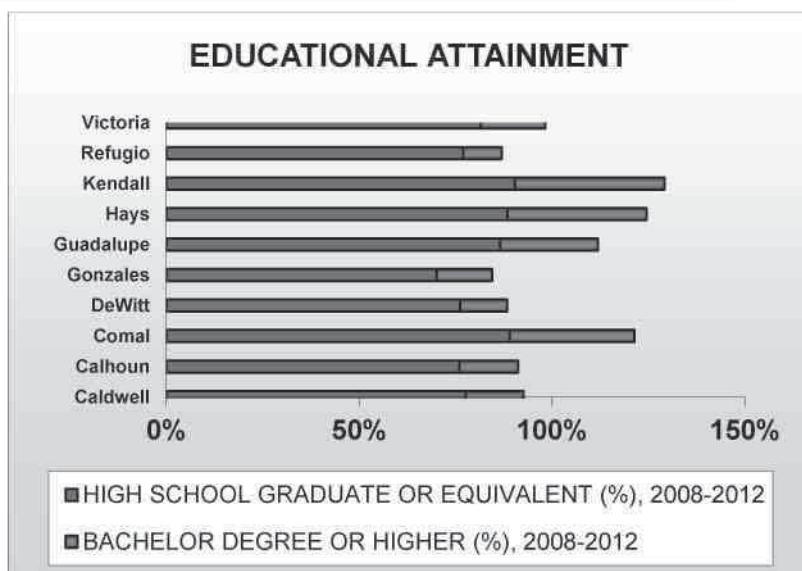
GBRA District Demographics

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.

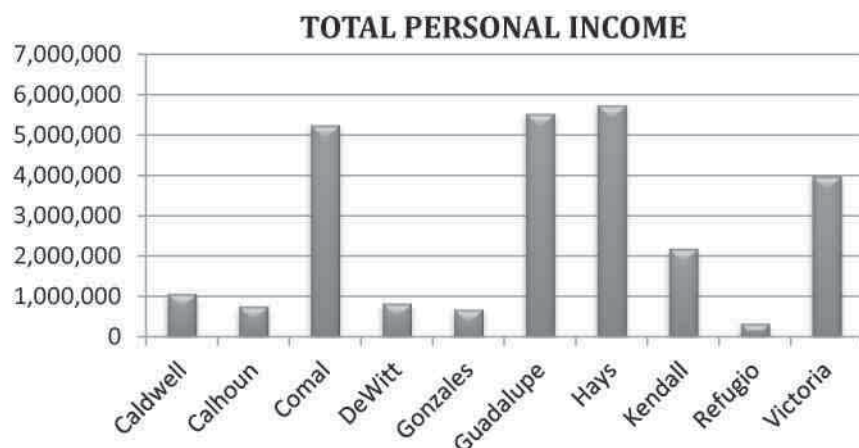
GBRA provides a variety of services to rural water corporations, electric cooperatives, industries and individuals within this ten-county district. The array of services includes water sales and distribution, water treatment, wastewater treatment, hydroelectric generation, laboratory analysis and recreation 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	78%	15%
Calhoun	76%	15%
Comal	89%	32%
DeWitt	76%	12%
Gonzales	70%	14%
Guadalupe	87%	25%
Hays	89%	36%
Kendall	90%	39%
Refugio	77%	10%
Victoria	82%	17%



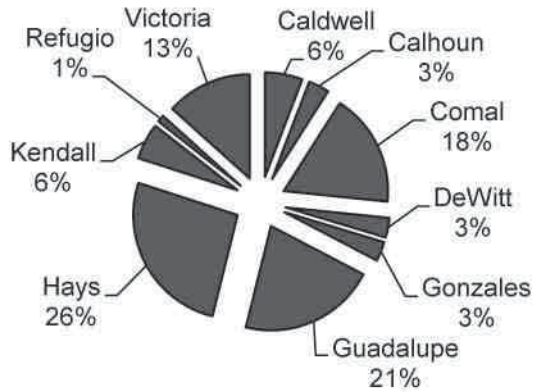
SOURCE: U.S. Census Bureau, 5yr Estimate



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

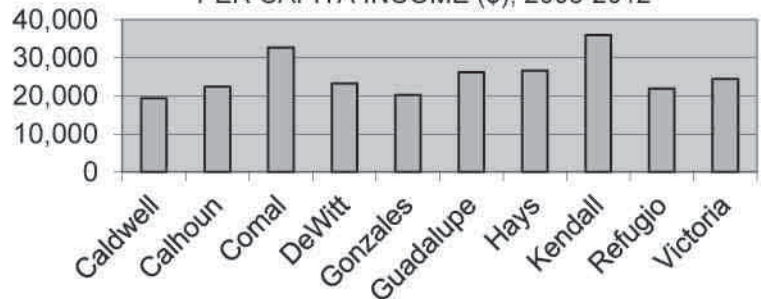
COUNTY POPULATION

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

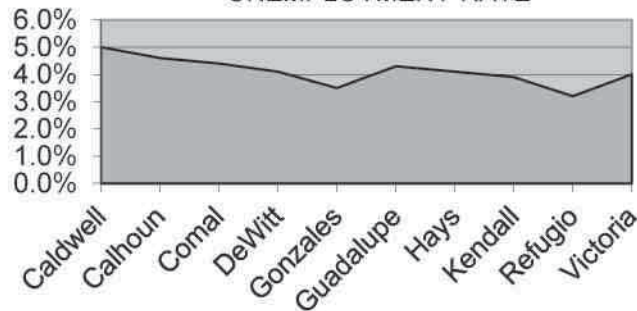
COUNTY	PER CAPITA INCOME
Kendall	35,991
Comal	32,736
Hays	26,662
Guadalupe	26,233
Victoria	24,473
DeWitt	23,281
Calhoun	22,439
Refugio	21,936
Gonzales	20,225
Caldwell	19,368

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 RATE

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**

Division	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General	36	38	40	40	41	39	40	39.5	39	39
Guadalupe Valley Electric	25	25	25	25	25	26	26	26	26	26
Rural Utilities	6	7	7	7	7	7	7	7	7	7
Water Resources	45	46	51	48	49	49	49.5	51.5	54	55.5
Western Canyon	8	9	9	9	9	9	9	9	10	10
Port Lavaca WTP	8	8	8	8	8	8	8	8	8	8
Calhoun County RWSS	4	4	4	4	4	4	4	5	5	5
Victoria Regional WWRS	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
Total	187	192	199	194	186	176	177.5	180	183	184.5

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

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



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GUADALUPE-BLANCO RIVER AUTHORITY
OPERATING STATISTICS

Operating Statistics:	FY 2006	FY 2007	FY 2008
Water Treatment Customers:			
Total Water Distributed (Gal.)			
Calhoun County Rural Water Supply Division	75,334,000	62,684,000	75,006,000
Total Water Treated (Gal.)			
Lockhart Water Treatment System	581,087,000	479,150,000	525,871,000
Luling Water Treatment Plant Division	802,677,000	651,263,000	734,704,000
Port Lavaca Water Treatment Plant Division	666,085,000	592,510,000	673,172,000
San Marcos Water Treatment Plant System	1,711,018,000	2,129,290,000	2,404,842,000
Western Canyon Water Treatment Plant System	1,041,235,000	2,713,775,000	3,648,193,000
Waste Water Treatment Customers:			
Total Wastewater Treated (Gal.)			
Buda Wastewater Treatment Plant	119,580,000	198,200,000	243,800,000
Crestview Subdivision Wastewater Treatment Plant	2,404,060	3,256,203	2,191,534
Lockhart Wastewater Reclamation System	491,100,000	489,000,000	447,100,000
Rural Utilities Division	149,520,000	190,740,000	168,630,000
Victoria Regional Wastewater Reclamation Division	2,741,000,000	2,390,000,000	2,585,000,000
Village of Wimberley Wastewater Treatment Plant	4,381,000	5,385,000	3,660,000
North Hayes County MUD #1	3,641,000	23,790,000	35,570,000
Sunfield Subdivision Wastewater Treatment	--	--	--
Water Sales Customers:			
Rice Irrigation (Acres)			
Calhoun Canal System	2,634	2,086	2,809
Water Delivered (Gal.)			
Guadalupe Power Partners	1,129,607,000	974,680,000	1,157,790,000
Regional Raw Water Delivery System	1,811,222,000	2,129,290,000	3,274,240,000
Power Sales & Other Services:			
Total Generation (kWh)			
Guadalupe Valley Hydroelectric Division	44,412,900	64,980,700	66,914,600
Canyon Hydroelectric Division	7,906,746	9,102,504	19,026,827
Annual Permits			
Lake Wood Recreation Area	23	11	17
Coleto Creek Regional Park	258	274	285
Camping Permits			
Lake Wood Recreation Area	3,235	2,112	2,635
Coleto Creek Regional Park	12,554	13,376	14,594
Camping Cabins			
Coleto Creek Regional Park	664	542	662
Day Use Permits			
Lake Wood Recreation Area	2,860	2,164	2,567
Coleto Creek Regional Park	16,378	14,177	16,851

FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
87,252,000	71,381,000	91,070,000	92,377,000	81,818,000	75,749,000	72,753,000	81,715,000
554,970,000	542,137,000	613,240,000	579,122,000	548,963,000	537,896,000	522,285,000	544,955,000
677,043,000	634,399,000	675,179,000	664,541,000	684,728,000	630,906,000	638,074,000	654,244,000
739,501,000	630,210,000	752,918,000	721,578,000	666,194,000	617,275,000	715,451,000	693,981,000
2,773,635,000	2,685,046,000	3,209,012,000	3,324,085,000	3,449,001,000	3,643,600,000	3,619,286,000	3,627,098,000
3,669,842,000	3,722,663,000	3,446,937,000	3,640,904,000	3,663,286,000	3,587,600,000	3,302,315,000	3,641,065,000
273,300,000	339,800,000	331,430,000	376,050,000	363,970,000	479,600,000	426,560,000	435,200,000
2,184,018	3,059,616	2,291,900	2,709,621	2,085,000	1,719,866	3,306,682	2,041,000
380,250,000	465,830,000	429,580,000	453,960,000	395,550,000	413,360,000	483,600,000	491,710,000
168,400,000	239,600,000	195,800,000	186,300,000	186,300,000	199,500,000	239,900,000	229,200,000
2,209,000,000	2,579,000,000	819,000,000	--	--	--	--	--
4,720,000	3,246,000	4,930,000	1,750,000	--	--	--	--
35,980,000	41,010,000	38,160,000	43,000,000	46,700,000	54,790,000	56,050,000	65,760,000
--	2,560,000	9,970,000	19,020,000	23,210,000	43,610,000	41,670,000	36,710,000
2,153	2,177	2,249	1,917	2,306	1,532	--	1,074
1,146,655,000	998,991,000	900,513,000	498,819,000	680,145,000	816,222,100	1,224,248,900	1,239,957,000
2,908,782,000	3,280,168,000	3,336,852,000	4,093,251,000	4,281,180,000	4,295,695,000	4,525,209,000	4,803,160,000
25,726,200	71,633,300	42,126,000	31,405,400	23,444,900	18,469,500	37,271,300	68,045,400
2,415,841	17,716,632	7,566,158	--	--	1,599	4,256,771	22,657,028
9	18	19	27	30	23	10	5
252	254	259	309	320	290	273	285
2,995	3,204	4,266	4,914	5,403	4,932	4,031	2,214
12,941	12,393	13,133	14,368	14,983	14,697	13,136	14,514
725	717	766	985	1,072	1,009	923	990
2,739	2,776	2,588	2,851	3,080	3,855	3,746	2,697
15,139	14,465	16,331	17,503	18,377	16,825	17,455	18,417

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	Coeto	Treatment	Hydro	Lockhart	
Year	Division	Division	Division	Division	Division	Division	Division	Division	Division	Division	Division	Total
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
2015	13,776	22,373	412,666	594,566	17,367	-	-	44,963	207,519	-	80,441	1,393,671
2016	97,078	76,635	84,285	706,609	5,599	37,225	-	12,991	-	-	13,781	1,034,202

Schedule of Capital Asset Additions by Classification
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Land, Water, & Storage Rights	\$ 6,718,880	\$ 99,723	\$ 433,650	\$ -	\$ 7,000,000	\$ 90,058	\$ 151,757	\$ -	\$ -	\$ -
Structures & Improve	99,724,123	2,759,542	15,702,963	1,005,294	3,749,160	242,832	2,993,788	71,179	312,900	82,073
Specialized Equip	110,451	69,706	142,709	63,522	41,246	4,777	42,542	29,452	5,206	70,054
Auto & Heavy Equip	238,477	193,219	248,342	205,812	229,186	190,060	312,585	261,102	337,541	335,544
Office Furniture & Equip	102,270	54,612	121,309	23,902	89,353	29,423	58,612	69,113	26,184	26,672
Miscellaneous Equip	1,099,896	131,337	169,314	326,797	171,895	188,165	246,919	227,867	711,840	519,859
Total	\$ 107,994,097	\$ 3,308,138	\$ 16,818,286	\$ 1,625,327	\$ 11,280,840	\$ 745,315	\$ 3,806,203	\$ 658,713	\$ 1,393,671	\$ 1,034,202

Independent Auditor's Report In Accordance With Government Auditing Standards



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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 the Guadalupe-Blanco River Authority as of and for the years ended August 31, 2016 and 2015, 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 14, 2016.

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 14, 2016

Principal Offices and Business Locations

General Office

General Division
Canyon Hydroelectric Division

Guadalupe Valley
Hydroelectric Division

GBRA Laboratory

Rural Utilities Division

Water Resources Division
933 East Court Street
Seguin, TX 78155
TEL: 830 · 379 · 5822 or
800 · 413 · 5822
FAX: 830 · 379 · 9718
Website: <http://www.gbra.org>

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

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

Coletto Creek
Division
P. O. Box 68
Fannin, TX 77960
TEL: 361 · 575 · 6366
FAX: 361 · 575 · 2267
email: svazquez@gbra.org

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

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

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

Lockhart Wastewater
Reclamation Division
4435 FM 20 East
Lockhart, TX 78644
TEL: 512 · 398 · 6391
FAX: 512 · 398 · 2036
email: emontana@gbra.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@gbra.org

Lockhart
Water Treatment Division
547 Old McMahan Road
Lockhart, TX 78644
TEL: 512 · 398 · 3528
email: emontana@gbra.org



Guadalupe-Blanco River Authority

933 East Court Street
Seguin, Texas 78155

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