A photograph of a river with large trees and their reflections in the water. The trees are tall and slender, with green foliage. The water is calm, reflecting the trees and the sky. The scene is peaceful and natural.

Guadalupe-Blanco  
River Authority

Comprehensive Annual  
Financial Report

Fiscal Years Ended  
August 31, 2017 and 2016



GUADALUPE-BLANCO RIVER AUTHORITY  
TEXAS

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

FISCAL YEARS ENDED AUGUST 31, 2017  
AND 2016

Financial information compiled by the GBRA Accounting Department.



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RIVER AUTHORITY

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# **GUADALUPE-BLANCO RIVER AUTHORITY**

## **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. The Board meets monthly to 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 leads as a regional partner managing watershed resources to protect and support the needs of a growing population, economy and healthy environment.

## **MISSION**

The mission of GBRA is to support responsible watershed protection and stewardship, provide quality operational service, and a commitment to promote conservation and educational opportunities in order to enhance quality of life for those we serve.

## **VALUES**

### **SERVICE**

- GBRA will maintain high-quality services for our customers
- GBRA will remain steadfast to preserving the natural environment
- GBRA will retain and recruit qualified, professional employees

### **STEWARDSHIP**

- GBRA is dedicated to the continued vitality of our communities
- GBRA will uphold responsible management of watershed resources
- GBRA will foster a supportive and respectful workforce

### **COMMITMENT**

- GBRA will partner with customers and communities to ensure future water and wastewater needs are met
- GBRA will implement a basin-wide water management plan to protect water supplies and quality
- GBRA will invest in our capital and human assets to improve our services and infrastructure to increase the value to our customers

## **GBRA BOARD OF DIRECTORS**

*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.*

**Rusty Brockman, Chair**  
Comal County

**Dennis L. Patillo, Vice-Chair**  
Victoria County

**Don B. Meador, Secretary/Treasurer**  
Hays County

**Ronald J. Hermes, Director**  
Guadalupe County

**Oscar H. Fogle, Director**  
Caldwell County

**Kenneth Motl, Director**  
Calhoun County

**William R. Carbonara, Director**  
DeWitt County

**Tommy Mathews, Director**  
Kendall County

## **GBRA MANAGEMENT**

**Kevin Patteson**  
General Manager / CEO

**Darrell Nichols**  
Sr. Deputy General Manager

**Jonathan Stinson**  
Deputy General Manager

**Alvin Schuerg**  
Senior Advisor to the General Manager

**Darel Ball**  
Executive Manager Operations and  
Water Quality

**Cindy Demers**  
Executive Manager of Finance and  
Administration / Chief Financial Officer

**LaMarriol Smith**  
Executive Manager of  
Strategic Communications and Education

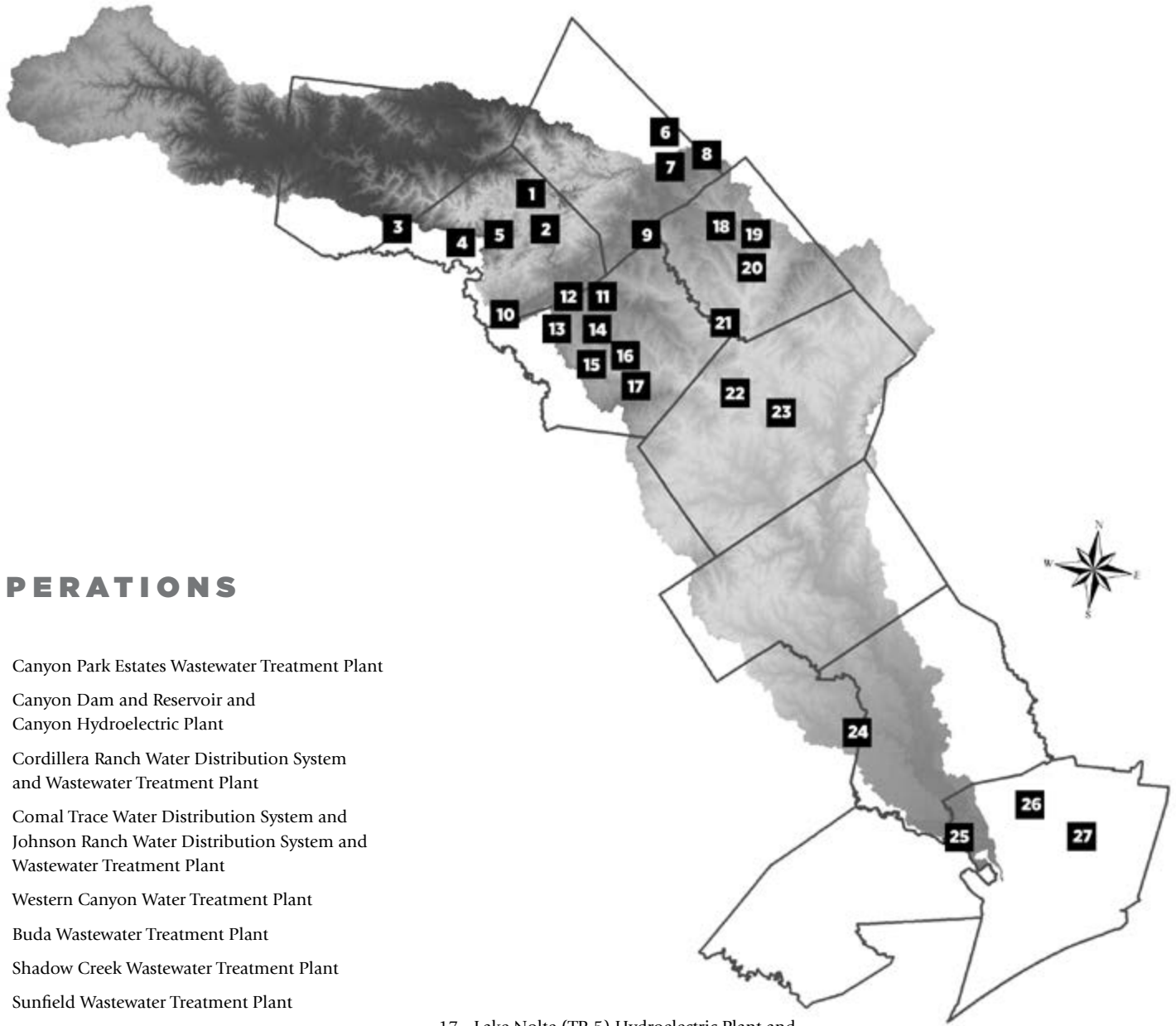
**George "Tom" Bohl**  
General Counsel

**Thomas Hill**  
Executive Manager of Project Engineering and  
Development, Chief Engineer

## OPERATIONS

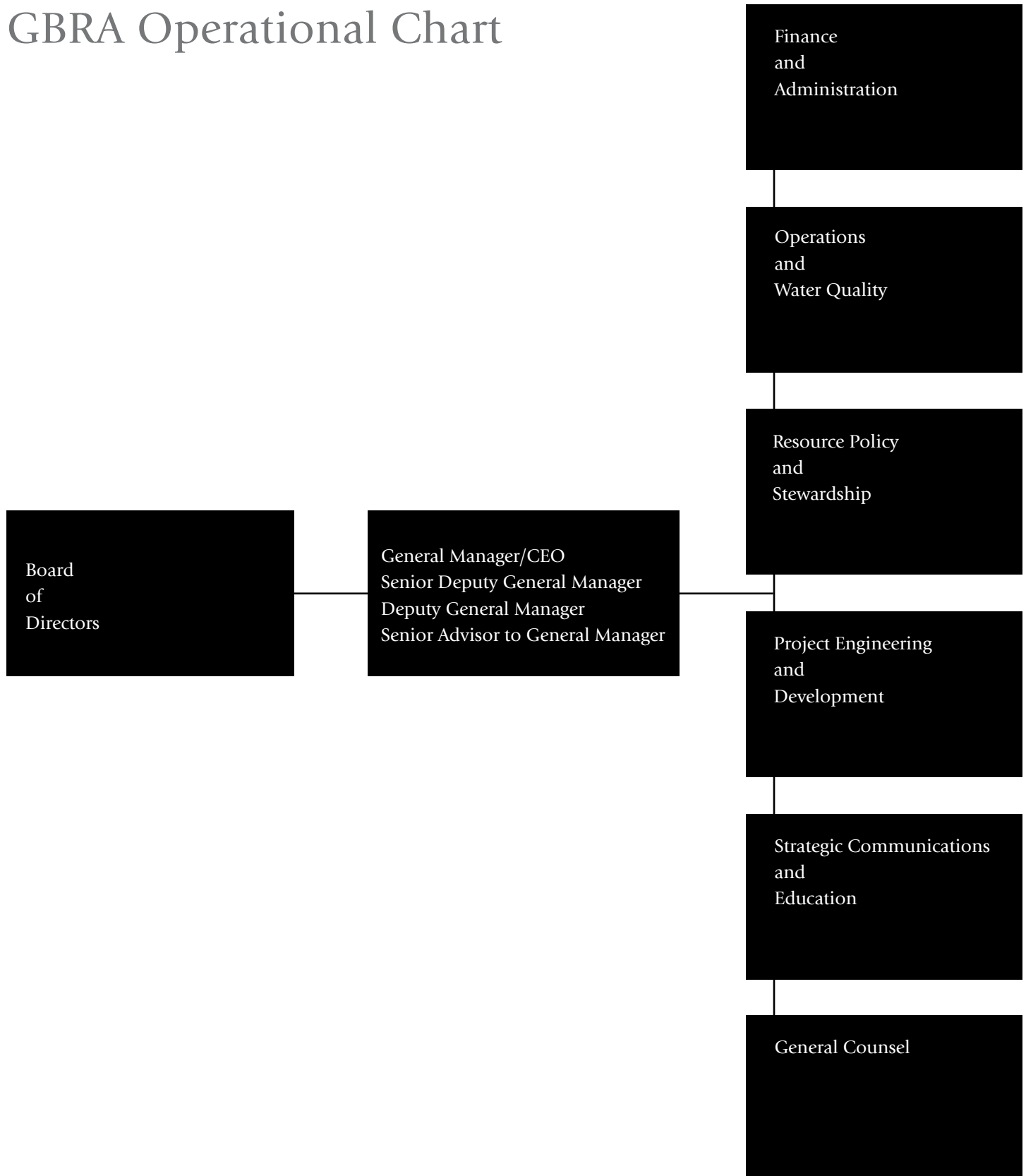
1. Canyon Park Estates Wastewater Treatment Plant
2. Canyon Dam and Reservoir and Canyon Hydroelectric Plant
3. Cordillera Ranch Water Distribution System and Wastewater Treatment Plant
4. Comal Trace Water Distribution System and Johnson Ranch Water Distribution System and Wastewater Treatment Plant
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
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13. Lake Dunlap (TP-1) Hydroelectric Plant and Regional Raw Water Delivery System
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16. GBRA Main Office and Laboratory

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18. Lockhart Wastewater Treatment Plant #1
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20. Lockhart Water Treatment Facility
21. Luling Water Treatment Plant and Luling to Lockhart Treated Water Delivery System
22. Lake Gonzales (H-4) Hydroelectric Power Plant
23. Lake Wood Park (H-5) Hydroelectric Power Plant
24. Coletto Creek Park and Reservoir
25. Diversion Dam and Salt Water Barrier
26. Crestview Subdivision Wastewater Treatment Plant
27. Port Lavaca Water Treatment Plant and Calhoun County Rural Water and Canal System Division





# GBRA Operational Chart





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, 2016**

*Christopher P. Morill*

Executive Director/CEO



December 13, 2017

The Honorable Rusty Brockman, Chair  
and Members of the Board of Directors

Dear Chair Brockman and Directors,

The Comprehensive Annual Financial Report (CAFR) of the Guadalupe-Blanco River Authority (GBRA) for the fiscal year ended August 31, 2017, 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 2017. 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 1933 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 four 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 five wastewater plants include Canyon Park, Dunlap Northcliffe, Shadow Creek and Sunfield.

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 water quality laboratory located at the general office in Seguin. The 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 1,473 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 Dynegy, Inc. This division also operates and maintains recreation facilities that provide grounds for camping and picnicking as well as public access to the lake for fishing, swimming, and boating.

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

The *Canyon Hydroelectric Division* operates the electric generating plant located at Canyon Dam in Comal County. All power generated by the plant is sold to New Braunfels Utilities for the benefit of the City of New Braunfels. The plant, completed in 1989 with a capacity of 6 megawatts, provides a beneficial use of waters passed through the dam without interfering with the reservoir's primary purposes of flood control and water supply.

GBRA added the *Lockhart Division* to its list of operations on October 1, 1994. After signing a contract with the City of Lockhart during 1994, GBRA assumed the operation of the City's 1.1 million-gallon per day (MGD) wastewater treatment plant and began construction of a new 1.5 MGD plant that became fully

operational in February 1999. On October 1, 2000, the Lockhart Division was expanded further when GBRA assumed operation of the City's water well system and water treatment plant.

## **ECONOMIC CONDITION AND OUTLOOK**

*The Texas Economy.* The economy of the State of Texas is diverse and continues to grow year over year. While oil and gas development and production continue to be a prevalent sector in Texas, other sectors of the economy are well represented in Texas including technology, education, manufacturing and tourism.

The population growth within Texas continues to outpace the national average. In May 2017, a U.S. Census bureau report indicated that from 2015-2016 five of the top ten fastest growing cities in America were located in Texas. These include cities in Houston, Dallas, Austin, and San Antonio, metro areas, including the City of New Braunfels located in the GBRA service area. 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 11.29% over the next 5 years as compared to a projected growth of 8.47% for the remainder of the country. Similarly, total output is expected to grow by 22.31% during the same time period while the output of the country at large is projected to grow by only 15.70%. 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 economy continuing to remain strong. Comptroller Glenn Hegar's Fiscal Notes State Revenue Watch for November 2017 shows an increase in year-over-year sales tax collections of 8.61% and the tax on natural gas production of 36.89%. Total state net revenue increased 7.20% 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. 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 2017, 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 2017, GBRA’s staff was actively exploring future water supply projects including both groundwater and surface water sources.

From an operational perspective, in many respects Fiscal Year 2017 was reasonably routine. However, in late August 2017, GBRA operations prepared for and did sustain some damage due to Hurricane Harvey. Wind and storm damage were sustained at the Port Lavaca and Coletto Creek Recreational operations. In addition, some wind damage and debris clean-up was required in Seguin at GBRA’s Nolte Island. All damage was filed for insurance reimbursement. Another, 2017 initiative included conducting a major log jam removal project along the Guadalupe 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 developed other possible water supply alternatives including the use of groundwater. In FY 2016 GBRA entered into a contract to purchase Texas Water Alliance, a company owning approximately 15,000 acre-feet per year in groundwater leases in Gonzales County. GBRA is in contract negotiations with potential customers to treat and deliver this new source of firm water.

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, 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 2017 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, 2016. 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 43 consecutive fiscal years (1973-2016). 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



Cindy Demers  
Executive Manager of Finance and  
Administration/CFO

# Financial Section

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Independent Auditor's Report

To the Board of Directors  
Guadalupe- Blanco River Authority

We have audited the accompanying financial statements of Guadalupe- Blanco River Authority as of and for the years ended August 31, 2017 and 2016, 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, 2017 and 2016, 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 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 13, 2017, 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 13, 2017

# Management Discussion and Analysis

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

The MD&A, as Required Supplemental Information, introduces the basic financial statements and provides an analytical overview of GBRA's financial activities. GBRA 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 2017, 2016 and 2015 respectively, Assets and Deferred Outflows of Resources exceeded Liabilities and Deferred Inflows of Resources by \$89,368,405; \$80,257,492; and \$74,519,264. Between August 31, 2015 and August 31, 2017, Net Position amounts have increased \$14,849,141 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

\$6,546,364 per year during the period. This has been further manifested in an increase of \$9,613,452 in Cash, Cash Equivalents, and Unrestricted Investments during the period. Unrestricted Cash increased \$4,159,745. Unrestricted Investments increase is principally reflected in the 2015 – 2017 increase in Other Assets – Investments Unrestricted of \$4,091,450. 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 2017, FY 2016 and FY 2015 respectively, a Net Pension Liability of \$7,716,205; \$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 and Required Supplemental Information. 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, 2017, 2016 and 2015:

<b>STATEMENT OF NET POSITION</b>			
<b>AUGUST 31, 2017, 2016, AND 2015</b>			
<b>ASSETS</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Current Assets			
Unrestricted Assets	\$ 26,942,992	\$ 18,577,210	\$ 20,117,330
Restricted Assets	8,922,169	10,334,471	6,413,173
Long-Term Assets			
Restricted Assets	1,353,511	2,983,782	3,936,693
Capital Assets	159,584,640	165,632,254	169,048,256
Other Assets	30,035,726	20,446,470	15,217,372
Total Assets	<u>226,839,038</u>	<u>217,974,187</u>	<u>214,732,824</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>4,080,644</u>	<u>3,834,731</u>	<u>2,323,333</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u><u>\$ 230,919,682</u></u>	<u><u>\$ 221,808,918</u></u>	<u><u>\$ 217,056,157</u></u>
<b>LIABILITIES AND NET POSITION</b>			
Current Liabilities			
Payable from Current Assets	\$ 4,824,044	\$ 4,140,103	\$ 3,568,271
Payable from Restricted Assets	5,979,412	6,412,616	7,299,682
Long-Term Liabilities			
Bonds and Loans Payable	114,328,208	114,754,269	118,960,641
Advances for Operations	571,276	521,038	417,875
Net Pension Liability	7,716,205	6,588,043	4,320,626
Total Liabilities	<u>133,419,145</u>	<u>132,416,069</u>	<u>134,567,095</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>8,132,132</u>	<u>9,135,357</u>	<u>7,969,798</u>
<b>NET POSITION</b>			
Net Investments in Capital Assets	\$ 39,900,766	\$ 45,212,346	\$ 43,492,246
Restricted for Debt Service	9,450,962	8,546,152	10,899,622
Unrestricted	40,016,677	26,498,994	20,127,396
Total Net Position	<u>89,368,405</u>	<u>80,257,492</u>	<u>74,519,264</u>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<u><u>\$ 230,919,682</u></u>	<u><u>\$ 221,808,918</u></u>	<u><u>\$ 217,056,157</u></u>

The Total Net Position amount in the above statement is subdivided into an Unrestricted Net Position amount, a Restricted Net Position amount, and a final amount described as Net Investments in Capital Assets. The restricted Net Position is debt service payments.

The following table presents a Condensed Statement of Revenues, Expenses and Changes in Net Position for years ending August 31, 2017, 2016 and 2015:

<b>GUADALUPE-BLANCO RIVER AUTHORITY</b>			
<b>COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>			
<b>FISCAL YEARS ENDED AUGUST 31, 2017, 2016, AND 2015</b>			
<b>REVENUE</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Program Revenues			
General Operating	\$ 3,130,212	\$ 3,044,658	\$ 2,794,114
Recreation and Land Use	1,653,155	1,661,061	1,717,763
Hydroelectric Generation	3,989,554	4,208,761	2,958,807
Water Treatment & Distribution	39,820,981	38,115,128	37,811,058
Waste Water Treatment	6,248,343	6,130,200	4,364,064
Interfund Eliminations	(3,115,380)	(2,943,855)	(2,788,639)
Total Revenues	<u>51,726,865</u>	<u>50,215,953</u>	<u>46,857,167</u>
<b>EXPENSES</b>			
Program Expenses			
General Operating	3,607,722	3,095,963	2,417,356
Recreation and Land Use	1,669,325	1,654,519	1,730,238
Hydroelectric Generation	4,185,833	4,213,145	4,048,269
Water Treatment & Distribution	30,134,673	29,022,026	26,858,363
Waste Water Treatment	4,974,699	5,702,320	4,850,971
Interfund Eliminations	(3,115,380)	(2,943,855)	(2,788,639)
Total Expenses	<u>41,456,872</u>	<u>40,744,118</u>	<u>37,116,558</u>
<b>NON OPERATING REVENUES (EXPENSES)</b>			
Grant Income	3,539,362	1,531,700	891,457
Investment Income	222,968	365,520	124,228
Gain (Loss) on Disposal of Capital Assets	72,037	8,594	17,392
Interest Expense	(4,381,843)	(4,387,175)	(4,553,127)
Total Non Operating Revenues (Expenses)	<u>(547,476)</u>	<u>(2,481,361)</u>	<u>(3,520,050)</u>
Net Income Before Recognition of Deferrals	9,722,517	6,990,474	6,220,559
Costs (Revenue) to be Recognized in Future Years	<u>(611,604)</u>	<u>(1,252,246)</u>	<u>(1,209,707)</u>
Income Before Special Items	9,110,913	5,738,228	5,010,852
<b>SPECIAL ITEMS</b>			
Costs for the Whooping Crane Endangered Species Lawsuit	-	-	(220,901)
Change in Net Position	<u>9,110,913</u>	<u>5,738,228</u>	<u>4,789,951</u>
Net Position September 1, 2016 and 2015 and 2014	80,257,492	74,519,264	69,729,313
Net Position August 31, 2017 and 2016 and 2015	<u>\$ 89,368,405</u>	<u>\$ 80,257,492</u>	<u>\$ 74,519,264</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 2017, 2016, and 2015 increases in Net Position are \$9,110,913; \$5,738,228; and \$4,789,951. 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 2015 and FY 2017 of approximately \$4.3M and an increase in Non-Operating Revenues of \$2.8M which was

adequate to offset the \$4.2M 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 increase in state and federal grant income, an aggressive plan to control discretionary spending, and the reduction of interest expense through the amortization and periodic refunding of long-term debt.

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

As of August 31, 2017, 2016, and 2015 respectively, GBRA's total investment in Long-Term Capital Assets net of depreciation were \$159,584,640; \$165,632,254; and \$169,048,256. 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 5.6% or \$9,463,616 during period FY 2015-2017. During FY 2017 the Springs Hills Waste Water Treatment Plant was sold to the City of Seguin resulting in a decrease in net capital assets of \$135,729. Also during FY 2017 the Series 2010 Contract Revenue Refunding Bonds that were for the City of Lockhart Waste Water Treatment Plant were retired. The contract with the City of Lockhart stated that once the bonds that were used to build the treatment plant were fully retired, title to the land and plant would revert to the City. This resulted in a decrease in net capital assets of \$2,365,295.

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, 2015, 2016, and 2017 respectively were \$111,815,000; \$108,465,000; and \$107,995,000. Between Fiscal Years 2015 and 2017, revenue bonds outstanding decreased by a net amount of \$3,820,000.

GBRA's long-term loans outstanding as of fiscal year end 2015, 2016 and 2017 respectively amounted to \$7,294,084; \$6,054,591; and \$6,042,597. 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. During FY 2017, GBRA obtained a loan of \$505,000 that was used to finance an emergency generator and a mobile belt press truck and trailer.

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.

In FY 2017, GBRA began a comprehensive review of all infrastructure it currently owns and/or operates to develop a long-term repair and replacement capital plan. While the condition of GBRA's infrastructure and capital assets is generally good, proactively addressing aging infrastructure is a top priority. One area of immediate 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 rehabilitation is required. In FY 2017, \$3,768,000 was budgeted and funded for the spill gate rehabilitation. The project was begun in FY 2017 and will continue in FY 2018. Due to drought conditions in recent years resulting in decreased Hydroelectric Power Sales Revenue as well as a general impediment to increased hydroelectric energy charges due to a stable wholesale electric market, the project is being funded by the General Division.



### **Other Potentially Significant Matters**

The GBRA Board of Directors established on October 1, 2017 a rate of \$145 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.

In FY 2016 GBRA entered into a contract to purchase Texas Water Alliance, a company owning approximately 15,000 acre-feet per year in groundwater leases in Gonzales County. While originally the transaction was scheduled to close in December 2016, subsequent amendments moved the close to November 2017. GBRA is in contract negotiations with potential customers to treat and deliver this new source of firm water.

As discussed above, GBRA's net position has continued to increase year over year since 2015. Funds accumulated during this time period are designated for operating reserves and identified future projects. While these funds are not legally restricted for accounting reporting purposes, the sources and uses of those funds are designated for specific programs and projects and in some cases may span multiple years.

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

**AUGUST 31, 2017 AND 2016**

<b>ASSETS AND DEFERRED OUTFLOWS</b>	<b>2017</b>	<b>2016</b>
<b>CURRENT ASSETS</b>		
Unrestricted Assets		
Cash and Cash Equivalents .....	\$ 14,727,002	\$ 8,384,471
Investments-Unrestricted .....	7,873,629	7,140,096
Interest Receivable.....	79,742	87,161
Accounts Receivable-Operating.....	3,771,412	2,494,546
Other Current Assets.....	491,207	470,936
Total Unrestricted Assets.....	26,942,992	18,577,210
Restricted Assets		
Cash and Cash Equivalents .....	4,810,272	7,643,028
Investments-Restricted .....	4,046,237	2,655,467
Interest Receivable.....	65,660	35,976
Total Restricted Assets.....	8,922,169	10,334,471
Total Current Assets.....	35,865,161	28,911,681
<b>LONG-TERM ASSETS</b>		
Restricted Assets		
Investments-Restricted .....	1,353,511	2,983,782
Total Restricted Assets.....	1,353,511	2,983,782
Capital Assets		
Land, Water and Storage Rights.....	35,407,117	35,538,587
Dams, Plants and Equipment.....	208,053,282	212,374,711
Construction In Progress.....	840,431	1,293,941
Less Accumulated Depreciation.....	(84,716,190)	(83,574,985)
Total Capital Assets.....	159,584,640	165,632,254
Other Assets		
Investments-Unrestricted .....	14,134,701	13,151,296
Long-Term Loans Receivable .....	5,184,141	186,971
Contract Development Costs (Net of Amortization).....	761	1,304
Permits and Licenses (Net of Amortization).....	423,820	445,742
Project Development Costs.....	10,292,303	6,661,157
Total Other Assets.....	30,035,726	20,446,470
Total Long-Term Assets.....	190,973,877	189,062,506
<b>DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>4,080,644</b>	<b>3,834,731</b>
Total Assets and Deferred Outflows of Resources.....	\$ 230,919,682	\$ 221,808,918
<b>LIABILITIES , DEFERRED INFLOWS AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Payable from Unrestricted Assets		
Current Portion of Long-Term Loans Payable.....	\$ 390,667	\$ 350,636
Interest Payable.....	41,035	45,057
Accounts Payable-Operating.....	4,392,342	3,744,410
Total Current Unrestricted Liabilities.....	4,824,044	4,140,103
Payable from Restricted Assets		
Current Portion of Revenue Bonds.....	4,860,000	5,210,000
Current Portion of Long-Term Loans Payable.....	105,000	105,000
Interest Payable.....	1,014,412	1,097,616
Total Current Restricted Liabilities.....	5,979,412	6,412,616
Total Current Liabilities.....	10,803,456	10,552,719
<b>LONG-TERM LIABILITIES</b>		
Revenue Bonds Payable.....	113,641,278	114,365,314
Long-Term Loans Payable.....	6,042,597	6,054,591
	119,683,875	120,419,905
Less Current Portion.....	(5,355,667)	(5,665,636)
Total Bonds and Loans Payable.....	114,328,208	114,754,269
Advances for Operations.....	571,276	521,038
Net Pension Liability.....	7,716,205	6,588,043
Total Long-Term Liabilities.....	122,615,689	121,863,350
Total Liabilities.....	133,419,145	132,416,069
<b>DEFERRED INFLOWS OF RESOURCES.....</b>	<b>8,132,132</b>	<b>9,135,357</b>
<b>NET POSITION</b>		
Net Investments in Capital Assets .....	39,900,766	45,212,346
Restricted for Debt Service.....	9,450,962	8,546,152
Unrestricted .....	40,016,677	26,498,994
Total Net Position.....	89,368,405	80,257,492
Total Liabilities, Deferred Inflows of Resources and Net Position.....	\$ 230,919,682	\$ 221,808,918

*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, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b>REVENUE</b>		
Power Sales.....	\$ 3,868,917	\$ 3,980,284
Water Sales, Capacity Charge, Pipeline Transmission and Lake Operations.....	38,684,639	36,351,390
Recreation and Land Use.....	780,403	752,100
Waste Water Treatment Services.....	3,737,942	4,481,509
Laboratory Services.....	1,006,168	965,329
Rental.....	251,676	312,628
Miscellaneous .....	3,397,120	3,372,713
Total Operating Revenue.....	<u>51,726,865</u>	<u>50,215,953</u>
<b>EXPENSES</b>		
Personnel Operating Costs.....	15,785,404	14,335,153
Operating Supplies and Services.....	16,821,406	17,397,816
Maintenance and Repairs .....	3,317,475	3,393,746
Depreciation and Amortization.....	5,532,587	5,617,403
Total Operating Expenses.....	<u>41,456,872</u>	<u>40,744,118</u>
Operating Income .....	10,269,993	9,471,835
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Grant Income.....	3,539,362	1,531,700
Investment Income.....	222,968	365,520
Gain (Loss) on the Disposal of Capital Assets.....	72,037	8,594
Interest Expense .....	(4,381,843)	(4,387,175)
Total Nonoperating Revenues (Expenses).....	<u>(547,476)</u>	<u>(2,481,361)</u>
Income Before Recognition of Deferrals.....	9,722,517	6,990,474
Costs (Revenue) to be Recognized in Future Years .....	(611,604)	(1,252,246)
Change in Net Position.....	<u>9,110,913</u>	<u>5,738,228</u>
Net Position at September 1, 2016 and 2015.....	80,257,492	74,519,264
Net Position at August 31, 2017 and 2016.....	<u>\$ 89,368,405</u>	<u>\$ 80,257,492</u>

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

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

**FISCAL YEARS ENDED AUGUST 31, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers.....	\$ 50,450,691	\$ 50,178,121
Cash Received from Interfund Administrative Charges.....	3,115,380	2,943,855
Cash Paid for Personnel Operating Costs.....	(15,059,916)	(12,257,607)
Cash Paid for Other Operating and Maintenance Costs.....	(19,461,054)	(21,392,487)
Cash Paid for Interfund Administrative Charges.....	(2,994,787)	(2,849,629)
Net Cash Flows From Operating Activities.....	16,050,314	16,622,253
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Cash Received from Grants.....	3,539,362	1,531,700
Net Cash Flows Used by Noncapital and Related Activities.....	3,539,362	1,531,700
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from Advances from Customers, Developers, and Other Governmental Units.....	-	25,833
Proceeds from Revenue Bonds and Loans for Capital Assets and Plant Expansion.....	13,002,950	2,000,000
Proceeds from Sale of Capital Assets.....	1,028,230	13,137
Purchase of Capital Assets.....	(1,226,840)	(1,034,202)
Cash Paid for Construction in Progress and Project Development.....	(4,386,230)	(3,333,824)
Interest Paid.....	(4,469,069)	(4,432,417)
Principal Payments on Revenue Bonds.....	(18,178,978)	(5,906,793)
Principal Payments on Loans.....	(419,945)	(1,239,493)
Net Cash Flows Used by Capital and Related Financing Activities.....	(14,649,882)	(13,907,759)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash Received from Investments .....	3,121,550	2,063,649
Investment Income Received.....	200,704	328,916
Cash Paid for Investments .....	(4,752,273)	(5,115,933)
Net Cash Flows Used by Investing Activities.....	(1,430,019)	(2,723,368)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>3,509,775</b>	<b>1,522,826</b>
<b>CURRENT CASH AND CASH EQUIVALENTS:</b>		
At Beginning of Year.....	8,384,471	10,567,257
At End of Year.....	14,727,002	8,384,471
Net Increase.....	6,342,531	(2,182,786)
<b>RESTRICTED CASH AND CASH EQUIVALENTS:</b>		
At Beginning of Year.....	7,643,028	3,937,416
At End of Year.....	4,810,272	7,643,028
Net Decrease.....	(2,832,756)	3,705,612
<b>TOTAL CASH AND CASH EQUIVALENTS:</b>		
At Beginning of Year.....	16,027,499	14,504,673
At End of Year.....	19,537,274	16,027,499
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>\$ 3,509,775</b>	<b>\$ 1,522,826</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS</b>		
<b>FROM OPERATING ACTIVITIES:</b>		
Operating Income .....	\$ 10,269,993	\$ 9,471,835
Adjustments to Reconcile Operating Income to Net Cash Flows		
From Operating Activities:		
Depreciation and Amortization.....	5,532,587	5,617,403
Actuarially Determined Net Pension Expense.....	846,080	513,330
Costs Associated with Whooping Crane Endangered Species Lawsuit.....	-	-
Net Change in Assets and Liabilities from Operating Activities:		
Operating Accounts Receivable.....	(3,311,734)	189,036
Other Current Assets.....	(20,271)	43,223
Operating Accounts Payable.....	2,733,659	626,890
Net Pension Liability.....	-	160,536
Total Adjustments.....	5,780,321	7,150,418
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES.....</b>	<b>\$ 16,050,314</b>	<b>\$ 16,622,253</b>

**NON-CASH TRANSACTIONS SCHEDULE**

1. During fiscal year 2017 and 2016, an adjustment of (\$100,130) and \$37,281 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, 2017 AND 2016**

**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.

- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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. Contributed assets should be recorded at acquisition value at the time of acquisition. 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

- 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.
- Unbilled Revenue.** Revenue relating to unbilled rural water and waste water treatment services has not been recognized since the amounts are immaterial.
- 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.
- 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, 2017 and 2016 amounted to \$681,128 and \$616,557, respectively.
- 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, 2017 and August 31, 2016, GBRA had no contingencies.
- 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.
- 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.
- 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.



**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
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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 \$114,037,597 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, 2017 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
				\$6,042,597				\$107,995,000
2018	682,797	187,130	495,667	5,546,930	9,353,122	4,493,122	4,860,000	103,135,000
2019	684,207	171,722	512,485	5,034,445	9,367,834	4,382,834	4,985,000	98,150,000
2020	670,310	156,003	514,307	4,520,138	9,362,271	4,197,271	5,165,000	92,985,000
2021	666,466	140,055	526,411	3,993,727	9,371,476	3,996,476	5,375,000	87,610,000
2022	636,897	123,908	512,989	3,480,738	9,367,510	3,782,510	5,585,000	82,025,000
2023	607,161	109,096	498,065	2,982,673	9,377,498	3,552,498	5,825,000	76,200,000
2024	607,899	94,165	513,734	2,468,939	9,603,543	3,358,543	6,245,000	69,955,000
2025	608,475	78,748	529,727	1,939,212	8,970,134	3,095,134	5,875,000	64,080,000
2026	608,878	62,829	546,049	1,393,163	8,963,572	2,843,572	6,120,000	57,960,000
2027	256,850	46,808	210,042	1,183,121	8,973,172	2,578,172	6,395,000	51,565,000
2028	235,610	39,625	195,985	987,136	8,668,116	2,298,116	6,370,000	45,195,000
2029	235,683	32,404	203,279	783,857	8,655,532	2,015,532	6,640,000	38,555,000
2030	240,506	24,830	215,676	568,181	8,243,634	1,718,634	6,525,000	32,030,000
2031	240,074	16,893	223,181	345,000	8,113,663	1,433,663	6,680,000	25,350,000
2032	178,684	8,684	170,000	175,000	7,870,267	1,125,267	6,745,000	18,605,000
2033	177,923	2,923	175,000	--	7,871,175	806,175	7,065,000	11,540,000
2034					3,025,499	475,499	2,550,000	8,990,000
2035					3,027,251	377,251	2,650,000	6,340,000
2036					2,819,581	274,581	2,545,000	3,795,000
2037					2,164,104	174,104	1,990,000	1,805,000
2038					969,742	89,742	880,000	925,000
2039					971,068	46,068	925,000	--
	<u>\$ 7,338,420</u>	<u>\$ 1,295,823</u>	<u>\$ 6,042,597</u>		<u>\$155,109,764</u>	<u>\$ 47,114,764</u>	<u>\$ 107,995,000</u>	

**GUADALUPE BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2017 AND 2016**

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

GBRA had the following changes in long-term liabilities for the fiscal years ended August 31, 2017 and 2016.

Series	Date of Issue	Final Maturity	Effective Interest Rate	Original Amount	Outstanding 8/31/2015	Retired During FY 2016	Outstanding 8/31/2016	Retired During FY 2017	Outstanding 8/31/2017	Amounts Due Within One Year
<b>OBLIGATIONS PAYABLE DIRECTLY BY GBRA</b>										
<b>RURAL UTILITIES DIVISION</b>										
Regions Loan, Dunlap Expansion Refunding	03/15/2012	2015	2.3%	\$ 3,590,000	\$ 710,748	\$ 710,748	\$ --	\$ --	\$ --	\$ --
Regions Loan, Dunlap Collection System	03/15/2012	2032	3.3%	2,600,000	2,410,000	100,000	2,310,000	105,000	2,205,000	105,000
Regions Loan, Emergency Generator-032	08/29/2014	2019	3.12%	33,000	26,777	6,379	20,398	6,584	13,814	6,798
Regions Loan, Emergency Generator-033	08/29/2014	2019	3.12%	37,000	30,023	7,152	22,871	7,384	15,487	7,621
Regions Loan, Emergency Generator-035	08/29/2014	2019	3.12%	70,000	56,801	13,531	43,270	43,270	--	--
Wells Fargo Loan, Emergency Generator-033	12/01/2016	2026	3.45%	97,050	--	--	--	6,161	90,889	8,463
Wells Fargo Loan, Belt Press/Truck-041	12/01/2016	2026	3.45%	407,950	--	--	--	25,899	382,051	35,578
<b>WATER RESOURCE DIVISION</b>										
U.S. Government Loan	01/01/1977	2026	2.5%	8,979,862	2,938,847	235,419	2,703,428	241,305	2,462,123	247,337
JP Morgan Chase Loan, Office Expansion	05/09/2006	2016	4.18%	1,600,000	106,667	106,667	--	--	--	--
A. Ussery, Water Rights	09/26/2006	2031	4.50%	343,496	252,768	11,126	241,642	11,626	230,016	12,149
Luling Foundation, Water Rights	09/26/2006	2031	4.50%	584,706	430,258	18,938	411,320	19,790	391,530	20,681
General Improvement & Ref. Rev. Bonds, 2011	03/01/2011	2030	3.0-4.625%	10,745,000	8,375,000	490,000	7,885,000	505,000	7,380,000	520,000 (1)
General Improvement Revenue Bonds, 2012	04/04/2012	2031	0.14-1.86%	4,400,000	3,725,000	220,000	3,505,000	220,000	3,285,000	220,000
General Improvement Revenue Bonds, 2015	12/01/2015	2035	2.088-3.38%	2,000,000	--	--	2,000,000	--	2,000,000	--
<b>Total Obligations Payable Directly by GBRA</b>				<b>\$ 35,488,064</b>	<b>\$ 19,062,889</b>	<b>\$ 1,919,960</b>	<b>\$ 19,142,929</b>	<b>\$ 1,192,019</b>	<b>\$ 18,455,910</b>	<b>\$ 1,183,627</b>
<b>CONTRACT REVENUE BONDS AND LOANS</b>										
<b>WATER RESOURCE DIVISION</b>										
RRWDS Combination Contract Revenue Bonds										
2007A	09/15/2007	2039	5.00%	\$ 9,180,000	\$ 8,235,000	\$ 185,000	\$ 8,050,000	\$ 8,050,000	\$ --	\$ --
RRWDS Combination Contract Revenue Bonds										
2007B	09/15/2007	2039	7.10%	5,775,000	5,335,000	90,000	5,245,000	100,000	5,145,000	105,000
RRWDS Contract Rev Ref Bonds, San Marcos										
2010	09/01/2010	2024	2.0-3.25%	\$ 6,895,000	4,745,000	460,000	4,285,000	470,000	3,815,000	490,000 (2)
IH35 Project Combination Contract Revenue Bonds										
2013	04/17/2013	2037	2.0-5.0%	19,470,000	17,880,000	560,000	17,320,000	565,000	16,755,000	585,000 (3)
Western Canyon Regional Water Supply Project Revenue Bonds										
2013A	07/10/2013	2033	10-5.0%	55,265,000	50,980,000	1,915,000	49,065,000	1,995,000	47,070,000	2,030,000 (4)
Western Canyon Regional Water Supply Project Revenue Bonds										
2013B	07/10/2013	2033	1.909-4.63%	6,830,000	6,265,000	265,000	6,000,000	265,000	5,735,000	270,000 (4)
San Marcos Water Treatment Plant Revenue Bonds										
2016	11/22/2016	2036	2.0-5.0%	4,850,000	--	--	--	--	4,850,000	90,000 (5)
RRWDS Contract Revenue Refunding Bonds										
2017	07/20/2017	2039	2.0-4.0%	7,745,000	--	--	--	--	7,745,000	290,000 (6)
<b>PORT LAVACA WATER TREATMENT PLANT DIVISION</b>										
Frost National Bank, Clearwell										
	03/04/2008	2022	4.00%	400,000	331,195	29,533	301,662	49,975	251,687	52,040
Water Supply Revenue Refunding Bonds										
2011	08/16/2011	2016	2.00%	1,205,000	305,000	305,000	--	--	--	-- (7)
<b>LULING WATER TREATMENT PLANT DIVISION</b>										
Treated Water Delivery System Contract Revenue Refunding Bonds (City of Lockhart)										
2014	01/15/2014	2030	3.45%	4,950,000	4,715,000	245,000	4,470,000	255,000	4,215,000	260,000 (8)
<b>LOCKHART WASTEWATER RECLAMATION DIVISION</b>										
Regional Wastewater Treatment System Contract Revenue Refunding Bonds										
2010	09/08/2010	2017	1.5%-2.5%	4,025,000	1,255,000	615,000	640,000	640,000	--	-- (9)
<b>Total Contract Revenue Bonds and Loans</b>				<b>\$ 126,590,000</b>	<b>\$ 100,046,195</b>	<b>\$ 4,669,533</b>	<b>\$ 95,376,662</b>	<b>\$ 12,389,975</b>	<b>\$ 95,581,687</b>	<b>\$ 4,172,040</b>
<b>Total Bonds &amp; Loans Payable Prior to Defeasance and Accretion of Interest</b>					<b>\$ 119,109,084</b>		<b>\$ 114,519,591</b>		<b>\$ 114,037,597</b>	<b>\$ 5,355,667</b>
							<b>8/31/2016</b>		<b>8/31/2017</b>	
Total Bonds and Loans Payable Prior to Defeasance and Accretion of Interest							\$ 114,519,591		\$ 114,037,597	
Less Revenue Bond Discounts and Deferred Defeasance							(420,350)		(389,460)	
Plus Revenue Bond Premiums							6,320,664		6,035,738	
<b>Net Revenue Bonds and Long-Term Loans Payable</b>							<b>120,419,905</b>		<b>119,683,875</b>	
Less Current Portion							(5,665,636)		(5,355,667)	
<b>TOTAL BONDS AND LOANS PAYABLE</b>							<b>\$ 114,754,269</b>		<b>\$ 114,328,208</b>	
<b>INTERDIVISION LOANS ELIMINATED FROM COMBINED BALANCE SHEET</b>										
<b>Long-term loans payable to the General Division are as follows:</b>							<b>8/31/2016</b>		<b>8/31/2017</b>	
Guadalupe Valley Hydroelectric Division							\$ 4,301,357		\$ 3,873,357	
Rural Utilities Division							2,285,057		2,285,057	
Water Supply Division							995,829		315,929	
<b>Total Long-term loans payable to the General Division</b>							<b>\$ 7,582,243</b>		<b>\$ 6,474,343</b>	

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2017 AND 2016**

**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 2017 Contract Revenue Refunding Bonds (San Marcos Water Treatment Plant Project), Series 2016. As a result of the refunding, GBRA reduced its total debt service requirements by \$1,371,317 and produced a net present value savings (economic gain) of \$1,031,267. Bonds outstanding that are considered defeased as a result of the 2016 refunding are \$0.
6. GBRA issued in Fiscal Year 2017 Subordinate Lien Contract Revenue Refunding Bonds, Series 2017 (Regional Raw Water Delivery System Expansion Project). As a result of the refunding, GBRA reduced its total debt service requirements by \$2,049,534 and produced a net present value savings (economic gain) of \$1,418,630. Bonds outstanding that are considered defeased as a result of the 2017 refunding are \$0 as of August 22, 2017.
7. 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.
8. 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.
9. 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) Subordinate Lien Contract Revenue Refunding Bonds, Series 2017 (RRWDS); 6) RRWDS Contract Revenue Refunding Bonds (City of San Marcos), Series 2010; and 7) Treated Delivery System Contract Revenue Refunding Bonds (City of Lockhart), Series 2014.

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2017 AND 2016**

**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	75
Inactive employees entitled to but not yet receiving benefits	43
Active Employees	93
	<hr/>
	211

**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, 2017 is \$1,067,716 payable as of December 31, 2017. 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 nine 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, 2016, the money-weighted rate of return on pension plan investments was 2.58%. 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, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017.

Total pension liability	\$	34,348,580
Plan fiduciary net position		<u>26,632,375</u>
Employer's net pension liability	\$	7,716,205
Plan fiduciary net position as a percentage of the total pension liability		77.5%

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2017 AND 2016**

**NOTE C - DEFINED BENEFIT PENSION PLAN**

**1. Actuarial Assumptions**

The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 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 4.29%) 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 0.29% 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:

	<b>Target Allocation</b>	<b>Long-Term Expected Net Real Rate of Return</b>
Equities		
Large cap domestic	30%	5.65%
Small cap domestic	7	5.91
International developed	12	6.06
Emerging Markets	3	7.60
Hedge fund of funds	10	2.75
Real estate	12	3.54
Fixed income	26	2.04
Cash	0	0.35
Total	100%	
Weighted Average		4.29%

**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, 2017 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 10% more than the plan fiduciary net position as of December 31, 2016. 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:

	<b>1% Decrease (6%)</b>	<b>Current Discount Rate (7%)</b>	<b>1% Increase (8%)</b>
Employer's Net Pension Liability	\$11,589,344	\$7,716,205	\$4,400,374

**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, 2017 AND 2016

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, 2016 <sup>1</sup>	\$ 32,356,203	\$ 25,768,160	\$ 6,588,043
Changes for the year:			
Service cost	363,322		363,322
Interest	2,251,021		2,251,021
Differences between expected and actual experience	502,207		502,207
Contributions by the employer		1,338,202	(1,338,202)
Contributions by the participant		0	0
Net investment income		650,186	(650,186)
Benefit payments	(1,124,173)	(1,124,173)	0
Administrative expenses		0	0
Assumption changes	0		0
Other	0	0	0
Net changes	1,992,377	864,215	1,128,162
Amounts as of August 31, 2017 <sup>2</sup>	\$ 34,348,580	\$ 26,632,375	\$ 7,716,205

<sup>1</sup> Measurements for the fiscal year ended August 31, 2016 were taken as of December 31, 2015

<sup>2</sup> Measurements for the fiscal year ended August 31, 2017 were taken as of December 31, 2016

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

For the year ended August 31, 2017, the Employer GASB 68 pension expense was \$2,184,282. 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, 2017

Service Cost	\$ 363,322
Interest	2,251,021
Amortization of differences between expected and actual experience	213,432
Amortization of changes of assumptions	197,226
Projected earnings on pension plan investments	(1,764,425)
Amortization of differences between projected and actual earnings	923,706
Pension plan administrative expenses	0
Other	0
Total pension expense	\$ 2,184,282

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	\$ 736,203	\$ 0
Changes of assumptions	598,068	0
Net difference between projected and actual earnings on pension plan investments	2,746,373	0
Total	\$ 4,080,644	\$ 0

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2017 AND 2016**

**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:

<b>Year Ended</b>	<b>Net of Deferred</b>
<b>August 31</b>	<b>Outflows Minus</b>
	<b>Deferred Inflows</b>
2018	\$ 1,334,365
2019	1,334,365
2020	1,071,184
2021	340,730
2022	0
Thereafter	0
Total	\$ 4,080,644

**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, 2018.

**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, 2017, GBRA held \$3,379,209 in restricted and unrestricted cash. Included in this amount was \$1,850 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**

Investments for GBRA are stated at fair value. The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the River Authority has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable values or reflective of future fair values. Furthermore, while the GBRA believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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).



**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2017 AND 2016**

**NOTE D - CASH, CASH EQUIVALENTS AND INVESTMENTS**

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.

	2017		2016	
	Carry Amount	Weighted Average Maturity in Months	Carry Amount	Weighted Average Maturity in Months
U.S. Agencies				
Federal Agricultural Mtg Corp	\$ 998,270	27.77	\$ -	0.00
Federal Farm Credit Bank	599,730	15.30	604,212	27.02
Federal Home Loan Bank	7,315,292	22.07	6,998,257	18.07
Federal National Mortgage Assn.	8,811,374	18.53	7,910,681	31.76
Federal Home Loan Mortgage	--	0.00	1,703,655	6.20
U. S. Treasury	5,671,093	15.11	6,784,660	18.63
Certificates of Deposit	4,130,970	6.56	4,959,244	10.06
Bank Money Market Funds	10,327,077	0.00	6,000,270	0.00
Texas Class	166,349	1.07	164,705	1.00
TexPool	5,545,988	2.63	4,691,309	1.00
Total Investments	<u>\$ 43,566,143</u>		<u>\$ 39,816,993</u>	
Portfolio weighted average maturity		11.04		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.

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.

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2017 AND 2016**

**NOTE D - CASH, CASH EQUIVALENTS AND INVESTMENTS**

Concentration of Credit Risk: GBRA's investment policy provides for diversification to reduce overall portfolio risk. The 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	2017		2016	
	Carrying Amount	% of Portfolio	Carrying Amount	% of Portfolio
U.S. Agencies	\$ 17,724,666	37.75%	\$ 17,216,805	41.04%
U.S. Treasury	5,671,093	12.08%	6,784,660	16.17%
Certificates of Deposit	4,130,970	8.80%	4,959,244	11.82%
Bank Money Market Funds	10,327,077	22.00%	6,000,270	14.30%
Public Funds Investment Pools	5,712,337	12.17%	4,856,014	11.57%
Cash	3,379,209	7.20%	2,141,147	5.10%
Total	<u>\$ 46,945,352</u>	<u>100.00%</u>	<u>\$ 41,958,140</u>	<u>100.00%</u>

**Investment Valuation**

GBRA categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of assets. GBRA's investments for all funds at fiscal year-end are listed below at fair value, net of accruals. GBRA has the following recurring fair value measurements as August 31, 2017:

	August 31, 2017	Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Debt Securities				
Federal Agricultural Mtg Corp	\$ 998,270	\$ --	\$ 998,270	\$ --
Federal Farm Credit Bank	599,730	--	599,730	--
Federal Home Loan Bank	7,315,292	--	7,315,292	--
Federal National Mortgage Assn.	8,811,374	--	8,811,374	--
U.S. Treasury Notes	5,671,093	--	5,671,093	--
Total Debt Securities	<u>\$ 23,395,759</u>	<u>\$ --</u>	<u>\$ 23,395,759</u>	<u>\$ --</u>
Total Investments Measured at Fair Value Level	<u>\$ 23,395,759</u>	<u>\$ --</u>	<u>\$ 23,395,759</u>	<u>\$ --</u>
Investments Measured at Amortized Cost:				
Money Market Funds	10,327,077			
Certificate of Deposits	4,130,970			
TexPool	5,545,988			
Total Investments Measured at Amortized Costs	<u>20,004,035</u>			
Investments Measured at Net Asset Value:				
Texas Class	<u>166,349</u>			
Total	<u>\$ 43,566,143</u>			

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2017 AND 2016**

**NOTE E – CAPITAL ASSETS**

Capital asset activity for FY 2017 and 2016 was as follows:

FY2017 Classification	ASSETS			
	Balance August 31, 2016	Additions	Removals	Balance August 31, 2017
Land, Water & Storage Rights	\$ 35,538,587	\$ --	\$ (131,470)	\$ 35,407,117
Construction in Progress	1,293,941	790,857	(1,244,367)	840,431
Total Assets Not Being Depreciated	<u>36,832,528</u>	<u>790,857</u>	<u>(1,375,837)</u>	<u>36,247,548</u>
Structures & Improvements	191,392,072	1,183,949	(5,880,384)	186,695,637
Specialized Equipment	7,382,951	59,289	(159,609)	7,282,631
Office Buildings & Communications	2,324,819	--	(2,556)	2,322,263
Shops & Storerooms	83,673	--	--	83,673
Auto & Heavy Equipment	4,372,478	591,189	(160,387)	4,803,280
Office Furniture & Equipment	1,496,146	44,949	(56,241)	1,484,854
Miscellaneous Equipment	<u>5,322,572</u>	<u>556,056</u>	<u>(497,684)</u>	<u>5,380,944</u>
Total Dams, Plants and Equipment	<u>212,374,711</u>	<u>2,435,432</u>	<u>(6,756,861)</u>	<u>208,053,282</u>
Total Capital Assets	<u>\$ 249,207,239</u>	<u>\$ 3,226,289</u>	<u>\$ (8,132,698)</u>	<u>\$ 244,300,830</u>
Classification	DEPRECIATION			
	Balance August 31, 2016	Additions	Removals	Balance August 31, 2017
Structures & Improvements	\$ (67,380,237)	\$ (4,547,017)	\$ 3,665,578	\$ (68,261,676)
Specialized Equipment	(6,362,123)	(86,954)	158,536	(6,290,541)
Office Buildings & Communications	(1,819,292)	(40,803)	1,803	(1,858,292)
Shops & Storerooms	(52,560)	(1,815)	--	(54,375)
Auto & Heavy Equipment	(3,283,553)	(324,906)	145,162	(3,463,297)
Office Furniture & Equipment	(1,369,732)	(48,365)	47,294	(1,370,803)
Miscellaneous Equipment	<u>(3,307,488)</u>	<u>(444,205)</u>	<u>334,487</u>	<u>(3,417,206)</u>
Total Accumulated Depreciation	<u>\$ (83,574,985)</u>	<u>\$ (5,494,065)</u>	<u>\$ 4,352,860</u>	<u>\$ (84,716,190)</u>
NET CAPITAL ASSETS	<u>\$ 165,632,254</u>	<u>\$ (2,267,776)</u>	<u>\$ (3,779,838)</u>	<u>\$ 159,584,640</u>

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2017 AND 2016**

**NOTE E – CAPITAL ASSETS CONTINUED**

FY 2016	ASSETS			
	Balance			Balance
Classification	August 31, 2015	Additions	Removals	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			
	Balance			Balance
Classification	August 31, 2015	Additions	Removals	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, 2017 AND 2016**

**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, 2017 total \$0 and are as follows:

Series	Date of		Interest Rate	Original Amount	Outstanding 8/31/2016	Outstanding 8/31/2017
	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	\$ -

**NOTE G - RISK MANAGEMENT**

GBRA is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, natural disasters, and job-related injuries or illnesses to employees for which GBRA carries commercial insurance or participates in the Texas Water Conservation Association Risk Management Fund (Fund). GBRA's relationship with the Fund parallels that with a commercial insurance company. The Fund has the responsibility to defend any suit seeking damages on account of any liability up to the applicable limits of the agreement. GBRA on the other hand has the responsibility to notify the Fund of all potential claims and to reimburse the Fund for amounts paid within the agreement's deductible. GBRA does not have the responsibility to reimburse the Fund for amounts related to the claims of other Fund participants. During the past three years, no settlements have exceeded insurance coverage.

**NOTE H - CONTINUING DISCLOSURE REQUIREMENTS**

Under the continuing disclosure agreements of the 1) General Improvement 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 of annual financial information and operating data from GBRA; however, GBRA has included general information and the debt service paid by participants for the i) Contract Revenue Refunding Bonds (IH35), Series 2013, ii) Contract Revenue Refunding Bonds, Series 2016 (San Marcos Water Treatment Plant Project) and iii) Subordinate Lien Contract Revenue Refunding Bonds, Series 2017 (RRWDS). 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, 2017 AND 2016**

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

4. The General Improvement and Refunding Revenue Bonds, Series 2011, General Improvement Revenue Bonds, Series 2012, and General Improvement Revenue Bonds, Series 2015 constitute special obligations of GBRA that are payable from and secured by an irrevocable parity 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 Resolutions authorizing such 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 but specifically excludes any revenues received from the sale or commitment of raw water from “run-of-the-river” rights and from any future ground water projects developed by GBRA or in which GBRA has an ownership interest.

**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 April 13, 2011, GBRA issued and delivered General Improvement and Refunding Revenue Bonds, Series 2011 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.

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 and subsequently identified as the Gonzales Carriazo Groundwater 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

GENERAL IMPROVEMENT REVENUE BONDS, SERIES 2012

AND GENERAL IMPROVEMENT REVENUE BONDS, SERIES 2015

2011 Bonds: Average Annual Principal and Interest Requirements, 2017 - 2030	\$	734,632	
2012 Bonds: Average Annual Principal and Interest Requirements, 2017 - 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		13.78	times
Coverage of Average Requirements by Net Revenues		6.11	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		10.51	times
Coverage of Maximum Requirements by Net Revenues		4.66	times
2011 Bonds: Interest and Sinking Fund Balance	\$	68,626	
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, 2017	\$	87,428	
Pledged Revenues for the Fiscal Year Ended August 31, 2017	\$	13,710,485	(2)
Net Revenues for Fiscal Year Ended August 31, 2017	\$	6,075,789	(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, 2017 AND 2016**

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

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

	Fiscal Year Ended August 31				
(1)	2017	2016	2015	2014	2013
<b>Revenue</b>					
Raw Water Sales <sup>(2)</sup>	\$ 13,710,485	\$ 13,102,085	\$ 12,655,121	\$ 12,182,862	\$ 11,887,664
Total Operating Revenue	\$ 13,710,485	\$ 13,102,085	\$ 12,655,121	\$ 12,182,862	\$ 11,887,664
<b>Expense</b>					
Operating Expenses <sup>(3)</sup>	\$ 6,386,579	\$ 6,886,569	\$ 6,415,926	\$ 6,019,642	\$ 5,726,454
Maintenance and Repairs	348,492	452,271	451,251	373,427	412,304
Administrative and General	899,625	853,048	710,352	617,124	592,432
Total Operating Expense	\$ 7,634,696	\$ 8,191,888	\$ 7,577,529	\$ 7,010,193	\$ 6,731,190
<b>Net Revenue</b>	\$ 6,075,789	\$ 4,910,197	\$ 5,077,592	\$ 5,172,669	\$ 5,156,474
<b>Less Debt Service for Senior Lien Bonds <sup>(4)</sup></b>					
General Imp & Ref Rev Bonds, 2011	\$ 823,656	\$ 823,357	\$ 817,457	\$ 815,457	\$ 817,857
General Imp Rev Bonds, 2012	257,603	257,603	262,603	262,603	262,603
General Imp Rev Bonds, 2015 <sup>(5)</sup>	--	--	--	--	--
Total Debt for Senior Lien Bonds	\$ 1,081,259	\$ 1,080,960	\$ 1,080,060	\$ 1,078,060	\$ 1,080,460
Debt Service Coverage Factor	5.619	4.542	4.701	4.798	4.772
<b>Subordinate Revenues Available</b>	\$ 4,994,530	\$ 3,829,237	\$ 3,997,532	\$ 4,094,609	\$ 4,076,014

(1) The FY 2013-2016 have been restated to eliminate revenues not included within the term "Pledged Revenues," and expenses not included within the term "Operating Expenses," as defined in the bond resolutions.

(2) Pledged Revenues.

(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, 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, 2017		August 31, 2016		August 31, 2015		August 31, 2014		August 31, 2013	
	<u>Acre-Feet</u>	<u>% of Total</u>	<u>Acre-Feet</u>	<u>% of Total</u>	<u>Acre-Feet</u>	<u>% of Total</u>	<u>Acre-Feet</u>	<u>% of Total</u>	<u>Acre-Feet</u>	<u>% of Total</u>
Municipal	73,197	80.09%	72,327	79.90%	72,479	79.91%	72,479	79.90%	72,279	81.67%
Domestic	4	0.00%	5	0.01%	6	0.01%	8	0.01%	9	0.01%
Industrial	17,828	19.51%	17,827	19.69%	17,827	19.65%	17,838	19.66%	15,827	17.88%
Irrigation	363	0.40%	363	0.40%	388	0.43%	393	0.43%	389	0.44%
Contracted	<u>91,392</u>	<u>100.00%</u>	<u>90,522</u>	<u>100.00%</u>	<u>90,700</u>	<u>100.00%</u>	<u>90,718</u>	<u>100.00%</u>	<u>88,504</u>	<u>100.00%</u>



**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2017 AND 2016**

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

**MAJOR FIRM WATER CUSTOMERS (1,000 ACRE-FEET PER YEAR OR MORE)**

Municipal and Industrial customers account for the majority of the total acre-feet under contract between GBRA and purchasers, and purchasers with contracts for 1,000 acre-feet or more per year account for 93.9% 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, 2017 are shown below:

				Contract Information		
Customer	Type	Total AF/YR	Revenue <sup>(2)</sup>	Contract Date	Expiration Date	Renewal Option
Municipal & Retail						
Canyon Regional Water Authority	Regional Water Authority		\$ 1,664,785	10/31/1998	12/31/2039	(1)
City of Marion	City	100				
City of Cibolo	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	1,374,570	01/26/1989	02/25/2050	20 Yrs
City of Seguin	City	1,000	141,417	09/01/2012	08/31/2022	5 Yrs
Canyon Lake WSC	Water Supply Corporation	2,000	282,760	10/01/1994	12/31/2044	(1)
Canyon Lake WSC II	Water Supply Corporation	2,000	282,760	08/27/2001	12/31/2050	(1)
Canyon Lake WSC III	Water Supply Corporation	2,000	282,760	09/29/2006	12/31/2050	(1)
SHWSC I	Water Supply Corporation	1,850	261,621	06/26/1967	12/31/2050	(1)
SHWSC II	Water Supply Corporation	1,000	141,417	06/01/2000	12/31/2050	(1)
Green Valley SUD	Special Utility District	1,000	141,417	12/01/2008	12/31/2040	(1)
Regional RWDS Project						
City of San Marcos	City	10,000	1,414,167	10/10/1989	07/01/2047	(1)
City of Kyle	City	5,443	769,731	05/20/2005	12/31/2038	20 Yrs
City of Buda	City	1,680	237,580	04/09/2002	12/31/2042	(1)
CRWA --Hays Project	Regional Water Authority	2,038	288,207	06/04/2003	12/31/2039	(1)
GoForth SUD	Special Utility District	2,243	317,252	03/01/2004	12/31/2039	(1)
Sunfield MUD	Municipal Utility District	1,943	274,719	09/08/2005	12/31/2050	---
Monarch	Utility Company	560	79,193	01/01/2008	12/31/2037	---
GBRA Western Canyon						
Boerne	City	3,611	508,549	02/22/2000	12/31/2037	40 Yrs (2x20 Yrs)
Fair Oaks Ranch	City	1,850	260,542	02/10/2000	12/31/2037	40 Yrs (2x20 Yrs)
SAWS	City	4,000 <sup>(3)</sup>	1,312,032	03/17/2000	12/31/2037	40 Yrs (2x20 Yrs)
Cordillera Ranch	Housing Development	1,500	211,250	10/11/2001	12/31/2037	40 Yrs (2x20 Yrs)
Kendall & Tapatio	Housing Development	750	105,625	03/18/2002	12/31/2037	40 Yrs (2x20 Yrs)
Johnson Ranch	Housing Development	900	126,750	03/28/2003	12/31/2037	40 Yrs (2x20 Yrs)
Miralomas MUD (Lerin Hills)	Municipal Utility District	750	105,625	09/18/2009	12/31/2036	40 Yrs (2x20 Yrs)
GBRA-Comal Trace	River Authority	75	10,414	---	---	---
Bremer Ranch LTD	Municipal	100	14,083	11/01/2013	12/31/2043	20 Yrs
Couser Ranch	Municipal	100	14,083	11/01/2013	12/31/2043	20 Yrs
CLWSC-Bulverde	Water Supply Corporation	400	56,552	02/06/2009	12/31/2040	10 Yrs
CLWSC-Park Village	Water Supply Corporation	322	45,348	03/24/2009	12/31/2040	10 Yrs
Total Major Municipal Customers		69,410	\$ 10,725,209			
Industrial						
Calpine-Guadalupe Energy Center	Electric Generation	6,840	\$ 967,290	03/17/1999	12/31/2021	30 Yrs (6x5 Yrs)
Coletto Creek Power LP	Electric Generation	6,000	848,500	09/01/1975	09/01/2025	(1)
Hays Energy Limited Partners	Electric Generation	2,464	348,451	06/25/1999	12/31/2025	(1)
Ineos USA LLC	Chemical Company	1,100	155,558	02/11/1980	02/11/2020	40 Yrs (15 Yrs + (5x5 Yrs))
Total Major Industrial Customers		16,404	\$ 2,319,799			
Total Major Customers		85,814	\$ 13,045,008			
Total Firm Water Sales		91,392	\$ 13,710,485			
Major Customers as a Percentage of Total		93.90%	95.15%			

(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, 2017 AND 2016

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
142.00	10/1/2016
145.00	10/1/2017

(1) Excludes out-of-district charges.

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**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2017 AND 2016**

**NOTE H – CONTINUING DISCLOSURE REQUIRMENTS (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**

	<b>Current *</b> <b>(Acre-Feet)</b>	<b>% of</b> <b>Total</b>	<b>Ultimate</b> <b>(Acre-Feet)</b>	<b>% of</b> <b>Total</b>
<b>In District</b>				
City of Boerne	975	8.71%	3,611	21.29%
City of Fair Oaks	942	8.41%	1,850	10.91%
GBRA - Cordillera	425	3.79%	1,500	8.84%
Johnson Ranch MUD	300	2.68%	900	5.31%
Miralomas MUD (Lerin Hills)	225	2.01%	750	4.42%
Kendall West Utilities	200	1.79%	750	4.42%
Canyon Lake WSC-Bulverde	400	3.57%	400	2.36%
Canyon Lake WSC-Park Village	322	2.88%	322	1.91%
GBRA - Comal Trace	75	0.66%	100	0.59%
Bremer Ranch LTD	20	0.18%	100	0.59%
Couser Ranch	20	0.18%	100	0.59%
Future Participants	--	0.00%	2,577	15.19%
<b>Total In District</b>	<b>3,904</b>		<b>12,960</b>	
<b>Out of District</b>				
SAWS (Initial & Additional)	7,296	65.14%	4,000	23.58%
<b>Total Out of District</b>	<b>7,296</b>		<b>4,000</b>	
<b>Total</b>	<b>11,200</b>	<b>100.00%</b>	<b>16,960</b>	<b>100.00%</b>

\* 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				
	2017	2016	2015	2014	2013
Western Canyon O&M Revenue	\$ 3,911,323	\$ 3,852,141	\$ 3,737,294	\$ 3,460,286	\$ 3,368,656
Western Canyon Debt Service Revenue	5,290,894	5,334,466	5,285,307	5,306,500	5,791,241
	<u>\$ 9,202,217</u>	<u>\$ 9,186,607</u>	<u>\$ 9,022,601</u>	<u>\$ 8,766,786</u>	<u>\$ 9,159,897</u>
Operating Expenses	\$ 3,004,197	\$ 3,229,970	\$ 2,548,014	\$ 2,557,111	\$ 2,651,498
Maintenance & Repair	227,908	253,229	285,637	360,449	328,632
Administrative & General	164,028	155,616	134,416	148,256	150,666
Total Operating & Maintenance Expenses	<u>\$ 3,396,133</u>	<u>\$ 3,638,815</u>	<u>\$ 2,968,067</u>	<u>\$ 3,065,816</u>	<u>\$ 3,130,796</u>
Net Revenue	<u>\$ 5,806,084</u>	<u>\$ 5,547,792</u>	<u>\$ 6,054,534</u>	<u>\$ 5,700,970</u>	<u>\$ 6,029,101</u>
Debt Service	\$ 4,837,859	\$ 4,839,518	\$ 4,835,186	\$ 4,835,965	\$ 5,320,675
Debt Service Coverage Factor	1.2001	1.1464	1.2522	1.1789	1.1331

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2017 AND 2016**

**NOTE H – CONTINUING DISCLOSURE REQUIRMENTS (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 Improvement District pursuant to which GBRA provides treated water to the City of Port Lavaca and the Port O'Connor Improvement District 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 IMPROVEMENT DISTRICT**

Fiscal Year Ended 8/31	City of Port Lavaca			Calhoun County Rural Water Supply Corp.			Port O'Connor Improvement District <sup>(1)</sup>		
	Total Annual Water Treated (Gallons)	Customer Count	% of Total	Total Annual Water Treated (Gallons)	Customer Count	% of Total	Total Annual Water Treated (Gallons)	Customer Count (approx.)	% of Total
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%
2017	438,787,000	5,390	70.07%	79,208,000	1,473	12.65%	108,252,000	1,708	17.29%

(1) Approximate figures.

**CALHOUN COUNTY WATER SUPPLY CORPORATION MONTHLY WATER RATES (through 10,000 gallons)**

5/8" Meter	First	2,000 gal.	\$40.00 (minimum)
	Next	up to 5,000 gal.	\$40.00 base, plus volume charge of \$6.05/1,000 gal
	Next	up to 10,000 gal.	\$58.15 base, plus volume charge of \$10.05/1,000 gal

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

Up to 5/8" Meter	Flat	\$79.80 (minimum)
	First	6,000 gal. \$79.80 base, plus volume charge of \$2.25/M Gallons
	Next	10,000 gal. \$79.80 base, plus volume charge of \$2.75/M Gallons

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

	For Fiscal Year Ended August 31,				
	2017	2016	2015	2014	2013
<b>Revenues:</b>					
Water Sales and Lake Operations	\$ 1,562,635	\$ 1,542,213	\$ 1,813,857	\$ 1,700,693	\$ 1,649,342
Miscellaneous	1,959	307	20,313	10,965	2,079
Total	<u>1,564,594</u>	<u>1,542,520</u>	<u>1,834,170</u>	<u>1,711,658</u>	<u>1,651,421</u>
<b>Expenses: <sup>(1)</sup></b>					
Personnel Operating Costs	\$ 566,087	\$ 477,836	\$ 529,417	\$ 478,754	\$ 464,377
Operating Supplies and Services	560,809	616,815	664,006	535,886	538,039
Maintenance and Repairs	246,065	185,355	145,230	181,997	142,972
Administrative and General	130,341	126,012	137,284	126,594	125,861
Total	<u>1,503,302</u>	<u>1,406,018</u>	<u>1,475,937</u>	<u>1,323,231</u>	<u>1,271,249</u>
Net Income Available for Debt Service	<u>\$ 61,292</u>	<u>\$ 136,502</u>	<u>\$ 358,233</u>	<u>\$ 388,427</u>	<u>\$ 380,172</u>
Outstanding Average Annual Debt Service	\$ -	\$ -	\$ 308,050	\$ 308,575	\$ 307,383
Coverage <sup>(2)</sup>	-	-	1.16	1.26	1.24

(1) Excludes depreciation expense

(2) Bonds paid in full in January 2016

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2017 AND 2016**

**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							
	2017		2016		2015		2014	
	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	\$ 167,523
From City of Kyle, Texas	4.86	542,774	4.86	542,774	4.86	542,774	4.86	542,774
From GoForth Special Utility District *	2.46	274,990	2.46	274,990	1.46	166,536	1.38	146,695
From Sunfield Municipal Utilities District *	2.48	276,720	2.48	276,720	3.48	385,174	3.56	405,014
From Monarch	0.50	55,841	0.50	55,841	0.50	55,841	0.50	55,841
Total Debt Service Commitment & Revenues	11.80	\$1,317,848	11.80	\$1,317,848	11.80	\$1,317,848	11.80	\$1,317,847
Annual Debt Service Requirements		\$1,192,656		\$1,201,656		\$1,197,556		\$1,203,356
Debt Service Coverage Factor		1.10		1.10		1.10		1.10

\* 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)**

	2017	2016	2015	2014
IH35 O&M Transmission Revenue	\$ 409,839	\$ 403,268	\$ 328,441	\$ 307,053
IH35 Debt Revenue	1,317,848	1,317,848	1,317,848	1,317,847
IH35 Interest Earnings	12,551	14,070	3,070	8,273
Total Revenue	\$ 1,740,238	\$ 1,735,186	\$ 1,649,359	\$ 1,633,173
IH35 Operating Expenses	\$ 247,391	\$ 247,819	\$ 249,398	\$ 207,227
IH35 Maintenance & Repair Expenses	46,108	69,296	61,019	41,021
IH 35 Administrative & General Expenses	9,795	10,752	9,893	9,239
Total Expenses	\$ 303,294	\$ 327,867	\$ 320,310	\$ 257,487
Net Revenue	\$ 1,436,944	\$ 1,407,319	\$ 1,329,049	\$ 1,375,686
Debt Service	\$ 1,192,656	\$ 1,201,656	\$ 1,197,556	\$ 1,203,356
Debt Service Coverage	1.205	1.171	1.110	1.143

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2017 AND 2016**

**8. CONTRACT REVENUE REFUNDING BONDS, SERIES 2016 (SAN MARCOS WATER TREATMENT PLANT PROJECT)**

On July 20, 2016, GBRA authorized the issuance of Contract Revenue Refunding Bonds, Series 2016 (San Marcos Water Treatment Plant Project) in the amount of \$4,850,000. Proceeds from the sale of the Bonds were used to i) refund the City of San Marcos, Texas outstanding Waterworks and Waste Water System Revenue Bonds, Series 2006 and Taxable Series 2006A, ii) purchase a surety bond to fund the Series 2016 Account of the Reserve Fund provided by Assured Guaranty Municipal Corp., and iii) pay issuance on the Bonds. As a result of the refunding, GBRA reduced its total debt service requirements by \$1,371,317 and produced a net present value savings (economic gain) of \$1,031,267. The original proceeds from the Series 2006 and 2006AB bonds were used to expand the capacity of the existing water treatment plant located in San Marcos, Texas.

Moody's Investors Service, Inc. ("Moody's") assigned an underlying rating on the Bonds of "Aa3".

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 (i) the "Gross Contract Revenues," received by GBRA from various public and private entities pursuant to certain "Water Supply Agreements" related to the treatment of water at a water treatment plant located in San Marcos, Texas and (ii) the interest income from funds on deposit in the Revenue Fund, the Interest and Sinking Fund and the Reserve Fund.

**CONTRACT REVENUE REFUNDING BONDS, SERIES 2016 (SMWTP)**

	Fiscal Year Ended August 31									
	2017		2016		2015		2014		2013	
	Debt MGD	Debt Payments	Debt MGD	Debt Payments	Debt MGD	Debt Payments	Debt MGD	Debt Payments	Debt MGD	Debt Payments
Debt Service Component of Gross Contract Revenues										
From City of Buda, Texas	1.50	\$ 83,137	1.50	\$ 107,421	1.50	\$ 107,421	1.50	\$ 107,127	1.50	\$ 107,127
From City of Kyle, Texas	4.86	269,364	4.86	346,344	4.86	348,044	4.86	347,093	4.86	347,093
From GoForth Special Utility District <sup>(1)</sup>	2.46	136,470	2.46	176,332	2.46	176,332	1.38	98,323	1.26	90,302
From Sunfield Municipal Utilities District <sup>(1)</sup>	2.48	137,329	2.48	177,442	2.48	177,442	3.56	253,674	3.68	262,505
From Monarch Utilities	0.50	27,712	0.50	35,807	0.50	35,807	0.50	35,709	0.50	35,709
Total Debt Service Commitment & Revenues	11.80	\$ 654,012	11.80	\$ 843,346	11.80	\$ 845,046	11.80	\$ 841,926	11.80	\$ 842,736
Annual Debt Service Requirements										
City of San Marcos, Texas, Series 2006 and 2006A <sup>(2)</sup>		\$ -		\$ 391,883		\$ 394,063		\$ 391,543		\$ 613,393
City of San Marcos, Texas, Series 2011 <sup>(2)</sup>		451,823		451,463		450,983		450,383		229,343
GBRA Contract Revenue Refunding, Series 2016		127,614		-		-		-		-
Total Debt Service Requirements		\$ 579,437		\$ 843,346		\$ 845,046		\$ 841,926		\$ 842,736
GBRA Debt Service Coverage Factor		1.1		1.0		1.0		1.0		1.0

<sup>(1)</sup> Sunfield MUD's Purchase Commitment is being incrementally transferred to GoForth SUD.

<sup>(2)</sup> Includes a 20% debt coverage factor

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2017 AND 2016**

**9. SUBORDINATE LIEN CONTRACT REVENUE REFUNDING BONDS, SERIES 2017 (REGIONAL RAW WATER DELIVERY)**

On April 19, 2017, GBRA authorized the issuance of Subordinate Lien Contract Revenue Refunding Bonds, Series 2017 (Regional Raw Water Delivery System Expansion Project) in the amount of \$7,745,000. Proceeds from the sale of the Bonds were used to i) refund a portion of the Authority's outstanding obligations (Combination Contract Revenue, Subordinate Water Resources Division Revenue and Surplus Water Project Revenue Bonds, Series 2007A) which were issued to finance or refinance the Authority's "Raw Water Delivery System Expansion Project" for debt service savings, ii) purchase a surety bond to fund the Series 2017 Account of the Subordinate Lien Reserve Fund, and iii) pay the costs associated with the issuance of the Bonds. As a result of the refunding, GBRA reduced its total debt service requirements by \$2,049,534 and produced a net present value savings (economic gain) of \$1,418,630. The original proceeds from the Series 2007A and 2007B bonds were used to refund an outstanding loan and expanding the capacity of the existing Raw Water Delivery System from approximately 16 MGD to 25 MGD to a water treatment plant located in San Marcos, Texas.

Moody's Investors Service, Inc. ("Moody's") assigned an underlying rating on the Bonds of "Aa3".

The bonds constitute special obligations of GBRA that are equally and ratably payable from and secured by an irrevocable lien on and pledge of the "Pledged Revenues," 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 "Raw Water Delivery System" which are subordinate to the first and prior lien on such Gross Contract Revenue that have been pledged to GBRA's "Senior Lien Bonds" [Combination Contract Revenue, Subordinate Water Resources Division Revenue, and Surplus Water Project Revenue Bonds, Taxable Series 2007B] that remain outstanding following the issuance of the Bonds. Gross Contract Revenue generally consists of the revenues derived by the Authority from the Participants which constitute the payment of principal and interest requirements and the "Operation and Maintenance Expenses" of the Raw Water Delivery System.

**COMBINATION CONTRACT REVENUE REFUNDING BONDS, SERIES 2007A & 2007B (RRWDS)**  
**CONTRACT REVENUE REFUNDING BONDS, SERIES 2017 (RRWDS)**

	Fiscal Year Ended August 31									
	2017		2016		2015		2014		2013	
	Debt GMY	Debt Payments	Debt GMY	Debt Payments	Debt GMY	Debt Payments	Debt GMY	Debt Payments	Debt GMY	Debt Payments
Debt Service Component of Gross Contract Revenues										
From Canyon Regional Water Authority	1,390	\$ 146,339	1,390	\$ 147,020	1,390	\$ 147,020	1,390	\$ 147,020	1,390	\$ 147,020
From City of Buda, Texas	1,041	109,567	1,041	110,107	1,041	110,107	1,041	110,107	1,041	110,107
From City of Kyle, Texas	3,383	356,162	3,383	357,820	3,383	357,820	3,383	357,820	3,383	357,820
From GoForth Special Utility District *	1,707	179,719	1,707	180,555	990	109,230	953	96,184	875	84,022
From Sunfield Municipal Utilities District *	1,719	180,970	1,719	181,813	2,436	253,138	2,473	266,184	2,551	278,346
From Hays Energy, LLC	1,528	160,868	1,528	161,617	1,528	161,617	1,528	161,617	1,528	161,617
From Monarch	350	36,848	350	37,020	350	37,020	350	37,020	350	37,020
Total Debt Service Commitment & Revenues	11,118	\$1,170,473	11,118	\$1,175,952	11,118	\$1,175,952	11,118	\$1,175,952	11,118	\$1,175,952
Annual Debt Service Requirements		\$1,068,322		\$1,063,935		\$1,063,694		\$1,067,850		\$1,066,153
Debt Service Coverage Factor		1.1		1.1		1.1		1.1		1.1

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



**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2017 AND 2016**

**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 inflows of resources related to operations totaled \$8,132,132

Deferred outflows of resources related to the implementation of GASB 68 reporting for pension plans totaled \$4,080,644.

**NOTE J - RELATED PARTY TRANSACTIONS**

The Guadalupe Blanco River Trust is a 501c.3 non profit company affiliated with the GBRA that was developed to conserve land in the Guadalupe River Watershed for its natural, recreational, scenic, historic and productive value. During FY 2017, the Guadalupe Blanco River Trust, through federal, state, and foundation grants, purchased the development rights for property owned by one of the Board members of GBRA for \$3,050,000. The property was appraised by an independent appraiser and had a pre-easement value of \$5,820,000.

**NOTE K - SUBSEQUENT EVENTS**

On August 25, 2017, Hurricane Harvey hit the Texas coast causing widespread damage from Corpus Christi to the Texas-Louisiana border. GBRA's Port Lavaca Water Treatment Plant and Coletto Creek Park sustained damage, though none considered to be major. The Port Lavaca Plant was operational within one day of the storm passing. The Coletto Creek Park was closed for approximately two weeks after the storm for debris removal and cleanup. Insurance claims are being filed for all covered damage.

On November 15, 2017, GBRA issued Contract Revenue Bonds, Series 2017 totaling \$4,105,000. The proceeds from these Bonds will be used for designing, acquiring, and constructing improvements to the Western Canyon Regional Water Supply Project, consisting primarily of aeration facilities to mitigate disinfection by-products.

On November 15, 2017, GBRA closed on Genreal Improvement Subordinate Lien Revenue Bonds, Series 2017 totaling \$31,140,000. The proceeds from these Bonds will be used to purchase ground water rights, to fund one year's lease payments, to fund a portion of monitoring well construction and operating costs, capitalizes interest, purchase of certain real property and to fund costs of issuance of the Bonds. The bonds mature on November 15, 2020 and are callable on November 15, 2018.

On November 16, 2017, GBRA purchased 100% of the outstanding equity interests of Texas Water Alliance LLC. for \$31,000,000. The underlying assets include approximately 160 ground water leases located in Gonzales County along with 50 acres of land also located in Gonzales County.

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2017 AND 2016**

**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, 2017 and 2016 are as follows:

AUGUST 31, 2017	Water Sales	Luling Water Plant	Lockhart WWTP	Total
<b>REVENUES, EXPENSES AND CHANGES IN NET POSITION</b>				
Operating Revenue	\$ 24,836,179	\$ 1,401,791	\$ 1,267,622	\$ 27,505,592
Operating Expenses	(13,162,878)	(958,161)	(995,608)	(15,116,647)
Depreciation and Amortization Exp	(3,536,616)	(130,804)	(79,057)	(3,746,477)
Operating Income	8,136,685	312,826	192,957	8,642,468
Nonoperating Revenue (Expenses)	(463,262)	(144,227)	(792,699)	(1,400,188)
Costs to be Recovered (Deferred Rev)	(874,124)	(92,153)	--	(966,277)
Change in Net Position	\$ 6,799,299	\$ 76,446	\$ (599,742)	\$ 6,276,003
<b>NET POSITION ACTIVITIES</b>				
Current Assets	\$ 20,043,056	\$ 880,454	\$ 477,156	\$ 21,400,666
Capital Assets	125,807,196	4,691,471	38,026	130,536,693
Other Assets	26,788,635	150,300	761	26,939,696
Total Assets	172,638,887	5,722,225	515,943	178,877,055
Deferred Outflow of Resources	--	--	--	--
Total Assets and Deferred Outflows of Resources	\$ 172,638,887	\$ 5,722,225	\$ 515,943	\$ 178,877,055
Current Liabilities	\$ 9,007,581	\$ 516,476	\$ 453,164	\$ 9,977,221
Long Term Liabilities	108,023,659	3,983,249	30,412	112,037,320
Total Liabilities	117,031,240	4,499,725	483,576	122,014,541
Deferred Inflows of Resources	2,453,926	55,984	--	2,509,910
Net Investments in Capital Assets	12,908,641	483,027	38,027	13,429,695
Restricted	8,962,127	168,502	--	9,130,629
Unrestricted	31,282,953	514,987	(5,660)	31,792,280
Total Net Position	53,153,721	1,166,516	32,367	\$ 54,352,604
Total Liabilities, Deferred Outflows and Net Position	\$ 172,638,887	\$ 5,722,225	\$ 515,943	\$ 178,877,055
Revenue Bonds Payable	\$ 109,432,834	\$ 4,208,444	\$ --	\$ 113,641,278
Loans Payable	3,465,721	--	--	3,465,721
Interfund Balances:				
Accounts Receivable	1,711,781	110,000	150,000	1,971,781
Accounts Payable	1,436,094	141,999	149,737	1,727,830
<b>CASH FLOW ACTIVITIES</b>				
<b>Cash Flows</b>				
Operating Activities	\$ 10,583,019	\$ 512,646	\$ 289,520	\$ 11,385,185
Capital & Related Financing Activities	(7,905,239)	(413,115)	931,280	(7,387,074)
Noncapital Financing Activities	3,335,263	--	--	3,335,263
Investing Activities	(7,244,373)	113,424	(1,202,629)	(8,333,578)
	\$ (1,231,330)	\$ 212,955	\$ 18,171	\$ (1,000,204)
<b>Current Cash and Cash Equivalents</b>				
At Beginning of Year	3,841,683	93,898	\$ 248,183	\$ 4,183,764
At End of Year	5,414,856	306,842	266,354	5,988,052
Net Increase (Decrease)	\$ 1,573,173	\$ 212,944	\$ 18,171	\$ 1,804,288
<b>Restricted Cash and Cash Equivalents</b>				
At Beginning of Year	6,929,955	7,706	--	6,937,661
At End of Year	4,125,452	7,717	--	4,133,169
Net Increase (Decrease)	(2,804,503)	11	--	(2,804,492)
	\$ (1,231,330)	\$ 212,955	\$ 18,171	\$ (1,000,204)

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2017 AND 2016**

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

AUGUST 31, 2016	Water Sales	Port Lavaca Water Plant	Luling Water Plant	Lockhart WWTP	Total
<b>REVENUES, EXPENSES AND CHANGES IN NET POSITION</b>					
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
<b>NET POSITION ACTIVITIES</b>					
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
<b>CASH FLOW ACTIVITIES</b>					
<b>Cash Flows</b>					
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
<b>Current Cash and Cash Equivalents</b>					
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)
<b>Restricted Cash and Cash Equivalents</b>					
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

## **Required Supplemental Information**

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**AUGUST 31, 2017**

**A. Schedule of Changes in the Employer's Net Pension Liability and Related Ratios for the Last 10 Fiscal Years<sup>1</sup>**

	<b>Fiscal Year Ending 8/31/2017</b>	<b>Fiscal Year Ending 8/31/2016</b>	<b>Fiscal Year Ending 8/31/2015</b>
<b>1. Total Pension Liability</b>			
a. Service cost	\$ 363,322	\$ 383,820	\$ 357,786
b. Interest	2,251,021	2,146,011	2,027,051
c. Changes of benefit provisions	0	0	0
d. Differences between expected and actual experience	502,207	552,928	0
e. Changes of assumptions	0	477,891	620,672
f. Benefit payments	<u>(1,124,173)</u>	<u>(841,560)</u>	<u>(698,521)</u>
<b>g. Net Change</b>	<b>1,992,377</b>	<b>2,719,090</b>	<b>2,306,988</b>
<b>h. Beginning</b>	<b><u>32,356,203</u></b>	<b><u>29,637,113</u></b>	<b><u>27,330,125<sup>3</sup></u></b>
<b>i. Ending</b>	<b>\$ 34,348,580</b>	<b>\$ 32,356,203</b>	<b>\$ 29,637,113</b>
<b>2. Plan Fiduciary Net Position</b>			
a. Contributions by the employer	\$ 1,338,202	\$ 1,733,464	\$ 1,684,302
b. Contributions by the participants	0	0	0
c. Net investment income	650,186	(440,231)	486,549
d. Benefit payments	(1,124,173)	(841,560)	(698,521)
e. Administrative expenses	<u>0<sup>2</sup></u>	<u>0<sup>2</sup></u>	<u>0<sup>2</sup></u>
<b>f. Net Change</b>	<b>864,215</b>	<b>451,673</b>	<b>1,472,330</b>
<b>g. Beginning</b>	<b><u>25,768,160</u></b>	<b><u>25,316,487</u></b>	<b><u>23,844,157</u></b>
<b>h. Ending</b>	<b>\$ 26,632,375</b>	<b>\$ 25,768,160</b>	<b>\$ 25,316,487</b>
<b>3. Employer's Net Pension Liability [Item 1(i) – 2(h)]</b>	<b>\$ 7,716,205</b>	<b>\$ 6,588,043</b>	<b>\$ 4,320,626</b>
<b>4. Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>77.5%</b>	<b>79.6%</b>	<b>85.4%</b>
<b>5. Covered Payroll</b>	<b>\$ 7,096,581</b>	<b>\$ 7,565,168</b>	<b>\$ 7,423,408</b>
<b>6. Employer's Net Pension Liability as a Percentage of Covered Payroll</b>	<b>108.7%</b>	<b>87.1%</b>	<b>58.2%</b>

**Notes to Schedule:**

<sup>1</sup> 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.

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

<sup>3</sup> 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, 2017**

**B. Schedule of Employer Contributions for the Last 10 Fiscal Years<sup>1</sup>**

	<b>Fiscal Year Ending 8/31/2017</b>	<b>Fiscal Year Ending 8/31/2016</b>	<b>Fiscal Year Ending 8/31/2015</b>
1. Actuarially determined contribution (ADC)	\$ 1,038,202	\$ 1,033,464	\$ 984,302
2. Contributions in relation to the ADC	<u>1,338,202</u>	<u>1,733,464</u>	<u>1,684,302</u>
3. Contribution deficiency (excess)	\$ (300,000)	\$ (700,000)	\$ (700,000)
4. Covered payroll	\$ 7,096,581	\$ 7,565,168	\$ 7,423,408
5. Contributions as a percentage of covered payroll	18.9%	22.9%	22.7%

**Notes to Schedule:**

Actuarially determined contribution amount for the fiscal year ending August 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	9, 9, and 10 years, respectively, for years ending in 2017, 2016, and 2015
Asset valuation method	5-year smoothed market
Inflation	3%, 3.5%, and 3.75%, respectively, for years ending in 2017, 2016 and 2015
Salary increases	inflation plus merit and promotion increases that vary by age and service
Investment rate of return	7%, 7.25%, and 7.50%, respectively, for years ending in 2017, 2016, and 2015
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

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

**C. Contributions Reflected in Asset Value as of December 31, 2016 Measurement Date (Applicable for Fiscal Year Ending August 31, 2017)**

<b>Month of Contribution</b>	<b>Amount</b>
December 2016	\$ 300,000
December 2016	<u>1,038,202</u>
<b>Total</b>	<b>\$ 1,338,202</b>

**D. Subsequent Contributions Made Prior to Fiscal Year End (August 31, 2017)**

<b>Month of Contribution</b>	<b>Amount</b>
N/A	\$ 0
<b>Total</b>	<b>\$ 0<sup>1</sup></b>

<sup>1</sup> 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.

### 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					
			2017	2018	2019	2020	2021	2022
2015	\$ 1,237,977	5 yrs	\$ 247,595	\$ 247,596	\$ 247,596	\$ 0	\$ 0	\$ 0
2016	2,266,316	5 yrs	453,263	453,263	453,263	453,264	0	0
2017	1,114,239	5 yrs	222,848	222,848	222,848	222,848	222,847	0
2018								
2019								

Net increase (decrease) for A \$923,706

**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					
			2017	2018	2019	2020	2021	2022
2015	\$ 620,672	5.853 yrs	\$ 106,043	\$ 106,043	\$ 106,043	\$ 90,457	\$ 0	\$ 0
2016	477,891	5.241 yrs	91,183	91,183	91,183	91,183	21,796	0
2017	0		0	0	0	0	0	0
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					
			2017	2018	2019	2020	2021	2022
2015	\$ 0		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2016	552,928	5.241 yrs	105,500	105,500	105,500	105,500	25,428	0
2017	505,207	4.653 yrs	107,932	107,932	107,932	107,932	70,479	0
2018								
2019								

Net increase (decrease) for C \$ 213,432

Net for future years (A+B+C) \$1,334,365   \$1,334,365   \$1,071,184   \$ 340,730   \$ 0

# Other Supplemental Information

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**COMBINING SCHEDULE OF NET POSITION**
**AUGUST 31, 2017**

	General Division	Guadalupe Valley Hydroelectric Division	Rural Utilities Division	Water Resource Division	Port Lavaca Water Treatment Plant Division
<b>ASSETS AND DEFERRED OUTFLOWS</b>					
<b>CURRENT ASSETS</b>					
Unrestricted Assets					
Cash and Cash Equivalents.....	\$ 3,116,778	\$ 8,658	\$ 2,440,137	\$ 7,484,858	\$ 279,136
Investments-Unrestricted.....	1,499,770	--	--	5,766,260	--
Interest Receivable.....	21,175	--	--	45,090	--
Accounts Receivable-Operating.....	16,771	221,555	223,097	2,718,965	190,339
Accounts Receivable-Interfund.....	4,462,350	299,083	140,955	2,899,777	167,014
Other Current Assets.....	14,729	96,301	17,337	247,336	66,075
Total Current Assets.....	9,131,573	625,597	2,821,526	19,162,286	702,564
Restricted Assets					
Cash and Cash Equivalents.....	418,929	--	154,671	4,125,452	--
Investments.....	477,441	--	290,557	3,117,454	--
Interest Receivable.....	4,259	--	507	60,681	--
Total Restricted Assets.....	900,629	--	445,735	7,303,587	--
Total Current Assets.....	10,032,202	625,597	3,267,261	26,465,873	702,564
<b>LONG-TERM ASSETS</b>					
Restricted Assets					
Investments.....	601,225	--	--	752,286	--
Total Restricted Assets.....	601,225	--	--	752,286	--
Capital Assets					
Land, Water and Storage Rights.....	1,035,561	2,248,822	228,369	30,901,066	41,424
Dams, Plants and Equipment.....	2,254,983	11,492,905	14,265,510	147,109,503	7,053,780
Construction In Progress.....	--	102,474	59,208	546,139	66,141
Less Accumulated Depreciation.....	(1,950,977)	(8,177,388)	(4,971,400)	(48,573,275)	(5,120,691)
Total Capital Assets.....	1,339,567	5,666,813	9,581,687	129,983,433	2,040,654
Other Assets					
Investments-Unrestricted.....	2,201,126	--	--	11,683,275	--
Long-Term Loans Receivable.....	62,500	--	277,756	4,843,885	--
Contract Development Costs (Net of Amortization).....	--	--	--	--	--
Permits and Licenses (Net of Amortization).....	--	--	--	--	--
Project Development Costs.....	--	--	35,087	10,257,216	--
Interfund Loans Receivable.....	6,474,343	--	--	--	--
Total Other Assets.....	8,737,969	--	312,843	26,784,376	--
Total Long-Term Assets.....	10,678,761	5,666,813	9,894,530	157,520,095	2,040,654
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
	4,080,644	--	--	--	--
Total Assets and Deferred Outflows .....	\$ 24,791,607	\$ 6,292,410	\$ 13,161,791	\$ 183,985,968	\$ 2,743,218
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>					
<b>CURRENT LIABILITIES</b>					
Payable from Unrestricted Assets					
Current Portion of Long-Term Loans Payable.....	\$ --	\$ --	\$ 22,881	\$ 315,746	\$ 52,040
Interest Payable.....	--	--	--	41,035	--
Accounts Payable-Operating.....	317,852	256,104	299,058	2,381,737	318,508
Accounts Payable-Interfund.....	3,529,952	483,420	299,019	3,027,979	342,811
Total Current Unrestricted Liabilities.....	3,847,804	739,524	620,958	5,766,497	713,359
Payable from Restricted Assets					
Current Portion of Debt.....	--	--	105,000	4,600,000	--
Interest Payable.....	--	--	30,718	971,576	--
Total Current Restricted Liabilities.....	--	--	135,718	5,571,576	--
Total Current Liabilities.....	3,847,804	739,524	756,676	11,338,073	713,359
<b>LONG-TERM LIABILITIES</b>					
Revenue Bonds Payable.....	--	--	--	109,432,834	--
Long-Term Loans Payable.....	--	--	2,325,189	3,465,721	251,687
Interfund Loans Payable.....	--	3,873,357	2,285,057	315,929	--
	--	3,873,357	4,610,246	113,214,484	251,687
Less Current Portion.....	--	--	(127,881)	(4,915,746)	(52,040)
Total Bonds and Loans Payable.....	--	3,873,357	4,482,365	108,298,738	199,647
Advances for Operations.....	--	--	13,975	64,830	28,250
Net Pension Liability.....	7,716,205	--	--	--	--
Total Long-Term Liabilities.....	7,716,205	3,873,357	4,496,340	108,363,568	227,897
Total Liabilities.....	11,564,009	4,612,881	5,253,016	119,701,641	941,256
<b>DEFERRED INFLOWS OF RESOURCES.....</b>					
	--	--	--	2,453,926	570,774
<b>NET POSITION</b>					
Net Investments in Capital Assets.....	1,339,567	5,666,814	7,256,498	17,084,878	1,788,967
Restricted for Debt Service.....	--	--	320,333	8,962,127	--
Unrestricted.....	11,888,031	(3,987,285)	331,944	35,783,396	(557,779)
Total Net Position.....	13,227,598	1,679,529	7,908,775	61,830,401	1,231,188
Total Liabilities, Deferred Inflows and Net Position.....	\$ 24,791,607	\$ 6,292,410	\$ 13,161,791	\$ 183,985,968	\$ 2,743,218

*See accompanying independent auditors' report.*

Calhoun County Rural Water Supply Division	Coleta Creek Division	Luling Water Treatment Plant Division	Canyon Hydroelectric Division	Lockhart Division	2017 Eliminations	2017 Total
\$ 195,330	\$ 136,891	\$ 306,842	\$ 206,866	\$ 551,506	\$ --	\$ 14,727,002
357,458	--	250,141	--	--	--	7,873,629
7,494	--	5,983	--	--	--	79,742
105,747	1,119	31,268	211,238	51,313	--	3,771,412
134,992	136,035	110,000	38,000	205,000	(8,593,206)	--
7,101	9,693	7,505	9,466	15,664	--	491,207
808,122	283,738	711,739	465,570	823,483	(8,593,206)	26,942,992
--	--	7,717	103,503	--	--	4,810,272
--	--	160,785	--	--	--	4,046,237
--	--	213	--	--	--	65,660
--	--	168,715	103,503	--	--	8,922,169
808,122	283,738	880,454	569,073	823,483	(8,593,206)	35,865,161
--	--	--	--	--	--	1,353,511
--	--	--	--	--	--	1,353,511
51,396	--	875,292	12,187	13,000	--	35,407,117
2,618,193	2,088,829	7,395,012	12,553,881	1,220,686	--	208,053,282
66,469	--	--	--	--	--	840,431
(1,932,365)	(1,784,021)	(3,578,833)	(7,925,202)	(702,038)	--	(84,716,190)
803,693	304,808	4,691,471	4,640,866	531,648	--	159,584,640
100,000	--	150,300	--	--	--	14,134,701
--	--	--	--	--	--	5,184,141
--	--	--	--	761	--	761
--	--	--	423,820	--	--	423,820
--	--	--	--	--	--	10,292,303
--	--	--	--	--	(6,474,343)	--
100,000	--	150,300	423,820	761	(6,474,343)	30,035,726
903,693	304,808	4,841,771	5,064,686	532,409	(6,474,343)	190,973,877
--	--	--	--	--	--	4,080,644
\$ 1,711,815	\$ 588,546	\$ 5,722,225	\$ 5,633,759	\$ 1,355,892	(15,067,549)	\$ 230,919,682
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 390,667
--	--	--	--	--	--	41,035
42,275	125,144	102,359	40,671	508,634	--	4,392,342
185,775	240,238	141,999	42,027	299,986	(8,593,206)	--
228,050	365,382	244,358	82,698	808,620	(8,593,206)	4,824,044
--	--	260,000	--	--	--	4,965,000
--	--	12,118	--	--	--	1,014,412
--	--	272,118	--	--	--	5,979,412
228,050	365,382	516,476	82,698	808,620	(8,593,206)	10,803,456
--	--	4,208,444	--	--	--	113,641,278
--	--	--	--	--	--	6,042,597
--	--	--	--	--	(6,474,343)	--
--	--	4,208,444	--	--	(6,474,343)	119,683,875
--	--	(260,000)	--	--	--	(5,355,667)
--	--	3,948,444	--	--	(6,474,343)	114,328,208
--	--	34,805	399,004	30,412	--	571,276
--	--	--	--	--	--	7,716,205
--	--	3,983,249	399,004	30,412	(6,474,343)	122,615,689
228,050	365,382	4,499,725	481,702	839,032	(15,067,549)	133,419,145
--	--	55,984	5,051,448	--	--	8,132,132
803,693	304,808	483,027	4,640,866	531,648	--	39,900,766
--	--	168,502	--	--	--	9,450,962
680,072	(81,644)	514,987	(4,540,257)	(14,788)	--	40,016,677
1,483,765	223,164	1,166,516	100,609	516,860	--	89,368,405
\$ 1,711,815	\$ 588,546	\$ 5,722,225	\$ 5,633,759	\$ 1,355,892	(15,067,549)	\$ 230,919,682

**GUADALUPE-BLANCO RIVER AUTHORITY**

**COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET POSITION**

**FISCAL YEAR ENDED AUGUST 31, 2017**

	General Division	Guadalupe Valley Hydroelectric Division	Rural Utilities Division	Water Resource Division	Port Lavaca Water Treatment Plant Division
<b>REVENUE</b>					
Power Sales.....	\$ --	\$ 3,478,969	\$ --	\$ --	\$ --
Water Sales, Capacity Charge, Pipeline Transmission and Lake Operation.....	--	--	--	33,258,721	1,562,635
Recreation and Land Use.....	--	--	--	119,695	--
Waste Water Treatment Services.....	--	--	2,252,962	561,886	--
Laboratory Services.....	--	--	--	1,006,168	--
Rental.....	--	10,574	--	148,551	--
Administrative and General.....	3,115,380	--	--	--	--
Miscellaneous.....	14,832	102,890	1,259,830	1,202,117	1,959
Total Operating Revenue.....	3,130,212	3,592,433	3,512,792	36,297,138	1,564,594
<b>EXPENSES</b>					
Personnel Operating Costs.....	2,464,848	1,911,473	780,296	7,485,509	566,087
Operating Supplies and Services.....	919,504	530,478	650,240	12,424,971	560,809
Maintenance and Repairs.....	135,541	342,728	344,595	1,312,776	246,065
Administrative and General.....	--	447,114	183,427	1,713,928	130,341
Depreciation and Amortization .....	87,829	298,281	455,662	3,881,561	201,706
Total Operating Expenses .....	3,607,722	3,530,074	2,414,220	26,818,745	1,705,008
Operating Income (Loss).....	(477,510)	62,359	1,098,572	9,478,393	(140,414)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Grant Income.....	--	--	--	3,539,362	--
Investment Income.....	28,977	--	22,870	158,029	289
Gain (Loss) on Disposal of Capital Assets.....	--	(2,995)	863,640	(857)	(1,736)
Interest Expense.....	--	--	(78,213)	(4,134,730)	(11,313)
Total Nonoperating Revenues (Expenses).....	28,977	(2,995)	808,297	(438,196)	(12,760)
Income (Loss) Before Recognition of Deferrals.....	(448,533)	59,364	1,906,869	9,040,197	(153,174)
Costs (Revenue) to be Recognized in Future Years .....	--	--	--	(874,124)	95,173
Change in Net Position.....	(448,533)	59,364	1,906,869	8,166,073	(58,001)
Net Position at September 1, 2016.....	13,676,131	1,620,165	6,001,906	53,664,328	1,289,189
Net Position at August 31, 2017 .....	\$ 13,227,598	\$ 1,679,529	\$ 7,908,775	\$ 61,830,401	\$ 1,231,188

Calhoun		Luling Water					
County Rural	Coieto	Treatment	Canyon	Lockhart			
Water Supply	Creek	Plant	Hydroelectric				
Division	Division	Division	Division	Division	Eliminations	Total	
\$ --	\$ --	\$ --	\$ 389,948	\$ --	\$ --	\$ 3,868,917	
1,017,421	881,245	1,368,778	--	595,839	--	38,684,639	
--	660,708	--	--	--	--	780,403	
53,700	--	--	--	869,394	--	3,737,942	
--	--	--	--	--	--	1,006,168	
--	92,551	--	--	--	--	251,676	
--	--	--	--	--	(3,115,380)	--	
102,068	18,651	33,013	7,173	654,587	--	3,397,120	
1,173,189	1,653,155	1,401,791	397,121	2,119,820	(3,115,380)	51,726,865	
446,285	1,112,835	433,233	202,099	503,332	(120,593)	15,785,404	
415,929	264,326	348,504	78,451	628,194	--	16,821,406	
88,904	102,360	76,341	69,502	598,663	--	3,317,475	
103,402	150,518	100,083	47,874	118,100	(2,994,787)	--	
54,105	39,286	130,804	257,833	125,520	--	5,532,587	
1,108,625	1,669,325	1,088,965	655,759	1,973,809	(3,115,380)	41,456,872	
64,564	(16,170)	312,826	(258,638)	146,011	--	10,269,993	
--	--	--	--	--	--	3,539,362	
4,640	200	5,360	804	1,799	--	222,968	
--	--	--	--	(786,015)	--	72,037	
--	--	(149,587)	--	(8,000)	--	(4,381,843)	
4,640	200	(144,227)	804	(792,216)	--	(547,476)	
69,204	(15,970)	168,599	(257,834)	(646,205)	--	9,722,517	
--	620	(92,153)	258,880	--	--	(611,604)	
69,204	(15,350)	76,446	1,046	(646,205)	--	9,110,913	
1,414,561	238,514	1,090,070	99,563	1,163,065	--	80,257,492	
\$ 1,483,765	\$ 223,164	\$ 1,166,516	\$ 100,609	\$ 516,860	\$ --	\$ 89,368,405	

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

**FISCAL YEAR ENDED AUGUST 31, 2017**

	General Division	Guadalupe Valley Hydroelectric Division	Rural Utilities Division	Water Resource Division
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Received from Customers.....	\$ --	\$ 3,817,787	\$ 3,720,581	\$ 34,749,377
Cash Received from Interfund Administrative Charges.....	3,115,380	--	--	--
Cash Paid for Personnel Operating Costs.....	(1,618,767)	(1,911,473)	(780,296)	(7,485,509)
Cash Paid for Other Operating and Maintenance Costs.....	(1,254,920)	(981,459)	(1,366,777)	(12,985,987)
Cash Paid for Interfund Administrative Charges.....	--	(447,114)	(183,427)	(1,713,928)
Net Cash Flows From (Used by) Operating Activities.....	241,693	477,741	1,390,081	12,563,953
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Interfund Operating Loans Received.....	--	129,000	--	17,100
Interfund Operating Loans Made.....	(228,200)	--	--	--
Principal Payments Made on Interfund Operating Loans.....	--	(557,000)	--	(697,000)
Principal Payments Received on Interfund Operating Loans.....	1,336,100	--	--	--
Cash Received from Grants.....	--	--	--	3,539,362
Net Cash Flows From (Used by) Noncapital Financing Activities.....	1,107,900	(428,000)	--	2,859,462
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceeds from Advances from Customers, Developers, and Other Governmental Units.....	--	--	--	--
Proceeds from Revenue and Loans for Capital Assets and Plant Expansions.....	--	--	--	13,002,950
Proceeds from Sale of Capital Assets.....	--	--	1,028,230	--
Purchase of Capital Assets.....	(66,673)	(10,987)	(80,445)	(993,365)
Cash Paid for Construction in Progress.....	--	(102,474)	(137,809)	(458,139)
Cash Paid for Project Development.....	--	--	(35,087)	(3,596,059)
Interest Paid.....	--	--	(79,643)	(4,219,793)
Principal Payments on Revenue Bonds.....	--	--	--	(17,284,482)
Principal Payments on Loans.....	--	--	(71,349)	(298,621)
Net Cash Flows Used by Capital and Related Financing Activities.....	(66,673)	(113,461)	623,897	(13,847,509)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Cash Received from Investments.....	550,667	--	67,546	1,675,001
Investment Income Received.....	30,807	--	25,149	132,939
Cash Paid for Investments.....	(543,692)	--	--	(3,866,125)
Net Cash Flows From (Used by) Investing Activities.....	37,782	--	92,695	(2,058,185)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....</b>	<b>\$ 1,320,702</b>	<b>\$ (63,720)</b>	<b>\$ 2,106,673</b>	<b>\$ (482,279)</b>
<b>CURRENT CASH AND CASH EQUIVALENTS:</b>				
At Beginning of Year.....	1,766,998	72,378	333,951	5,162,634
At End of Year.....	3,116,778	8,658	2,440,137	7,484,858
Net Increase (Decrease).....	1,349,780	(63,720)	2,106,186	2,322,224
<b>RESTRICTED CASH AND CASH EQUIVALENTS:</b>				
At Beginning of Year.....	448,007	--	154,184	6,929,955
At End of Year.....	418,929	--	154,671	4,125,452
Net Increase (Decrease).....	(29,078)	--	487	(2,804,503)
<b>TOTAL CASH AND CASH EQUIVALENTS:</b>				
At Beginning of Year.....	2,215,005	72,378	488,135	12,092,589
At End of Year.....	3,535,707	8,658	2,594,808	11,610,310
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....</b>	<b>\$ 1,320,702</b>	<b>\$ (63,720)</b>	<b>\$ 2,106,673</b>	<b>\$ (482,279)</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS</b>				
<b>FROM OPERATING ACTIVITIES:</b>				
Operating Income (Loss).....	\$ (477,510)	\$ 62,359	\$ 1,098,572	\$ 9,478,393
Adjustments to Reconcile Operating Income to Net Cash Flows				
From Operating Activities:				
Depreciation and Amortization.....	87,829	298,281	455,662	3,881,561
Actuarially Determined Net Pension Expense.....	846,080	--	--	--
Net Change in Assets and Liabilities From Operating Activities:				
Operating Accounts Receivable.....	(1,166,685)	225,354	178,162	(2,356,120)
Other Current Assets.....	(3,131)	253	3,575	(19,301)
Operating Accounts Payable.....	955,110	(108,506)	(345,890)	1,579,420
Total Adjustments.....	719,203	415,382	291,509	3,085,560
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES.....</b>	<b>\$ 241,693</b>	<b>\$ 477,741</b>	<b>\$ 1,390,081</b>	<b>\$ 12,563,953</b>
<b>NON-CASH TRANSACTIONS SCHEDULE</b>				

1. During fiscal year 2017 and 2016, an adjustment of (\$100,130) and \$37,281 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	Coleta Creek Division	Luling Water Treatment Plant Division	Canyon Hydroelectric Division	Lockhart Division	Eliminations	Total
\$ 1,486,169	\$ 1,179,432	\$ 1,652,415	\$ 1,370,523	\$ 348,203	\$ 2,126,204	\$ --	\$ 50,450,691
--	--	--	--	--	--	--	3,115,380
(566,087)	(446,285)	(1,112,835)	(433,233)	(202,099)	(503,332)	--	(15,059,916)
(436,352)	(557,720)	(343,182)	(324,561)	(79,484)	(1,130,612)	--	(19,461,054)
(130,341)	(103,402)	(150,518)	(100,083)	(47,874)	(118,100)	--	(2,994,787)
<u>353,389</u>	<u>72,025</u>	<u>45,880</u>	<u>512,646</u>	<u>18,746</u>	<u>374,160</u>	<u>--</u>	<u>16,050,314</u>
7,600	--	66,000	--	8,500	--	(228,200)	--
--	--	--	--	--	--	228,200	--
(7,600)	--	(66,000)	--	(8,500)	--	1,336,100	--
--	--	--	--	--	--	(1,336,100)	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,539,362</u>
--	--	--	--	--	--	--	3,539,362
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	13,002,950
--	--	--	--	--	--	--	1,028,230
(15,279)	(8,020)	(43,772)	(8,299)	--	--	--	(1,226,840)
(50,862)	(5,800)	--	--	--	--	--	(755,084)
--	--	--	--	--	--	--	(3,631,146)
(11,313)	--	--	(150,320)	--	(8,000)	--	(4,469,069)
--	--	--	(254,496)	--	(640,000)	--	(18,178,978)
<u>(49,975)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(419,945)</u>
(127,429)	(13,820)	(43,772)	(413,115)	--	(648,000)	--	(14,649,882)
--	200,518	--	253,149	--	374,669	--	3,121,550
289	2,710	200	5,340	805	2,465	--	200,704
--	(197,391)	--	(145,065)	--	--	--	(4,752,273)
<u>289</u>	<u>5,837</u>	<u>200</u>	<u>113,424</u>	<u>805</u>	<u>377,134</u>	<u>--</u>	<u>(1,430,019)</u>
<u>\$ 226,249</u>	<u>\$ 64,042</u>	<u>\$ 2,308</u>	<u>\$ 212,955</u>	<u>\$ 19,551</u>	<u>\$ 103,294</u>	<u>\$ --</u>	<u>\$ 3,509,775</u>
52,887	131,288	134,583	93,898	187,642	448,212	--	8,384,471
<u>279,136</u>	<u>195,330</u>	<u>136,891</u>	<u>306,842</u>	<u>206,866</u>	<u>551,506</u>	<u>--</u>	<u>14,727,002</u>
<u>226,249</u>	<u>64,042</u>	<u>2,308</u>	<u>212,944</u>	<u>19,224</u>	<u>103,294</u>	<u>--</u>	<u>6,342,531</u>
--	--	--	7,706	103,176	--	--	7,643,028
--	--	--	7,717	103,503	--	--	4,810,272
--	--	--	11	327	--	--	(2,832,756)
52,887	131,288	134,583	101,604	290,818	448,212	--	16,027,499
<u>279,136</u>	<u>195,330</u>	<u>136,891</u>	<u>314,559</u>	<u>310,369</u>	<u>551,506</u>	<u>--</u>	<u>19,537,274</u>
<u>\$ 226,249</u>	<u>\$ 64,042</u>	<u>\$ 2,308</u>	<u>\$ 212,955</u>	<u>\$ 19,551</u>	<u>\$ 103,294</u>	<u>\$ --</u>	<u>\$ 3,509,775</u>
\$ (140,414)	\$ 64,564	\$ (16,170)	\$ 312,826	\$ (258,638)	\$ 146,011	\$ --	\$ 10,269,993
201,706	54,105	39,286	130,804	257,833	125,520	--	5,532,587
--	--	--	--	--	--	--	846,080
(75,799)	(42,749)	(95)	(31,268)	(48,918)	6,384	--	(3,311,734)
476	(1,464)	(866)	(318)	414	91	--	(20,271)
<u>367,420</u>	<u>(2,431)</u>	<u>23,725</u>	<u>100,602</u>	<u>68,055</u>	<u>96,154</u>	<u>--</u>	<u>2,733,659</u>
<u>493,803</u>	<u>7,461</u>	<u>62,050</u>	<u>199,820</u>	<u>277,384</u>	<u>228,149</u>	<u>--</u>	<u>5,780,321</u>
<u>\$ 353,389</u>	<u>\$ 72,025</u>	<u>\$ 45,880</u>	<u>\$ 512,646</u>	<u>\$ 18,746</u>	<u>\$ 374,160</u>	<u>\$ --</u>	<u>\$ 16,050,314</u>

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

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

YR END	<u>TAX-EXEMPT LOAN</u>		
AUG 31	PRINCIPAL	INTEREST	TOTAL
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>\$ 2,205,000</u>	<u>\$ 641,705</u>	<u>\$ 2,846,705</u>

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

YR END	<u>CANYON PARK WWTP</u>			<u>DUNLAP WWTP</u>		
AUG 31	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2018	\$ 6,798	\$ 339	\$ 7,137	\$ 7,621	\$ 380	\$ 8,001
2019	7,016	121	7,137	7,866	136	8,002
	<u>\$ 13,814</u>	<u>\$ 460</u>	<u>\$ 14,274</u>	<u>\$ 15,487</u>	<u>\$ 516</u>	<u>\$ 16,003</u>

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

YR END	AUG 31	PRINCIPAL	INTEREST	TOTAL
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>\$ 2,462,123</u>	<u>\$ 317,887</u>	<u>\$ 2,780,010</u>

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

**WELLS FARGO LOAN EQUIPMENT PURCHASE AMORTIZATION SCHEDULE**

<u>YR END AUG 31</u>	<u>DUNLAP EMERGENCY GENERATOR</u>			<u>WATER SALES BELT PRESS &amp; TRUCK</u>			<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>	<u>REQUIREMENTS</u>
2018	\$ 8,463	\$ 3,026	\$ 11,489	\$ 35,578	\$ 12,720	\$ 48,298	\$ 59,787
2019	8,760	2,729	11,489	36,824	11,474	48,298	59,787
2020	9,067	2,422	11,489	38,114	10,183	48,297	59,786
2021	9,384	2,105	11,489	39,448	8,846	48,294	59,783
2022	9,713	1,776	11,489	40,830	7,464	48,294	59,783
2023	10,054	1,435	11,489	42,260	6,033	48,293	59,782
2024	10,406	1,083	11,489	43,739	4,551	48,290	59,779
2025	10,771	718	11,489	45,272	3,019	48,291	59,780
2026	11,148	341	11,489	46,856	1,431	48,287	59,776
2027	3,123	28	3,151	13,130	116	13,246	16,397
	<u>\$ 90,889</u>	<u>\$ 15,663</u>	<u>\$ 106,552</u>	<u>\$ 382,051</u>	<u>\$ 65,837</u>	<u>\$ 447,888</u>	<u>\$ 554,440</u>

**WATER RESOURCE WATER RIGHT PURCHASE AMORTIZATION SCHEDULE**

<u>YR END AUG 31</u>	<u>LULING FOUNDATION</u>			<u>ABNER USSERY</u>			<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>	<u>REQUIREMENTS</u>
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>\$ 391,530</u>	<u>\$ 144,665</u>	<u>\$ 536,195</u>	<u>\$ 230,016</u>	<u>\$ 84,985</u>	<u>\$ 315,001</u>	<u>\$ 851,196</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	
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>\$ 4,895,000</u>	<u>\$ 1,486,709</u>	<u>\$ 6,381,709</u>	<u>\$ 2,485,000</u>	<u>\$ 594,489</u>	<u>\$ 3,079,489</u>	<u>\$ 9,461,198</u>

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

YR END AUG 31	PRINCIPAL	INTEREST	TOTAL
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>\$ 3,285,000</u>	<u>\$ 359,186</u>	<u>\$ 3,644,186</u>

**GUADALUPE-BLANCO RIVER AUTHORITY**

**AMORTIZATION SCHEDULES**

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

<b>YR END AUG 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
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**

<b>YR END AUG 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
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>\$ 16,755,000</u>	<u>\$ 7,202,801</u>	<u>\$ 23,957,801</u>

**GUADALUPE-BLANCO RIVER AUTHORITY  
AMORTIZATION SCHEDULES**

**CONTRACT REVENUE BONDS, SERIES 2007B & CONTRACT REVENUE REFUNDING BONDS, SERIES 2017  
RRWDS PROJECT**

YR END AUG 31	SERIES 2007B			SERIES 2017			TOTAL
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	
2018	\$ 105,000	\$ 363,752	\$ 468,752	\$ 290,000	\$ 214,966	\$ 504,966	\$ 973,718
2019	110,000	356,328	466,328	245,000	256,531	501,531	967,859
2020	120,000	348,551	468,551	250,000	251,631	501,631	970,182
2021	130,000	340,067	470,067	260,000	244,131	504,131	974,198
2022	135,000	330,876	465,876	270,000	236,331	506,331	972,207
2023	145,000	321,332	466,332	275,000	228,231	503,231	969,563
2024	155,000	311,080	466,080	290,000	217,231	507,231	973,311
2025	170,000	300,122	470,122	295,000	205,631	500,631	970,753
2026	180,000	288,103	468,103	310,000	193,831	503,831	971,934
2027	195,000	275,377	470,377	320,000	181,431	501,431	971,808
2028	205,000	261,590	466,590	330,000	168,631	498,631	965,221
2029	220,000	247,097	467,097	350,000	155,431	505,431	972,528
2030	235,000	231,543	466,543	360,000	141,431	501,431	967,974
2031	255,000	214,928	469,928	375,000	127,031	502,031	971,959
2032	270,000	196,900	466,900	395,000	112,031	507,031	973,931
2033	290,000	177,811	467,811	410,000	96,231	506,231	974,042
2034	310,000	157,308	467,308	420,000	83,931	503,931	971,239
2035	335,000	135,391	470,391	435,000	71,331	506,331	976,722
2036	355,000	111,706	466,706	445,000	58,281	503,281	969,987
2037	380,000	86,608	466,608	460,000	44,375	504,375	970,983
2038	410,000	59,742	469,742	470,000	30,000	500,000	969,742
2039	435,000	30,755	465,755	490,000	15,313	505,313	971,068
	<u>\$ 5,145,000</u>	<u>\$ 5,146,967</u>	<u>\$ 10,291,967</u>	<u>\$ 7,745,000</u>	<u>\$ 3,333,962</u>	<u>\$ 11,078,962</u>	<u>\$ 21,370,929</u>

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

YR END AUG 31	SERIES 2010		
	PRINCIPAL	INTEREST	TOTAL
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>\$ 3,815,000</u>	<u>\$ 431,675</u>	<u>\$ 4,246,675</u>

\* The principal and related interest due on September 1, 2017 (FY2018) were paid in fiscal year ending August 31, 2017.

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

**CONTRACT REVENUE REFUNDING BONDS, SERIES 2016**  
**SAN MARCOS WATER TREATMENT PLANT PROJECT**

<b>YR END AUG 31</b>	<b>SERIES 2016</b>		
	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
2018	\$ 90,000	\$ 174,681	\$ 264,681
2019	95,000	172,881	267,881
2020	95,000	170,981	265,981
2021	100,000	169,081	269,081
2022	95,000	167,081	262,081
2023	100,000	164,231	264,231
2024	110,000	161,231	271,231
2025	110,000	158,481	268,481
2026	110,000	155,181	265,181
2027	115,000	151,881	266,881
2028	120,000	149,006	269,006
2029	120,000	146,006	266,006
2030	125,000	142,406	267,406
2031	510,000	138,656	648,656
2032	540,000	113,156	653,156
2033	570,000	86,156	656,156
2034	595,000	57,656	652,656
2035	615,000	39,063	654,063
2036	635,000	19,844	654,844
	<u>\$ 4,850,000</u>	<u>\$ 2,537,659</u>	<u>\$ 7,387,659</u>

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

<b>YR END AUG 31</b>	<b>SERIES 2013A</b>			<b>SERIES 2013B</b>			<b>TOTAL</b>
	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>	
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>\$ 47,070,000</u>	<u>\$ 22,183,150</u>	<u>\$ 69,253,150</u>	<u>\$ 5,735,000</u>	<u>\$ 2,397,259</u>	<u>\$ 8,132,259</u>	<u>\$ 77,385,409</u>

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

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**FROST NATIONAL BANK, PORT LAVACA WTP CLEARWELL**

<b>YR END AUG 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
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>\$ 251,687</u>	<u>\$ 24,108</u>	<u>\$ 275,795</u>

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

<b>YR END AUG 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
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>\$ 4,215,000</u>	<u>\$ 1,014,388</u>	<u>\$ 5,229,388</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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**Guadalupe Blanco River Authority**  
**Net Position By Component**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	<b>Fiscal Year</b>				
	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Primary government					
Net investment in capital assets	\$ 39,900,766	\$ 45,212,346	\$ 43,492,246	\$ 41,302,982	\$ 36,423,496
Restricted	9,450,962	8,546,152	8,100,743	8,047,563	4,787,708
Unrestricted	<u>40,016,677</u>	<u>26,498,994</u>	<u>22,926,275</u>	<u>27,977,413</u>	<u>30,776,556</u>
Total primary government net position	<u>\$ 89,368,405</u>	<u>\$ 80,257,492</u>	<u>\$ 74,519,264</u>	<u>\$ 77,327,958</u>	<u>\$ 71,987,760</u>

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



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

<b>Fiscal Year</b>	<b>Operating Revenues</b>	<b>Operating Expenses</b>	<b>Operating Income</b>	<b>Total Nonoperating Revenues (Expenses)</b>	<b>Income before Capital Contributions and Deferrals</b>	<b>Capital Contributions</b>	<b>Deferrals</b>	<b>Restatement</b>	<b>Change in Net Position</b>
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
2017	51,726,865	41,456,872	10,269,993	(547,476)	9,722,517	-	(611,604)		9,110,913

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
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
2017	-	3,868,917	38,684,639	1,032,079	3,737,942	1,006,168	3,397,120	51,726,865

### Operating Expenses Last Ten Fiscal Years

Year	Personnel Operating Costs	Operating Supplies and Services	Maintenance and Repairs	Depreciation and Amortization	Special Items (a)	Total
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	14,335,153	17,397,816	3,393,746	5,617,403	-	40,744,118
2017	15,785,404	16,821,406	3,317,475	5,532,587	-	41,456,872

(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
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)
2017	(4,381,843)	222,968	3,539,362	72,037	(547,476)

## 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  
 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	142.00	10/1/2016

(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 in other GBRA operations include an annual rate adoption by the GBRA Board where the customer pays for some type of service based on a unit of measure at the applicable rate. The revenue derived from these customers pays the operating and maintenance, debt service, and capital costs of the system. In these systems, revenue is completely dependent upon the number of units sold and no customer year-end adjustment is available. The table below distinguishes the systems according to the type of operations in which they operate:

<b>Budget-to-Actual Operations:</b>	<b>Principal Customers</b>	<b>County</b>
Northcliffe Wastewater Treatment Plant	City of Schertz	Guadalupe
Sunfield Wastewater Treatment Plant	Sunfield MUD #4	Hays
4S Ranch Wastewater Treatment Plant	Comal County WCID #6	Comal
Park Village Wastewater Treatment Plant	Comal County WCID #6	Comal
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

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

	<b>Net Obligations Payable Directly By GBRA</b>		<b>Net Obligations Payable From Revenue Contracts (a)</b>		<b>Pollution Control</b>
<b>Year</b>	<b><u>Bonds</u></b>	<b><u>Loans</u></b>	<b><u>Bonds</u></b>	<b><u>Loans</u></b>	<b><u>Bonds</u></b>
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	-
2017	12,671,801	5,790,910	100,969,477	251,687	-

(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 2017, Net Obligations Payable from Revenue Contracts were as follows:**

		<b>Customer Revenue Contract</b>
RRWDS Combination Contract Revenue Bonds Series 2007	\$ 5,145,000	Cities of Kyle & Buda, GoForth SUD,
RRWDS Combination Contract Revenue Refunding Bonds Series 2017	\$ 8,083,612	Sunfield MUD, Monarch Util,
Contract Revenue Refunding Bonds Series 2016-San Marcos Plant	\$ 4,850,000	Hays Energy LP, Canyon Reg Water Authority
RRWDS Combination Revenue Refunding Bonds, San Marcos Series 2010	\$ 3,815,000	City of San Marcos
IH 35 Proj Combination Contract Revenue Bonds, Series 2013	\$ 16,682,779	Cities of Kyle & Buda, GoForth SUD, Monarch Util, Sunfield MUD
Western Canyon Regional WS Project Revenue Bonds, Series 2013 A&B	\$ 58,184,642	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	\$ 251,687	Port O'Connor MUD, Calhoun Co Rural Water
Treated Water Delivery System Contract Revenue Refund. Bonds, Series 2014	\$ 4,208,444	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**

---

<b>Year</b>	
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
2017	-

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.

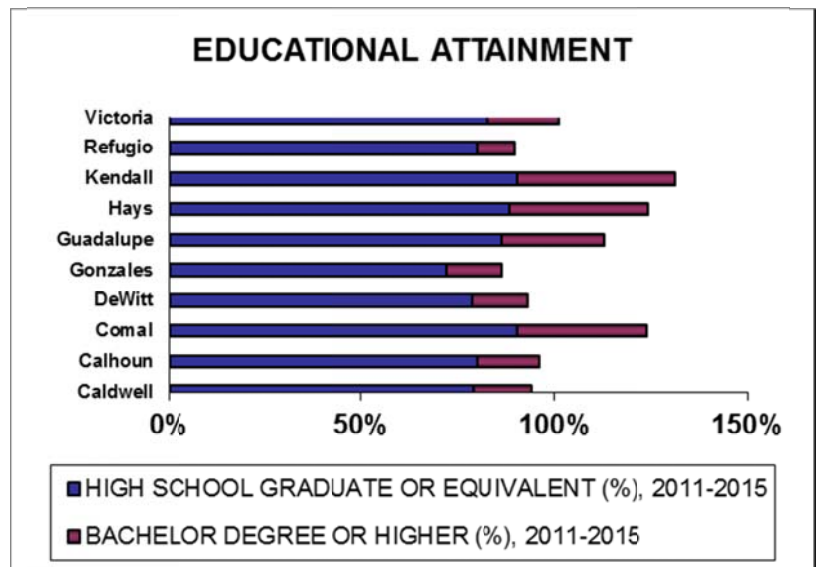
## GBRA District Demographics

GBRA provides a variety of services to rural water corporations, electric cooperatives, industries and individuals within this ten-county district. GBRA's operations serve both retail and wholesale customers in an array of services including water sales and distribution, water treatment, wastewater treatment, hydroelectric generation, laboratory analysis and recreation opportunities.

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.

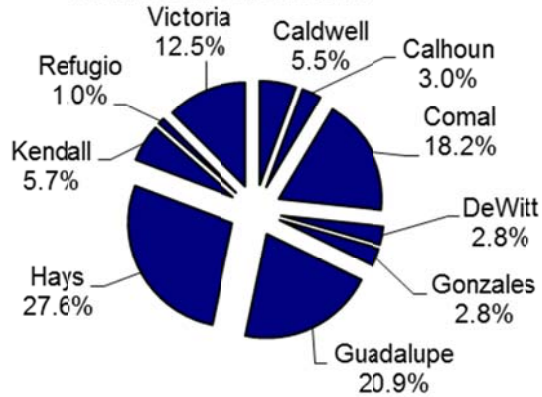
This diversity allows the local economy to be among the State's growth leaders and outpace the national economy as well as weather the effects of any global economic problems better than other areas may. The local economy is also being spurred by tremendous population growth along the I-35 Corridor and for a period of time, 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.

<u>COUNTY</u>	<u>HIGH SCHOOL GRADUATE OR EQUIV.</u>	<u>BACHELOR DEGREE OR HIGHER</u>
Caldwell	79%	15%
Calhoun	80%	16%
Comal	91%	33%
DeWitt	79%	15%
Gonzales	72%	14%
Guadalupe	87%	26%
Hays	89%	36%
Kendall	90%	41%
Refugio	80%	10%
Victoria	83%	18%



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

### DISTRICT POPULATION BY COUNTY



SOURCE: U.S. Census Bureau, July 2016

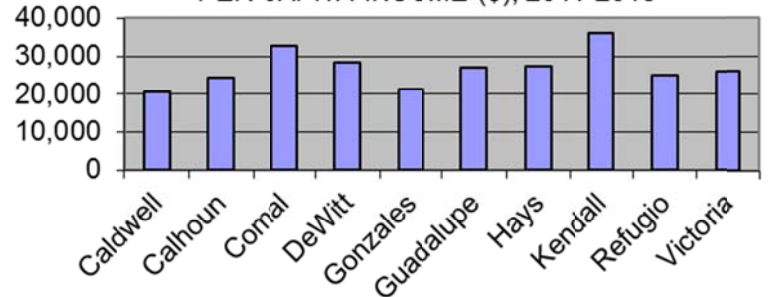
### COUNTY POPULATION

COUNTY	POPULATION
Hays	204,470
Guadalupe	155,265
Comal	134,788
Victoria	92,467
Kendall	42,540
Caldwell	41,161
Calhoun	21,965
Gonzales	20,876
DeWitt	20,865
Refugio	7,321

### COUNTY PER CAPITA INCOME

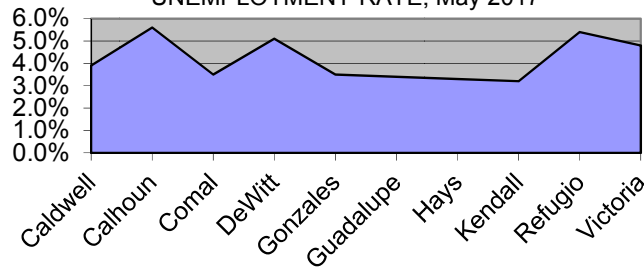
COUNTY	PER CAPITA INCOME
Kendall	36,126
Comal	32,838
DeWitt	28,418
Hays	27,398
Guadalupe	26,928
Victoria	25,987
Refugio	24,902
Calhoun	24,372
Gonzales	21,185
Caldwell	20,667

### PER CAPITA INCOME (\$), 2011-2015



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

### UNEMPLOYMENT RATE, May 2017



SOURCE: US Dept. of Labor, Bureau of Labor Statistics

### COUNTY UNEMPLOYMENT RATE

COUNTY	RATE
Comal	3.5%
Caldwell	3.9%
Guadalupe	3.4%
Calhoun	5.6%
Victoria	4.8%
Hays	3.3%
Kendall	3.2%
Gonzales	3.5%
DeWitt	5.1%
Refugio	5.4%
Texas	4.4%
U.S.	4.4%



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

<b>Division</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
General	38	40	40	41	39	40	39.5	35	38.5	34
Guadalupe Valley Electric	25	25	25	25	26	26	26	24	24	23
Rural Utilities	7	7	7	7	7	7	7	7	7.5	7.5
Water Resources	46	51	48	49	49	49.5	51.5	50	50.5	57
Western Canyon	9	9	9	9	9	9	9	9	10	11
Port Lavaca WTP	8	8	8	8	8	8	8	8	8	8
Calhoun County RWSS	4	4	4	4	4	4	5	4	5	5
Victoria Regional WWRS	21	21	19	9	-	-	-	-	-	-
Coleto Creek Park and Reservoir	16	16	16	16	16	16	16	14.5	14.5	14
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	7	7	7
<b>Total</b>	<b>192</b>	<b>199</b>	<b>194</b>	<b>186</b>	<b>176</b>	<b>177.5</b>	<b>180</b>	<b>165.5</b>	<b>172</b>	<b>173.5</b>

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

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



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

<b>Operating Statistics:</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Water Treatment Customers:</b>			
Total Water Distributed (Gal.)			
Calhoun County Rural Water Supply Division	62,684,000	75,006,000	87,252,000
Total Water Treated (Gal.)			
Lockhart Water Treatment System	479,150,000	525,871,000	554,970,000
Luling Water Treatment Plant Division	651,263,000	734,704,000	677,043,000
Port Lavaca Water Treatment Plant Division	592,510,000	673,172,000	739,501,000
San Marcos Water Treatment Plant System	2,129,290,000	2,404,842,000	2,773,635,000
Western Canyon Water Treatment Plant System	2,713,775,000	3,648,193,000	3,669,842,000
<b>Waste Water Treatment Customers:</b>			
Total Wastewater Treated (Gal.)			
Buda Wastewater Treatment Plant	198,200,000	243,800,000	273,300,000
Crestview Subdivision Wastewater Treatment Plant	3,256,203	2,191,534	2,184,018
Lockhart Wastewater Reclamation System	489,000,000	447,100,000	380,250,000
Rural Utilities Division	190,740,000	168,630,000	168,400,000
Victoria Regional Wastewater Reclamation Division	2,390,000,000	2,585,000,000	2,209,000,000
Village of Wimberley Wastewater Treatment Plant	5,385,000	3,660,000	4,720,000
North Hayes County MUD #1	23,790,000	35,570,000	35,980,000
Sunfield Subdivision Wastewater Treatment	--	--	--
<b>Water Sales Customers:</b>			
Rice Irrigation (Acres)			
Calhoun Canal System	2,086	2,809	2,153
Water Delivered (Gal.)			
Guadalupe Power Partners	974,680,000	1,157,790,000	1,146,655,000
Regional Raw Water Delivery System	2,129,290,000	3,274,240,000	2,908,782,000
<b>Power Sales &amp; Other Services:</b>			
Total Generation (kWh)			
Guadalupe Valley Hydroelectric Division	64,980,700	66,914,600	25,726,200
Canyon Hydroelectric Division	9,102,504	19,026,827	2,415,841
Annual Permits			
Lake Wood Recreation Area	11	17	9
Coleto Creek Regional Park	274	285	252
Camping Permits			
Lake Wood Recreation Area	2,112	2,635	2,995
Coleto Creek Regional Park	13,376	14,594	12,941
Camping Cabins			
Coleto Creek Regional Park	542	662	725
Day Use Permits			
Lake Wood Recreation Area	2,164	2,567	2,739
Coleto Creek Regional Park	14,177	16,851	15,139

FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
71,381,000	91,070,000	92,377,000	81,818,000	75,749,000	72,753,000	81,715,000	79,187,000
542,137,000	613,240,000	579,122,000	548,963,000	537,896,000	522,285,000	544,955,000	546,343,000
634,399,000	675,179,000	664,541,000	684,728,000	630,906,000	638,074,000	654,244,000	668,198,000
630,210,000	752,918,000	721,578,000	666,194,000	617,275,000	715,451,000	693,981,000	626,247,000
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	3,261,793,000
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	3,737,741,000
339,800,000	331,430,000	376,050,000	363,970,000	479,600,000	426,560,000	435,200,000	412,900,000
3,059,616	2,291,900	2,709,621	2,085,000	1,719,866	3,306,682	2,041,000	2,150,000
465,830,000	429,580,000	453,960,000	395,550,000	413,360,000	483,600,000	491,710,000	451,010,000
239,600,000	195,800,000	186,300,000	186,300,000	199,500,000	239,900,000	229,200,000	190,500,000
2,579,000,000	819,000,000	--	--	--	--	--	--
3,246,000	4,930,000	1,750,000	--	--	--	--	--
41,010,000	38,160,000	43,000,000	46,700,000	54,790,000	56,050,000	65,760,000	64,880,000
2,560,000	9,970,000	19,020,000	23,210,000	43,610,000	41,670,000	36,710,000	44,800,000
2,177	2,249	1,917	2,306	1,532	--	1,074	--
998,991,000	900,513,000	498,819,000	680,145,000	816,222,100	1,224,248,900	1,239,957,000	1,029,213,000
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	4,032,457,000
71,633,300	42,126,000	31,405,400	23,444,900	18,469,500	37,271,300	68,045,400	63,024,500
17,716,632	7,566,158	--	--	1,599	4,256,771	22,657,028	17,949,565
18	19	27	30	23	10	5	3
254	259	309	320	290	273	285	265
3,204	4,266	4,914	5,403	4,932	4,031	2,214	3,140
12,393	13,133	14,368	14,983	14,697	13,136	14,514	13,850
717	766	985	1,072	1,009	923	990	623
2,776	2,588	2,851	3,080	3,855	3,746	2,697	2,064
14,465	16,331	17,503	18,377	16,825	17,455	18,417	17,607

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

		Guadalupe			Port Lavaca	Calhoun	Victoria		Luling			
		Valley	Rural	Water	Water	County	Regional		Water	Canyon		
	General	Hydro	Utilities	Resource	Treatment	Rural Water	Wastewater	Coleto	Treatment	Hydro	Lockhart	Total
Year	Division	Division	Division	Division	Division	Division	Division	Division	Division	Division	Division	
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
2017	66,672	10,986	1,289,040	993,366	15,279	8,020	-	43,772	8,299	-	-	2,435,433

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Land, Water, & Storage Rights	\$ 99,723	\$ 433,650	\$ -	\$ 7,000,000	\$ 90,058	\$ 151,757	\$ -	\$ -	\$ -	\$ -
Structures & Improve	2,759,542	15,702,963	1,005,294	3,749,160	242,832	2,993,788	71,179	312,900	82,073	1,183,949
Specialized Equip	69,706	142,709	63,522	41,246	4,777	42,542	29,452	5,206	70,054	59,289
Auto & Heavy Equip	193,219	248,342	205,812	229,186	190,060	312,585	261,102	337,541	335,544	591,189
Office Furniture & Equip	54,612	121,309	23,902	89,353	29,423	58,612	69,113	26,184	26,672	44,949
Miscellaneous Equip	131,337	169,314	326,797	171,895	188,165	246,919	227,867	711,840	519,859	556,056
Total	\$ 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	\$ 2,435,432

# **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, 2017 and 2016, 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 13, 2017.

**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 13, 2017



## **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

Coleto Creek Division  
P.O. Box 68  
Fannin, TX 77960  
TEL: 361.575.6366  
FAX: 361.575.2267

Lake Wood Recreation Area  
Route 2, Box 158-A  
Gonzales, TX 78629  
TEL and FAX: 830.672.2779

Lockhart Wastewater Reclamation Division  
4435 FM 20 East  
Lockhart, TX 78644  
TEL: 512.398.6391  
FAX: 512.398.2036

Lockhart Water Treatment Division  
547 Old McMahan Road  
Lockhart, TX 78644  
TEL: 512.398.3528

Luling Water Treatment Plant  
350 Memorial Drive  
Luling, TX 78648  
TEL: 830.875.2132  
FAX: 830.875.3670

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

San Marcos Water Treatment Plant  
91 Old Bastrop Road  
San Marcos, TX 78666  
TEL: 512.353.3888  
FAX: 512.353.3127

Western Canyon Regional Treated Water Plant  
4775 South Cranes Mill Road  
Canyon Lake, TX 78132  
TEL: 830.885.2639  
FX: 830.885.2564





**Guadalupe-Blanco River Authority**

933 East Court Street  
Seguin, Texas 78155

Change Service Requested

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