



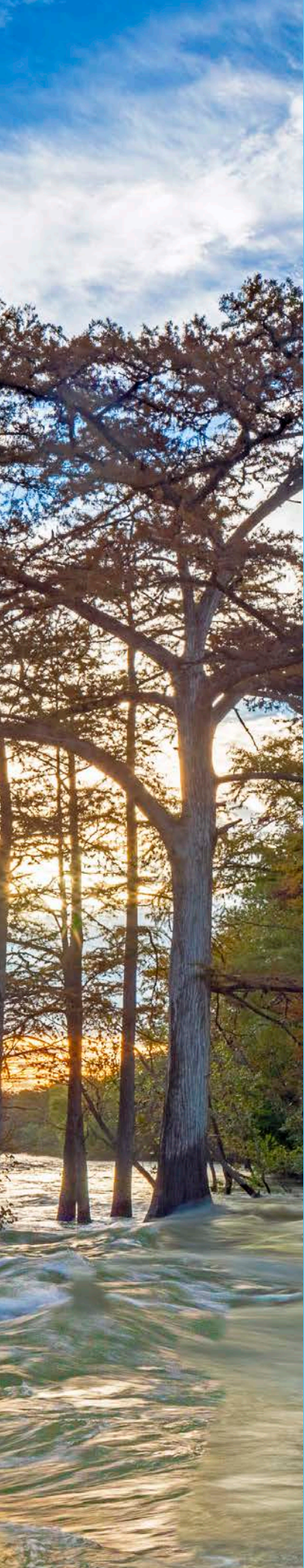
GUADALUPE-BLANCO RIVER AUTHORITY
TEXAS

Comprehensive Annual Financial Report

FISCAL YEARS ENDED AUGUST 31, 2018 AND 2017



*Cypress tree in the Guadalupe River downstream
from the Canyon Hydroelectric Plant*





GUADALUPE-BLANCO RIVER AUTHORITY
TEXAS

Comprehensive Annual Financial Report

FISCAL YEARS ENDED AUGUST 31, 2018 AND 2017

Financial information compiled by
the GBRA Accounting Department



GUADALUPE-BLANCO RIVER AUTHORITY

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEARS ENDED AUGUST 31, 2018 AND 2017



View of Canyon Lake Reservoir/Dam and Canyon Hydroelectric Plant



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. The 10 counties in GBRA's statutory district are represented on a rotating basis. 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 of directors.

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 the 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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEARS ENDED AUGUST 31, 2018 AND 2017

GBRA BOARD OF DIRECTORS

Rusty Brockman

Chair

Comal County

Dennis L. Patillo

Vice-Chair

Victoria County

Don B. Meador

Secretary/Treasurer

Hays County

William R. Carbonara

Director

DeWitt County

Steve Ehrig

Director

Gonzales County

Oscar H. Fogle

Director

Caldwell County

Ronald J. Hermes

Director

Guadalupe County

Thomas Mathews II

Director

Kendall County

Kenneth A. Motl, DVM

Director

Calhoun County

GBRA MANAGEMENT

Kevin Patteson

General Manager/CEO

Darrell Nichols

Senior Deputy General Manager

Jonathan Stinson

Deputy General Manager

Alvin Schuerg

Senior Advisor to the General Manager

Darel Ball

Executive Manager of Operations

Thomas Hill, P.E.

*Executive Manager of Project Engineering
and Development/Chief Engineer*

Randy Staats

*Executive Manager of Finance/
Chief Financial Officer*

Vanessa Z. Guerrero

Executive Manager of Administration

George “Tom” Bohl, J.D.

General Counsel

Nathan E. Pence

*Executive Manager of Environmental Science
and Community Affairs*



GUADALUPE-BLANCO RIVER AUTHORITY

MAP OF BASIN

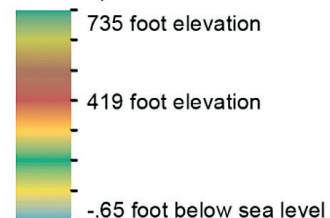
OPERATIONS

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

Legend

GBRA Counties

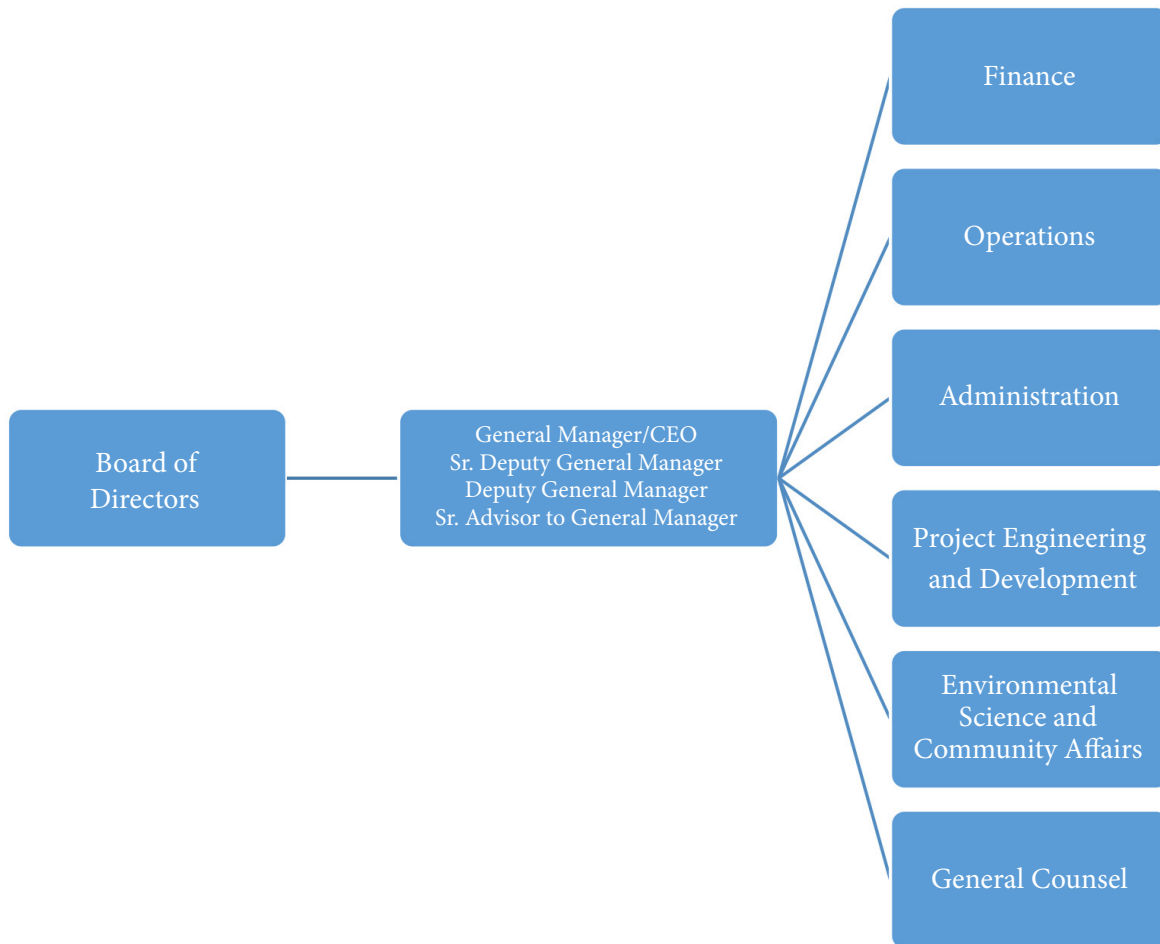
Guadalupe River Basin



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEARS ENDED AUGUST 31, 2018 AND 2017

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, 2017

Christopher P. Morill

Executive Director/CEO



December 12, 2018

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, 2018, 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 2018. 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 five 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, Singing Hills, 4S Ranch, Park Village and Cordillera real estate developments.

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 1973 and currently operates and maintains a distribution system to supply treated water to 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 million gallons per day (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 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. Texas is the second most populace state in the U.S. and continues to outpace the rest of the nation in terms of growth. A United States Census Bureau report noted that from 2010 to 2017, Texas' population increased by 3.2 million people, or 12.6%. Slightly more than half of that increase is attributed to domestic and international migration. The Census Bureau also reported that five of the top fifteen fastest growing cities by number of citizens were from Texas. These include San Antonio, Dallas, Fort Worth, Frisco and Austin. A similar report noted that seven of the top fifteen fastest growing cities by percentage increase were from Texas, including New Braunfels within the GBRA river basin. The population influx can be tied, in part, to job growth created by company expansion and company migration to Texas. With a diverse labor market, "corporate-friendly" tax structure, transportation infrastructure, and affordable housing, Texas is an attractive state to do business and was ranked number one by CNN on its list of Top States for Business in July 2018.

According to the Third Quarter 2018 publication of Federal Reserve Bank of Dallas Southwest Economy, if Texas were a country, it would rank as the eighteenth largest economy in the world based on adjusted gross domestic product. The Texas economy is diverse and is well represented by Fortune 500 companies in the areas of manufacturing, construction, oil & gas development and production, retail and technology to name a few.

Oil & gas development and production continues to be a major contributor to the state's economy. While oil and natural gas production taxes represent only about 3% of revenues for the state of Texas, the presence of these companies spurs activity in many areas of the economy. The lifting of the ban on crude oil exports in late 2015 provided a new opportunity for expanding production. Counties within Texas' Eagle Ford Shale, two of which are within GBRA's river basin, have continued to benefit from related oil activity.

The Texas Comptroller of Public Accounts officially adjusted its biennial revenue estimate in the summer of 2018 due to better than expected economic and revenue growth. During the twelve months ending May 2018, 350,000 new jobs were added in Texas and the unemployment rate has been

at or near historic lows. In a letter to the Governor and legislators in July 2018, Comptroller Glenn Hegar notes that sales and use tax collections, which is the state's largest revenue stream, increased more than 10% over prior year collections. While the economy is expected to continue to expand in future years, in other publications, Comptroller Hegar has cited several challenges during the upcoming legislative session in developing the state's next biennial budget. These include growing obligations for pension plans and healthcare, deferred maintenance on state-owned buildings, infrastructure related to the state's population growth, and the rebuild process after Hurricane Harvey, the second costliest storm in U.S. history.

During calendar years 2015 and 2016, the Guadalupe River Basin maintained near normal rainfall patterns. The Guadalupe River flows increased substantially allowing Canyon Lake to fill to capacity and remain at capacity during this two year period. However, by the summer of 2017, rainfall dropped to below normal with the Guadalupe River flows dropping to less than one-half of the median throughout the watershed.

Many cities and water utilities were required to issue Stage II drought notices which in most cases restricted lawn watering to once a week. The Canyon Lake Reservoir dropped 6 feet by the summer of 2018 but was still several feet above Drought Stage I. By late summer El Nino weather pattern brought abundant rainfall back to the state allowing Canyon Lake to return to the top of the conservation pool. In the fall of 2018, central Texas experienced major flooding that damaged bridges and homes in the Llano River basin. The Guadalupe River basin, however, was spared from major flooding.

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 & 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 the service area.

The northern region of the GBRA district lies between the Austin and San Antonio. The Greater Austin area is the fourth largest city in Texas with a population of over 2 million. Austin has a diverse economy, but has become known as a hub for technology firms. San Antonio, the 2nd largest city in Texas and the fastest growing large city in the United States measured by population growth, is the principal city in the San Antonio-New Braunfels Metropolitan Statistical Area (MSA). The San Antonio-New Braunfels MSA has a population of 2.5 million. In 2018, New Braunfels was listed as the 2nd fastest growing city in the United States measured by percentage increase, which was 8%. In recent years, San Marcos has been included on fast growing cities as well. The economies of these areas has helped to propel their growth creating a higher profile for GBRA.

Guadalupe County, which is the headquarters of GBRA, is also in a growth phase. County officials have embarked on a comprehensive master plan to create a roadmap to help manage the growth. The area has a strong emphasis on manufacturing as four of the top five employers in Seguin, the county seat, are in the manufacturing area. Caterpillar and Continental Automotive represent the largest.

Heading southeast along the river basin lies the City of Victoria, which is 30 miles inland from the Texas Gulf Coast. Victoria, nicknamed The Crossroads of Texas due to its two hour proximity to Houston, Austin, San Antonio, and Corpus Christi, is an attractive location for manufacturing, retail and other industries. The mouth of the Guadalupe River empties into the Gulf of Mexico in Calhoun County, which is home to petrochemical plants including Formosa Plastics, Invista, Dow, DuPont and INEOS. These plants contribute to the creation of a vibrant economy by providing over 4,000 jobs.

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 2018, was 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. During the year, GBRA reached an agreement with Alliance Regional Water Authority (ARWA) to collaboratively develop a 26.8 million gallon per day groundwater project in Caldwell and Gonzales counties and deliver to the fast growing Interstate Highway 35 corridor. The partnership is expected to save over \$60 million through the shared use of a water treatment plant and transmission system, while each organization will construct their own well fields. The project, which is expected to be completed in 2023, will produce groundwater from the Carrizo Aquifer. Upon completion, GBRA will provide 15,000 acre feet per year of water to its customers, New Braunfels Utilities, City of Lockhart, and Goforth Special Utility District. GBRA's construction and development costs for the project will be financing through funding from the Texas Water Development Board. GBRA continues to actively explore other potential water supplies, evaluating its existing water rights, and exploring initiatives for storing water during times of drought or low flow.

From an operational perspective, in many respects Fiscal Year 2018 was reasonably routine in serving customers and stakeholders with high quality services. However, the remnants of Hurricane Harvey, which reached the Texas coastline days before the start of Fiscal Year 2018, affected the Port Lavaca and Coleto Creek operations as wind and storm damage was sustained. Operations were restored as quickly as possible. GBRA is continuing to provide documentation and other information to finalize related insurance claims.

In 2018, repair work began on ten of fifteen spillgates at hydroelectric dams in Guadalupe and Gonzales counties. These gates were initially installed in the 1920's which creates challenges for ongoing operations. Repairs will continue into 2019. One of the two spillgates at Lake Wood in Gonzales County was damaged in 2016 and is in need of total replacement. Engineering design for that replacement is ongoing while funding from local, state, and federal sources is continuing to be explored for construction.

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 state water plan was approved and adopted in 2017 by the Texas Water Development Board, the regional planning group continues to update projected future water demands and the water supply projects that are anticipated to meet those demands for the next state water plan. The current plan includes several major water supply projects within the Guadalupe River Basin that will require GBRA's future participation.

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 efforts 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.

In an effort to prepare for future capital needs, GBRA is implementing an asset management program. The majority of GBRA's assets have been in operation for many years. The primary goal of the asset management program will be to develop a risk-based model to prioritize necessary capital improvements. The program will support the development of a comprehensive long-term capital improvement plan, improve field data collection approaches, increase efficiency in generating reports on operations, and develop a dashboard for quicker access to information through the installation of a computer maintenance management system.

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 during GBRA's history and growth.

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 Baker, Tilly, Virchow, Krause LLP was selected by the Board for the 2018 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, 2017. 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 44 consecutive years (Fiscal Years 1974-2017). 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,



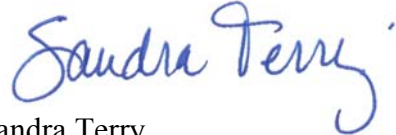
Kevin Patteson
General Manager/CEO



Randy Staats, CPA
Executive Manager of Finance/CFO



Susan Hubbert, CPA
Deputy CFO – Accounting & Purchasing



Sandra Terry
Deputy CFO – Finance & Administration

Financial Section

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Guadalupe-Blanco River Authority

Report on the Financial Statements

We have audited the accompanying financial statements of Guadalupe-Blanco River Authority, as of and for the year ended August 31, 2018, 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.

Auditors' Responsibility

Our responsibility is to express an opinion 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 auditors' 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 over financial reporting relevant to the Guadalupe-Blanco River Authority'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 Guadalupe-Blanco River Authority'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Guadalupe-Blanco River Authority as of August 31, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Guadalupe-Blanco River Authority as of August 31, 2017, were audited by other auditors whose report dated December 13, 2017, expressed an unmodified opinion on those statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis, the schedule of changes in the employer's net pension liability and related ratios, and schedule of employer contributions to 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 Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The other supplemental information as listed in the table of contents are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The introductory and statistical sections as identified in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated December 12, 2018 on our consideration of the Guadalupe-Blanco River Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Guadalupe-Blanco River Authority's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Austin, Texas
December 12, 2018



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Management Discussion and Analysis

For the Years Ended August 31, 2018 and 2017 -

Unaudited

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, Required Supplemental Information 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

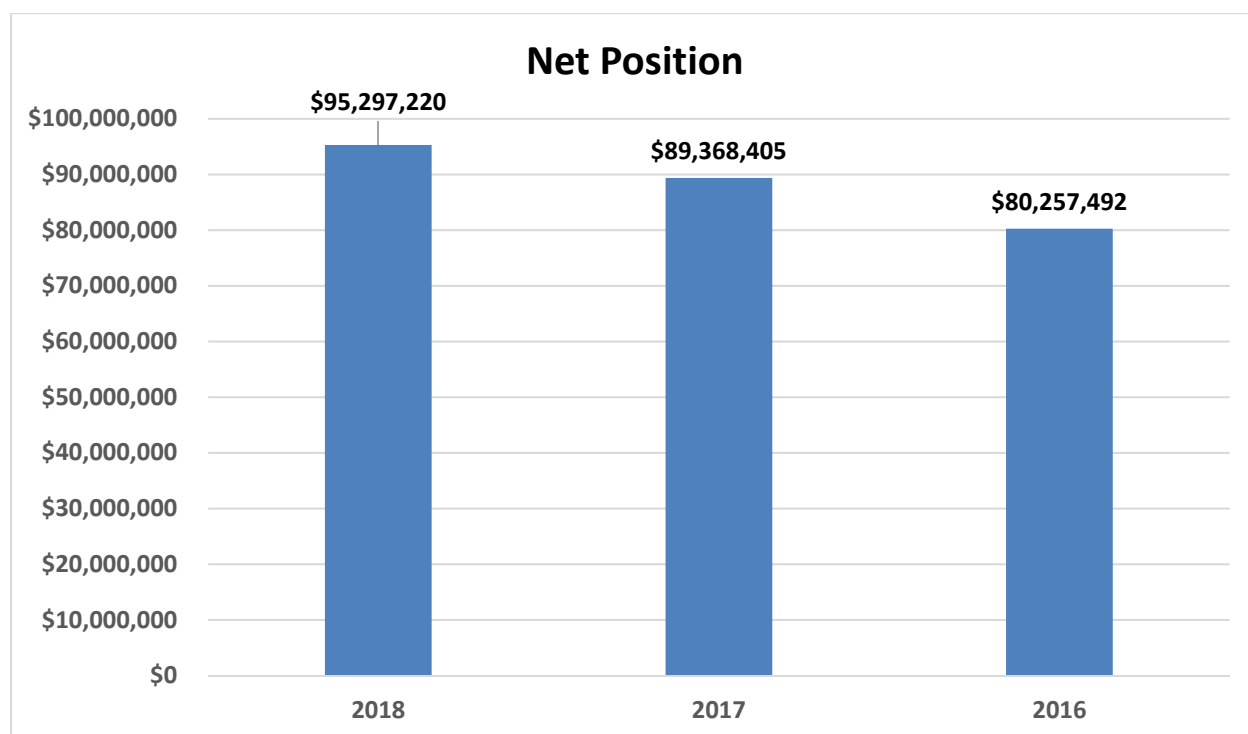
GBRA was created in 1933 as a political subdivision of the State of Texas and structured as a conservation and reclamation district under Article 16, Section 59 of the Texas Constitution. GBRA's principal functions are to control, store, preserve, and distribute the waters of the Guadalupe River Basin 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; Statement of Cash Flows; and Notes to the Financial Statements.
- **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.

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 2018, 2017, and 2016 respectively, Assets and Deferred Outflows of Resources exceeded Liabilities and Deferred Inflows of Resources by \$95,297,220; \$89,368,405; and \$80,257,492. The following graph depicts the growth in Net Position.



Between FY 2018 and FY 2017, and between FY 2017 and FY 2016 Net Position amounts increased \$5,928,815 and \$9,110,913 respectively, 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 \$6,925,985 per year during the period. This has been further demonstrated in an increase of \$11,712,869 in Cash, Cash Equivalents, and Unrestricted Investments during the period. 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. GBRA recorded in FY 2018, FY 2017 and FY 2016 respectively a Net Pension Liability of \$4,958,180; \$7,716,205; and \$6,588,043. Disclosure requirements that further explain GBRA's pension plan and the requirements of GASB 68 are found in Footnote C and Required Supplemental Information.

The following table presents a Condensed Statement of Net Position for August 31, 2018, 2017, and 2016:

GUADALUPE-BLANCO RIVER AUTHORITY			
STATEMENT OF NET POSITION			
AUGUST 31, 2018, 2017, AND 2016			
ASSETS	2018	2017	2016
Current Assets			
Unrestricted Assets	\$ 43,387,782	\$ 41,077,693	\$ 31,728,506
Restricted Assets	2,884,823	8,922,169	10,334,471
Long-Term Assets			
Restricted Assets	12,463,506	1,353,511	2,983,782
Capital Assets, net	193,705,884	159,584,640	165,632,254
Other Assets	12,695,389	15,901,025	7,295,174
Total Assets	265,137,384	226,839,038	217,974,187
DEFERRED OUTFLOWS OF RESOURCES	1,027,254	4,080,644	3,834,731
Total Assets and Deferred Outflows of Resources	\$ 266,164,638	\$ 230,919,682	\$ 221,808,918
LIABILITIES			
Current Liabilities			
Payable from Current Assets	\$ 3,326,776	\$ 4,824,044	\$ 4,140,103
Payable from Restricted Assets	6,433,835	5,979,412	6,412,616
Long-Term Liabilities			
Bonds, Loans Payable and Long Term Liabilities	146,335,604	114,328,208	114,754,269
Advances for Operations	458,380	571,276	521,038
Net Pension Liability	4,958,180	7,716,205	6,588,043
Total Liabilities	161,512,775	133,419,145	132,416,069
DEFERRED INFLOWS OF RESOURCES	9,354,643	8,132,132	9,135,357
NET POSITION			
Net Investments in Capital Assets	\$ 41,767,797	\$ 39,900,766	\$ 45,212,346
Restricted for Debt Service	2,911,707	3,211,119	3,258,758
Restricted for Reserves	1,769,764	1,891,227	1,579,593
Restricted for Construction	8,036,342	1,740,198	1,652,116
Restricted for Rate Stabilization	2,590,106	2,608,418	2,055,685
Unrestricted	38,221,504	40,016,677	26,498,994
Total Net Position	95,297,220	89,368,405	80,257,492
Total Liabilities, Deferred Inflows and Net Position	\$ 266,164,638	\$ 230,919,682	\$ 221,808,918

The Total Net Position amount is subdivided into an Unrestricted Net Position amount, Restricted Net Position amounts, and a final amount described as Net Investments in Capital Assets. The restricted Net Position amounts represent debt service payments, reserves, construction, rate stabilization funds, or funds set forth by external restrictions.

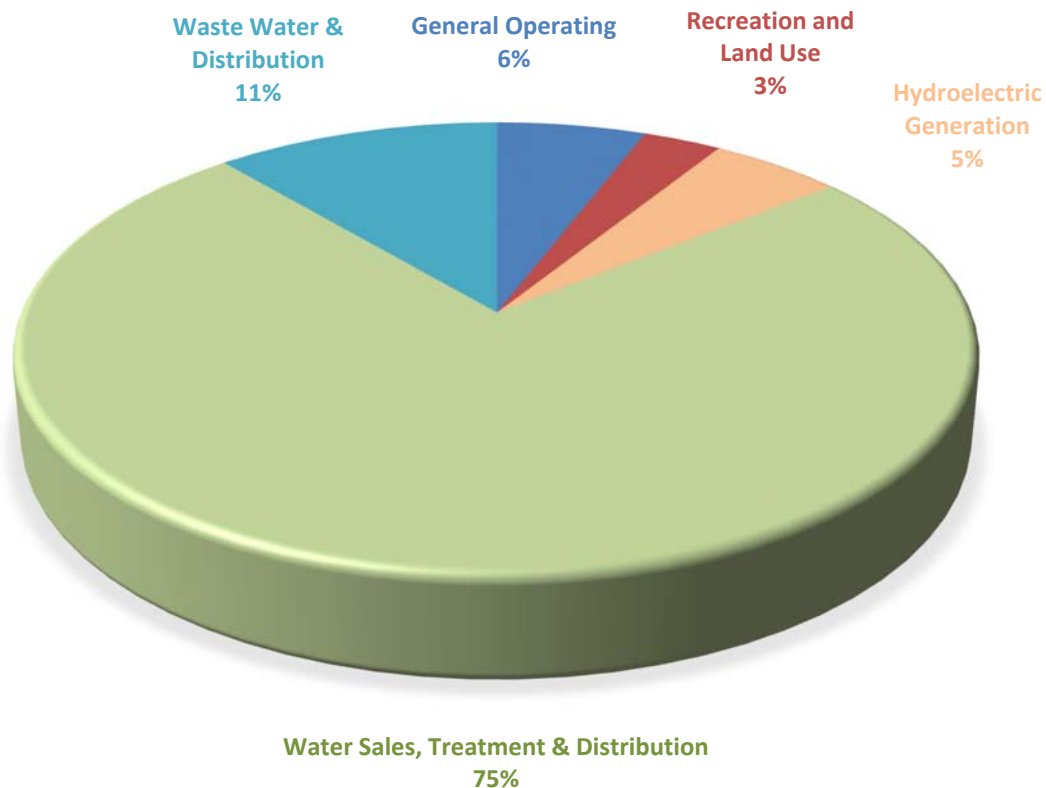
The following table presents a Condensed Statement of Revenues, Expenses and Changes in Net Position for years ending August 31, 2018, 2017, and 2016:

GUADALUPE-BLANCO RIVER AUTHORITY			
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION			
FISCAL YEARS ENDED AUGUST 31, 2018, 2017, AND 2016			
OPERATING REVENUE	2018	2017	2016
Program Revenues			
General Operating	\$ 3,174,609	\$ 3,130,212	\$ 3,044,658
Recreation and Land Use	1,670,381	1,653,155	1,661,061
Hydroelectric Generation	2,831,998	3,989,554	4,208,761
Water Sales, Treatment, & Distribution	40,499,420	39,820,981	38,115,128
Waste Water Treatment	6,072,296	6,248,343	6,130,200
Interfund Eliminations	(4,087,359)	(3,115,380)	(2,943,855)
Total Operating Revenues	<u>50,161,345</u>	<u>51,726,865</u>	<u>50,215,953</u>
OPERATING EXPENSES			
Program Expenses			
General Operating	3,338,465	3,607,722	3,095,963
Recreation and Land Use	1,582,890	1,669,325	1,654,519
Hydroelectric Generation	4,924,893	4,185,833	4,213,145
Water Sales, Treatment, & Distribution	28,680,549	30,134,673	29,022,026
Waste Water Treatment	5,506,026	4,974,699	5,702,320
Interfund Eliminations	(4,087,359)	(3,115,380)	(2,943,855)
Total Operating Expenses	<u>39,945,464</u>	<u>41,456,872</u>	<u>40,744,118</u>
NON OPERATING REVENUES (EXPENSES)			
Grant Income	511,058	3,539,362	1,531,700
Investment Income	456,107	222,968	365,520
Gain (Loss) on Disposal of Capital Assets	-	72,037	8,594
Interest Expense	(4,465,634)	(4,381,843)	(4,387,175)
Total Non Operating Revenues (Expenses)	<u>(3,498,469)</u>	<u>(547,476)</u>	<u>(2,481,361)</u>
Net Income Before Recognition of Deferrals	6,717,412	9,722,517	6,990,474
Costs (Revenue) to be Recognized in Future Years	<u>(788,597)</u>	<u>(611,604)</u>	<u>(1,252,246)</u>
Change in Net Position	5,928,815	9,110,913	5,738,228
Net Position September 1, 2017 and 2016 and 2015	89,368,405	80,257,492	74,519,264
Net Position August 31, 2018 and 2017 and 2016	<u>\$ 95,297,220</u>	<u>\$ 89,368,405</u>	<u>\$ 80,257,492</u>

As stated above, changes to GBRA's Net Position is one measure of whether GBRA's financial position is improving or not. The increases in Net Position for Fiscal Years 2018, 2017, and 2016 of \$5,928,815; \$9,110,913; and \$5,738,228 are indicative of strong financial performance and a stable financial position.

Program Revenues between FY 2016 and FY 2017 increased approximately \$1,510,912. This was primarily the result of an increase in water sales of approximately \$1.7 million. Program revenues decreased approximately \$1.5 million between FY 2017 and FY 2018 primarily due to a decrease in hydroelectric generation of approximately \$1.3 million due to drought conditions and lower river flows. Non-Operating Expenses decreased \$1.9 million between FY 2016 and FY 2017 due to an increase in grant revenue, while Non-Operating Expenses increased approximately \$2.9 million because of decreases in grant revenue. The graph on the following page outlines the distribution of program revenues.

PROGRAM REVENUES

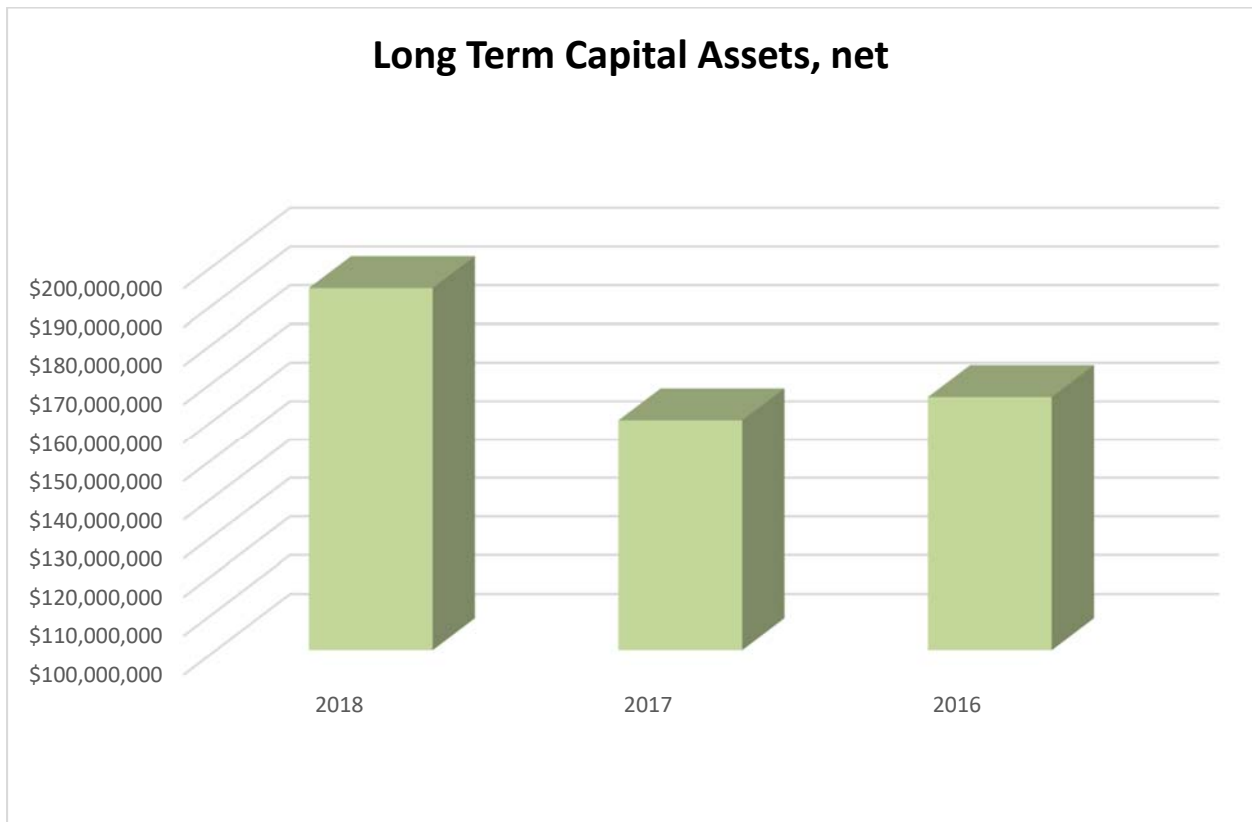


Program Expenses between FY 2016 and FY 2017 increased approximately \$712,000, primarily due to project development costs in the Water Supply Division increasing approximately \$784,000. From FY 2017 to FY 2018, program costs decreased approximately \$1.5 million due to a decrease in project development costs of \$2.7 million, partially offset by an increase in spill gate repairs and maintenance in the Guadalupe Valley Hydroelectric Division of \$1.3 million.

Capital Asset and Long-Term Debt Activity

As of August 31, 2018, 2017, and 2016 respectively, GBRA's total investment in Long-Term Capital Assets net of depreciation were \$193,705,844; \$159,584,640; and \$165,632,254. 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 decreased by 3.65% or \$6,047,614 from FY 2016 to FY 2017. This was primarily due to the sale of the Springs Hill Wastewater Collection System during FY 2017 and the return of the Lockhart Wastewater plant to the City of Lockhart when the bonds that were used to build the treatment plant were fully retired in FY 2017.

Capital assets increased from FY 2017 to FY 2018 21.38% primarily due to the purchase of the outstanding equity interests of Texas Water Alliance LLC for \$31,000,000. The underlying assets included the ground water leases for 164 tracts of land in Gonzales County, along with 50 acres of land, also in Gonzales County. The completion of this purchase allows the Carrizo Groundwater Supply Project to proceed which will ultimately supply 15,000 acre-feet of water to New Braunfels Utilities, the City of Lockhart, and Goforth Special Utility District. The graph below depicts the increase in Long-Term Capital Assets.



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, 2018, 2017, and 2016 respectively were \$138,195,000; \$107,995,000; and \$108,465,000. Between Fiscal Years 2016 and 2018, revenue bonds outstanding increased by a net amount of \$29,730,000. This includes the issuance in FY 2018 of \$31,140,000 in General Improvement Subordinate Lien Bonds to purchase the equity interests of Texas Water Alliance LLC and the 2017 Western Canyon Contract Revenue Bonds issued to finance an aeration project at the Western Canyon Water Treatment Plant.

GBRA's long-term loans outstanding as of fiscal year end 2018, 2017 and 2016 respectively amounted to \$5,546,930; \$6,042,597; and \$6,054,591. These varying amounts represent the annual principal repayments of the various loans.

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 for 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. The area of immediate concern was 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. During FY 2018, GBRA spent \$1.6M for spill gate repairs and rehabilitation plans. The project will continue in FY 2019. 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, funds totaling \$3.8 million were transferred from the General Division to finance the project.

The Port Lavaca Water Treatment Plant began operations in 1970. This plant provides treated water to the City of Port Lavaca, Port O'Conner Improvement District and rural areas within Calhoun County. Although the plant was expanded and updated in the early 1990s, the facility is reaching its end of useful life. GBRA has been collaborating with city officials in considering either a rehabilitation of the existing plant or the construction of a new plant. Upon initiation, the project will take 2-3 years before it is operational.

Other Potentially Significant Matters

The GBRA Board of Directors established a rate of \$147 per acre-foot per year for committed, firm raw water effective October 1, 2018. Presently, GBRA contracts with approximately 100 customers throughout the GBRA basin to commit approximately 90,000 acre-feet of firm, raw water. Currently the source of this water is 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.

During FY 2018, GBRA completed the purchase of Texas Water Alliance, a company owning approximately 15,000 acre-feet per year in groundwater leases in Gonzales County. In addition, GBRA signed a contract with Alliance Regional Water Authority to collaborate on a multi-year project to construct a water treatment plant, and transmission mains to deliver treated water to

wholesale customers derived from the underground leases. The project is expected to be completed in 2023 through several financing transactions. The first tranche of financing was completed in November 2018 after the close of the fiscal year. Details of the financing are included in Footnote I.

Beginning in FY 2018, GBRA began designating unrestricted funds for a capital improvement program. Initially, \$6.4 million was set aside for specific capital projects, many of which will occur over multiple years. The designation of these funds does not meet accounting standard requirements for restriction within the financial statements. However, the use of those funds are designated specifically for identified projects and the expense of funds will be accounted for within the financial statements.

Questions concerning any of the information provided in this report should be addressed to the Executive Manager of Finance/Chief Financial Officer, 933 East Court Street, Seguin, TX 78155.



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GUADALUPE-BLANCO RIVER AUTHORITY
STATEMENTS OF NET POSITION

AUGUST 31, 2018 AND 2017

ASSETS AND DEFERRED OUTFLOWS	2018	2017
CURRENT ASSETS		
Unrestricted Assets		
Cash and Cash Equivalents	\$ 18,685,732	\$ 14,727,002
Investments-Unrestricted	21,703,000	22,008,330
Interest Receivable.....	101,905	79,742
Accounts Receivable-Operating.....	2,176,651	3,771,412
Current Portion Long Term Loans Receivable.....	197,570	-
Other Current Assets.....	522,924	491,207
Total Unrestricted Assets.....	<u>43,387,782</u>	<u>41,077,693</u>
Restricted Assets		
Cash and Cash Equivalents	1,646,333	4,810,272
Investments-Restricted	1,198,080	4,046,237
Interest Receivable.....	40,410	65,660
Total Restricted Assets.....	<u>2,884,823</u>	<u>8,922,169</u>
Total Current Assets.....	<u>46,272,605</u>	<u>49,999,862</u>
LONG-TERM ASSETS		
Restricted Assets		
Cash and Cash Equivalents	6,629,983	-
Investments-Restricted	5,833,523	1,353,511
Total Restricted Assets.....	<u>12,463,506</u>	<u>1,353,511</u>
Capital Assets		
Land, Water and Storage Rights.....	70,509,575	35,407,117
Dams, Plants and Equipment.....	209,231,229	208,053,282
Construction In Progress.....	3,984,258	840,431
Less Accumulated Depreciation.....	(90,019,178)	(84,716,190)
Total Capital Assets.....	<u>193,705,884</u>	<u>159,584,640</u>
Other Assets		
Long-Term Loans Receivable	4,805,209	5,184,141
Contract Development Costs (Net of Amortization).....	-	761
Permits and Licenses (Net of Amortization).....	401,898	423,820
Project Development Costs.....	7,488,282	10,292,303
Total Other Assets.....	<u>12,695,389</u>	<u>15,901,025</u>
Total Long-Term Assets.....	<u>218,864,779</u>	<u>176,839,176</u>
DEFERRED OUTFLOWS OF RESOURCES.....	<u>1,027,254</u>	<u>4,080,644</u>
Total Assets and Deferred Outflows of Resources.....	<u>\$ 266,164,638</u>	<u>\$ 230,919,682</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
CURRENT LIABILITIES		
Payable from Unrestricted Assets		
Current Portion of Long-Term Loans Payable.....	\$ 402,483	\$ 390,667
Interest Payable.....	54,575	41,035
Accounts Payable-Operating.....	2,869,718	4,392,342
Total Current Unrestricted Liabilities.....	<u>3,326,776</u>	<u>4,824,044</u>
Payable from Restricted Assets		
Current Portion of Revenue Bonds.....	5,090,000	4,860,000
Current Portion of Long-Term Loans Payable.....	110,000	105,000
Interest Payable.....	1,233,835	1,014,412
Total Current Restricted Liabilities.....	<u>6,433,835</u>	<u>5,979,412</u>
Total Current Liabilities.....	<u>9,760,611</u>	<u>10,803,456</u>
LONG-TERM LIABILITIES		
Long Term Payable.....	3,000,000	-
Revenue Bonds Payable, net.....	143,391,157	113,641,278
Long-Term Loans Payable.....	5,546,930	6,042,597
	<u>151,938,087</u>	<u>119,683,875</u>
Less Current Portion.....	<u>(5,602,483)</u>	<u>(5,355,667)</u>
Total Bonds and Loans Payable, net.....	<u>146,335,604</u>	<u>114,328,208</u>
Advances for Operations.....	458,380	571,276
Net Pension Liability.....	4,958,180	7,716,205
Total Long-Term Liabilities.....	<u>151,752,164</u>	<u>122,615,689</u>
Total Liabilities.....	<u>161,512,775</u>	<u>133,419,145</u>
DEFERRED INFLOWS OF RESOURCES.....	<u>9,354,643</u>	<u>8,132,132</u>
NET POSITION		
Net Investments in Capital Assets	41,767,797	39,900,766
Restricted for Debt Service.....	2,911,707	3,211,119
Restricted for Reserves.....	1,769,764	1,891,227
Restricted for Construction.....	8,036,342	1,740,198
Restricted for Rate Stabilization.....	2,590,106	2,608,418
Unrestricted	38,221,504	40,016,677
Total Net Position.....	<u>95,297,220</u>	<u>89,368,405</u>
Total Liabilities, Deferred Inflows of Resources and Net Position.....	<u>\$ 266,164,638</u>	<u>\$ 230,919,682</u>

The accompanying notes are an integral part of this statement.

GUADALUPE-BLANCO RIVER AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FISCAL YEARS ENDED AUGUST 31, 2018 AND 2017

	2018	2017
OPERATING REVENUE		
Power Sales.....	\$ 2,710,600	\$ 3,868,917
Water Sales, Capacity Charge, Pipeline Transmission and Lake Operations.....	38,716,993	37,980,929
Recreation and Land Use.....	746,099	780,403
Waste Water Treatment Services.....	4,534,078	4,441,652
Laboratory Services.....	528,184	1,006,168
Rental.....	285,197	251,676
Miscellaneous	2,640,194	3,397,120
Total Operating Revenue.....	<u>50,161,345</u>	<u>51,726,865</u>
OPERATING EXPENSES		
Personnel Operating Costs.....	16,000,220	15,785,404
Operating Supplies and Services.....	14,111,596	16,821,406
Maintenance and Repairs	4,522,725	3,317,475
Depreciation and Amortization.....	5,310,923	5,532,587
Total Operating Expenses.....	<u>39,945,464</u>	<u>41,456,872</u>
Operating Income	<u>10,215,881</u>	<u>10,269,993</u>
NONOPERATING REVENUES (EXPENSES)		
Grant Income.....	511,058	3,539,362
Investment Income.....	456,107	222,968
Gain (Loss) on the Disposal of Capital Assets.....	-	72,037
Interest Expense	(4,465,634)	(4,381,843)
Total Nonoperating Revenues (Expenses).....	<u>(3,498,469)</u>	<u>(547,476)</u>
Income Before Recognition of Deferrals.....	6,717,412	9,722,517
Costs (Revenue) to be Recognized in Future Years	(788,597)	(611,604)
Change in Net Position.....	<u>5,928,815</u>	<u>9,110,913</u>
Net Position at September 1, 2017 and 2016.....	89,368,405	80,257,492
Net Position at August 31, 2018 and 2017.....	<u>\$ 95,297,220</u>	<u>\$ 89,368,405</u>

The accompanying notes are an integral part of this statement.

GUADALUPE-BLANCO RIVER AUTHORITY
STATEMENTS OF CASH FLOWS

FISCAL YEARS ENDED AUGUST 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers.....	\$ 51,727,839	\$ 50,450,691
Cash Paid for Personnel Operating Costs.....	(15,420,464)	(14,939,323)
Cash Paid for Other Operating and Maintenance Costs.....	(20,228,094)	(19,461,054)
Net Cash Flows From Operating Activities.....	16,079,281	16,050,314
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash Received from Grants.....	511,058	3,539,362
Cash Flows From Noncapital and Related Activities.....	511,058	3,539,362
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from Advances from Customers, Developers, and Other Governmental Units.....	104,324	-
Proceeds from Revenue Bonds and Loans for Capital Assets and Plant Expansion.....	35,337,378	13,002,950
Proceeds from Sale of Capital Assets.....	-	1,028,230
Purchase of Capital Assets.....	(30,270,081)	(1,226,840)
Disposal of Capital Assets.....	(15,900)	-
Cash Paid for Construction in Progress and Project Development.....	(3,350,130)	(4,386,230)
Interest Paid.....	(4,744,520)	(4,469,069)
Principal Payments on Revenue Bonds.....	(5,045,000)	(18,178,978)
Principal Payments on Loans.....	(495,667)	(419,945)
Net Cash Flows Used By Capital and Related Financing Activities.....	(8,479,596)	(14,649,882)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash Received from Investments.....	14,421,955	3,121,550
Investment Income Received.....	461,413	200,704
Cash Paid for Investments.....	(15,569,337)	(4,752,273)
Net Cash Flows Used by Investing Activities.....	(685,969)	(1,430,019)
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	7,424,774	3,509,775
CURRENT CASH AND CASH EQUIVALENTS:		
At Beginning of Year.....	14,727,002	8,384,471
At End of Year.....	18,685,732	14,727,002
Net Increase.....	3,958,730	6,342,531
RESTRICTED CASH AND CASH EQUIVALENTS:		
At Beginning of Year.....	4,810,272	7,643,028
At End of Year.....	8,276,316	4,810,272
Net Decrease.....	3,466,044	(2,832,756)
TOTAL CASH AND CASH EQUIVALENTS:		
At Beginning of Year.....	19,537,274	16,027,499
At End of Year.....	26,962,048	19,537,274
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	\$ 7,424,774	\$ 3,509,775
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating Income.....	\$ 10,215,881	\$ 10,269,993
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities:		
Depreciation and Amortization.....	5,310,923	5,532,587
Actuarially Determined Net Pension Expense.....	624,954	846,080
Net Change in Assets and Liabilities from Operating Activities:		
Operating Accounts Receivable.....	1,594,761	(3,311,734)
Other Current Assets.....	(31,718)	(20,271)
Operating Accounts Payable.....	(1,635,520)	2,733,659
Total Adjustments.....	5,863,400	5,780,321
NET CASH FLOWS FROM OPERATING ACTIVITIES.....	\$ 16,079,281	\$ 16,050,314

NON-CASH TRANSACTIONS SCHEDULE

1. During fiscal year 2018 and 2017, an adjustment of (\$199,886) and (\$100,130) 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, 2018 AND 2017

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 financial accountability over GBRA; therefore, GBRA is not a part of the State's financial 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. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.
- 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 budgeted 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, land rights, storage rights and water rights are not depreciated since these assets have an indefinite useful life. 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 for the value of vested vacation rights which as of August 31, 2018 and 2017 amounted to \$833,507 and \$681,128, 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. GBRA had no contingencies on August 31, 2018 and August 31, 2017.
- 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. **Long-Term Receivable.** GBRA recorded a long-term receivable that represents the refunding of the City of San Marcos 2006 Bond Issue that was used to expand the San Marcos Water Treatment Plant for the benefit of GBRA's IH 35 customers. The IH 35 customers are contracted to pay for the original bond issue as well as the refunding, while the plant asset remains with the City of San Marcos. This Long Term Receivable is recorded in Other Assets. The repayment schedule mirrors the amortization of Contract Revenue Refunding Bonds, Series 2016, San Marcos Water Treatment Plant Project.
18. **Long-Term Loans Payable and Revenue Bonds Payable.** Long-term debt and other obligations are reported as utility liabilities. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The balance at year end for premiums and discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for the loss on refunding is shown as a deferred outflow in the statement of net position.
19. **Deferred Outflows/Inflows.** A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time. A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until the future time.
20. **Net Pension Liability.** A net pension liability is recorded in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment to GASB Statement No. 27*. The liability is the difference between the actuarial total pension liability and the Plan's fiduciary net position as of the measurement date. The net pension liability was \$4.9 million and \$7.7 million at August 31, 2018 and 2017, respectively. For additional information see Note C.
21. **Regulatory Revenue/Expenses.** Revenue and expenses that will be recognized in future years by setting rates sufficient to provide funds for the related debt service are recognized in the Statement of Net Position as Deferred Inflows of Resources and Other Assets, respectively.
22. **Comparative Data.** Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.
23. **Effects of New Accounting Standards on Current Period Financial Statements.** GASB has approved GASB Statement No. 83, *Current Asset Retirement Obligations*, Statement No. 84, *Fiduciary Activities*, Statement No. 87, *Leases*, Statement No. 88, *Certain Disclosures Related to Debt*, and GASB 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. When they become effective, application of these standards may restate portions of these financial statements.

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE B - LONG TERM LIABILITIES

GBRA currently has \$143,741,930 of debt outstanding from long-term loans and revenue bonds. This is exclusive of defeasance, discounts and premiums associated with these bonds.

GBRA utilizes interdivisional loans from the General Division to operating divisions to provide temporary cash flow assistance, cover start up operating transitions and minor capital purchases in lieu of securing external financing. The operating divisions repay these non-interest bearing loans back to the General Division as cash flows suffice. These interdivisional loans are not reflected in the tables below.

The loans and revenue bonds outstanding at August 31, 2018 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
				\$5,546,930				\$138,195,000
2019	684,205	171,722	512,483	5,034,447	10,911,034	5,821,034	5,090,000	133,105,000
2020	670,310	156,003	514,307	4,520,140	11,156,372	5,886,372	5,270,000	127,835,000
2021	666,469	140,058	526,411	3,993,729	41,139,677	4,514,677	36,625,000	91,210,000
2022	636,897	123,908	512,989	3,480,740	9,603,161	3,908,161	5,695,000	85,515,000
2023	607,161	109,096	498,065	2,982,675	9,614,848	3,674,848	5,940,000	79,575,000
2024	607,899	94,165	513,734	2,468,941	9,842,442	3,477,442	6,365,000	73,210,000
2025	608,475	78,748	529,727	1,939,214	9,214,233	3,209,233	6,005,000	67,205,000
2026	608,878	62,829	546,049	1,393,165	9,207,473	2,952,473	6,255,000	60,950,000
2027	256,850	46,808	210,042	1,183,123	9,216,672	2,681,672	6,535,000	54,415,000
2028	235,610	39,625	195,985	987,138	8,906,016	2,396,016	6,510,000	47,905,000
2029	235,683	32,404	203,279	783,859	8,892,832	2,107,832	6,785,000	41,120,000
2030	240,506	24,830	215,676	568,183	8,485,134	1,805,134	6,680,000	34,440,000
2031	240,076	16,893	223,183	345,000	8,353,963	1,513,963	6,840,000	27,600,000
2032	178,684	8,684	170,000	175,000	8,109,167	1,199,167	6,910,000	20,690,000
2033	177,923	2,923	175,000	--	8,108,475	873,475	7,235,000	13,455,000
2034					3,545,999	535,999	3,010,000	10,445,000
2035					3,543,951	423,951	3,120,000	7,325,000
2036					3,336,594	306,594	3,030,000	4,295,000
2037					2,680,354	190,354	2,490,000	1,805,000
2038					969,742	89,742	880,000	925,000
2039					971,068	46,068	925,000	--
	<u>\$ 6,655,626</u>	<u>\$ 1,108,696</u>	<u>\$ 5,546,930</u>		<u>\$ 185,809,207</u>	<u>\$ 47,614,207</u>	<u>\$ 138,195,000</u>	

GUADALUPE BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2018 AND 2017

NOTE B – LONG-TERM LIABILITIES (CONTINUED)

GBRA had the following changes in long-term liabilities for the fiscal years ended August 31, 2018 and 2017.

Series	Date of Issue	Final Maturity	Effective Interest Rate	Original Amount	Outstanding 8/31/2016	Retired During FY 2017	Outstanding 8/31/2017	Retired During FY 2018	Outstanding 8/31/2018	Amounts Due Within One Year
OBLIGATIONS PAYABLE DIRECTLY BY GBRA										
RURAL UTILITIES DIVISION										
Regions Loan, Dunlap Collection System	03/15/2012	2032	3.34%	\$ 2,600,000	\$ 2,310,000	\$ 105,000	\$ 2,205,000	\$ 105,000	\$ 2,100,000	\$ 110,000
Regions Loan, Emergency Generator-032	08/29/2014	2019	3.12%	33,000	20,398	6,584	13,814	6,799	7,015	7,015
Regions Loan, Emergency Generator-033	08/29/2014	2019	3.12%	37,000	22,871	7,384	15,487	7,621	7,866	7,866
Regions Loan, Emergency Generator-035	08/29/2014	2019	3.12%	70,000	43,270	43,270	--	--	--	--
Wells Fargo Loan, Emergency Generator-033	12/01/2016	2026	3.45%	97,050	--	6,161	90,889	8,463	82,426	8,760
Wells Fargo Loan, Belt Press/Truck-041	12/01/2016	2026	3.45%	407,950	--	25,899	382,051	35,579	346,472	36,823
WATER RESOURCE DIVISION										
U. S. Government Loan	01/01/1977	2026	2.5%	8,979,862	2,703,428	241,305	2,462,123	247,337	2,214,786	253,521
A. Ussery, Water Rights	09/26/2006	2031	4.50%	343,496	241,642	11,626	230,016	12,149	217,867	12,696
Luling Foundation, Water Rights	09/26/2006	2031	4.50%	584,706	411,320	19,790	391,530	20,679	370,851	21,612
General Improvement & Ref. Rev. Bonds, 2011	03/01/2011	2030	3.0-4.375%	10,745,000	7,885,000	505,000	7,380,000	520,000	6,860,000	545,000 (1)
General Improvement Revenue Bonds, 2012	04/05/2012	2031	0.14-1.86%	4,400,000	3,505,000	220,000	3,285,000	220,000	3,065,000	225,000
General Improvement Revenue Bonds, 2015	11/15/2015	2035	1.83-3.17%	2,000,000	2,000,000	--	2,000,000	--	2,000,000	--
General Improvement Sub Lien Revenue Bonds, 2017	11/15/2017	2020	1.44-5.0%	31,140,000	--	--	--	--	31,140,000	-- (2)
Total Obligations Payable Directly by GBRA				\$ 61,438,064	\$ 19,142,929	\$ 1,192,019	\$ 18,455,910	\$ 1,183,627	\$ 48,412,283	\$ 1,228,293
CONTRACT REVENUE BONDS AND LOANS										
WATER RESOURCE DIVISION										
RRWDS Combination Contract Revenue Bonds										
2007A	09/15/2007	2039	5.00%	\$ 9,180,000	\$ 8,050,000	\$ 8,050,000	\$ --	\$ --	\$ --	\$ --
RRWDS Combination Contract Revenue Bonds										
2007B	09/15/2007	2039	7.10%	5,775,000	5,245,000	100,000	5,145,000	105,000	5,040,000	110,000
RRWDS Contract Rev Ref Bonds, San Marcos										
2010	08/01/2010	2024	2.0-3.25%	\$6,895,000	4,285,000	470,000	3,815,000	490,000	3,325,000	500,000 (3)
IH35 Project Combination Contract Revenue Bonds										
2013	04/17/2013	2037	2.0-5.0%	19,470,000	17,320,000	565,000	16,755,000	585,000	16,170,000	600,000 (4)
Western Canyon Regional Water Supply Project Revenue Bonds										
2013A	07/10/2013	2033	1.0-5.0%	55,265,000	49,065,000	1,995,000	47,070,000	2,030,000	45,040,000	2,115,000 (5)
Western Canyon Regional Water Supply Project Revenue Bonds										
2013B	07/10/2013	2033	1.909-4.63%	6,830,000	6,000,000	265,000	5,735,000	270,000	5,465,000	275,000 (5)
San Marcos Water Treatment Plant Revenue Bonds										
2016	11/22/2016	2036	2.0-5.0%	4,850,000	--	--	4,850,000	90,000	4,760,000	95,000 (6)
RRWDS Contract Revenue Refunding Bonds										
2017	07/20/2017	2039	2.0-4.0%	7,745,000	--	--	7,745,000	290,000	7,455,000	245,000 (7)
Western Canyon Contract Revenue Bonds										
2017	10/15/2017	2037	2.0-4.0%	4,105,000	--	--	--	185,000	3,920,000	105,000 (8)
PORT LAVACA WATER TREATMENT PLANT DIVISION										
Frost National Bank, Clearwell	03/04/2008	2022	4.00%	400,000	301,662	49,975	251,687	52,040	199,647	54,190
LULING WATER TREATMENT PLANT DIVISION										
Treated Water Delivery System Contract Revenue Refunding Bonds (City of Lockhart)										
2014	02/26/2014	2030	2.45%	4,950,000	4,470,000	255,000	4,215,000	260,000	3,955,000	275,000 (9)
LOCKHART WASTEWATER RECLAMATION DIVISION										
Regional Wastewater Treatment System Contract Revenue Refunding Bonds										
2010	09/08/2010	2017	1.5%-2.5%	4,025,000	640,000	640,000	--	--	--	-- (10)
Total Contract Revenue Bonds and Loans				\$129,490,000	\$ 95,376,662	\$ 12,389,975	\$ 95,581,687	\$ 4,357,040	\$ 95,329,647	\$ 4,374,190
Total Bonds & Loans Payable Prior to Defeasance and Accretion of Interest					\$114,519,591		\$114,037,597		\$143,741,930	\$5,602,483
							8/31/2017		8/31/2018	
Total Bonds and Loans Payable Prior to Defeasance and Accretion of Interest							\$114,037,597		\$143,741,930	
Less Revenue Bond Discounts and Deferred Defeasance							(389,460)		(358,570)	
Plus Revenue Bond Premiums							6,035,738		5,554,727	
Net Revenue Bonds and Long-Term Loans Payable							119,683,875		148,938,087	
Less Current Portion							(5,355,667)		(5,602,483)	
TOTAL BONDS AND LOANS PAYABLE							\$114,328,208		\$143,335,604	
INTERDIVISION LOANS ELIMINATED FROM COMBINED BALANCE SHEET										
Long-term loans payable to the General Division are as follows:							8/31/2017		8/31/2018	
GuadalupeValley Hydroelectric Division							\$3,873,357		\$4,437,257	
Rural Utilities Division							2,285,057		2,299,799	
Water Supply Division							315,929		68,929	
Port Lavaca WTP Division							--		523,689	
Canyon Hydroelectric Division							--		15,000	
Total Long-term loans payable to the General Division							\$6,474,343		\$7,344,674	

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2018 AND 2017

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 2018 General Improvement Sub Lien Revenue Bonds, Series 2017 totaling \$31,140,000. The proceeds from these bonds were used to purchase ground water rights, to fund one year's lease payments, to fund a portion of monitoring well construction and operating costs, capitalized interest, purchase of certain property and to fund costs of issuance. The bonds mature on November 15, 2020 and are callable on November 15, 2018.
3. 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.
4. 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.
5. 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.
6. 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.
7. 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.
8. GBRA issued in Fiscal Year 2018 Contract Revenue Bonds, Series 2017 (Western Canyon Regional Water Supply Project) totaling \$4,105,000. These proceeds from these bonds were used for designing, acquiring, and construction improvements to the Western Canyon Regional Water Supply Project, primarily for aeration facilities to mitigate disinfection by-products.
9. 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.
10. 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 refunding are \$0.

The various bond indentures, resolutions and agreements provide for the establishment of separate restricted accounts for debt service retirement, construction, contingencies, etc. These accounts are reported as restricted assets in the accompanying financial statements. The bond indentures contain flow of funds requirements which generally provide the order in which funds are to be applied. These requirements have been met. The following bond indentures of GBRA contain bond coverage requirement provisions: 1) General Improvement and Refunding Revenue Bonds, Series 2011; 2) Contract Revenue Bonds (IH35), Series 2013; 3) Combined Contract Revenue Bonds (Western Canyon), Series 2013; 4) Combined Contract Revenue Bonds (RRWDS), Series 2007; 5) RRWDS Contract Revenue Refunding Bonds (City of San Marcos), Series 2010; 6) Subordinate Lien Contract Revenue Refunding Bonds, Series 2017 (RRWDS); 7) Contract Revenue Bonds, Series 2017 (Western Canyon Regional Water Supply Project). and 8) Treated Delivery System Contract Revenue Refunding Bonds (City of Lockhart), Series 2014.

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2018 AND 2017

NOTE C - DEFINED BENEFIT PENSION PLAN

A. GENERAL INFORMATION ABOUT THE DEFINED BENEFIT PENSION PLAN

1. Plan Description

GBRA contributes to the Retirement Plan for Employees of Guadalupe-Blanco River Authority which was established June 1, 1966, and restated effective January 1, 2013. 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, Texas 78155. See that report for all information about the plan fiduciary net position. The plan's fiduciary net position in these statements has been determined on the same basis as the plan. The plan was closed as of December 31, 2010 to new participants. As of December 31, 2018, the plan is frozen. See Note I, Subsequent Events.

2. Benefits Provided

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. An unreduced benefit is also provided for retirement at ages 60 to 64 with the sum of age and service equal to or greater than 85. 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.

3. Employees Covered by the Plan

In the January 1, 2018 and January 1, 2017 actuarial valuations, the following numbers of employees were covered by the plan:

	1/1/2018	1/1/2017
Inactive employees or beneficiaries currently receiving benefits	81	75
Inactive employees entitled to but not yet receiving benefits	41	43
Active Employees	88	93
	<u>210</u>	<u>211</u>

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, 2018 is \$1,128,049 payable as of December 31, 2018. This amount will fund the plan's normal cost for the year and is expected to amortize the UAAL as a level percent of employee compensation over eight years.

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, 2017, the money-weighted rate of return on pension plan investments was 16.72%. 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, 2017, and 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018 and 2017.

	2018	2017
Total pension liability	\$ 35,596,830	\$ 34,348,580
Plan fiduciary net position	<u>30,638,650</u>	<u>26,632,375</u>
Employer's net pension liability	\$ 4,958,180	\$ 7,716,205
Plan fiduciary net position as a percentage of total pension liability	86.10%	77.50%

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2018 AND 2017

NOTE C - DEFINED BENEFIT PENSION PLAN

1. Actuarial Assumptions

The total pension liability in the January 1, 2018 and 2017 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

January 1, 2018		
Inflation	2.75	percent
Salary increases	2.75	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
January 1, 2017		
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 4.48%) and by adding expected inflation (2.75%). In addition, the final 7.0% assumption was selected by "rounding down" and thereby reflects a reduction of 0.23% for adverse deviation. The target allocation and expected arithmetic net real rates of return for each major asset class are summarized in the following table:

	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities		
Large cap domestic	30%	6.04%
Small cap domestic	7	6.89
International developed	12	6.10
Emerging Markets	3	7.60
Hedge fund of funds	10	2.75
Real estate	12	3.54
Fixed income	26	2.03
Cash	0	0.35
Total	100%	
Weighted Average		4.48%

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, 2018 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in eight years. That UAAL was based on an actuarial value of assets that was 99% of the plan fiduciary net position as of December 31, 2017. Because of the eight-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 for FY 18 and FY 17 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:

2018	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Employer's Net Pension Liability	\$8,848,639	\$4,958,180	\$1,622,770
2017	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
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, 2018 AND 2017

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, 2017¹	\$ 34,348,580	\$ 26,632,375	\$ 7,716,205
Changes for the year:			
Service cost	310,415		310,415
Interest	2,377,209		2,377,209
Differences between expected and actual experience	135,472		135,472
Contributions by the employer		1,067,716	(1,067,716)
Contributions by the participant		0	0
Net investment income		4,336,286	(4,336,286)
Benefit payments	(1,397,727)	(1,397,727)	0
Administrative expenses		0	0
Assumption changes	(177,119)		(177,119)
Other	0	0	0
Net changes	<u>1,248,250</u>	<u>4,006,275</u>	<u>(2,758,025)</u>
Amounts as of August 31, 2018²	\$ 35,596,830	\$ 30,638,650	\$ 4,958,180

¹ Measurements for the fiscal year ended August 31, 2017 were taken as of December 31, 2016

² Measurements for the fiscal year ended August 31, 2018 were taken as of December 31, 2017

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) – (b)
Amounts as of August 31, 2016¹	\$ 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	<u>1,992,377</u>	<u>864,215</u>	<u>1,128,162</u>
Amounts as of August 31, 2017²	\$ 34,348,580	\$ 26,632,375	\$ 7,716,205

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

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

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2018 AND 2017

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

For the years ended August 31, 2018 and 2017, the Employer GASB 68 pension expense was \$1,692,670 and \$2,184,282, respectively. Amounts recognized in the fiscal year represent changes between the current and prior measurement dates.

1. Components of Pension Expense for the Fiscal Years Ended August 31, 2018 and 2017

	2018	2017
Service Cost	\$ 310,415	\$ 363,322
Interest	2,377,209	2,251,021
Amortization of differences between expected and actual experience	419,519	213,432
Amortization of changes of assumptions	155,610	197,226
Projected earnings on pension plan investments	(1,815,346)	(1,764,425)
Amortization of differences between projected and actual earnings	245,263	923,706
Pension plan administrative expenses	-	-
Other	-	-
Total pension expense	<u>\$ 1,692,670</u>	<u>\$ 2,184,282</u>

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

As of August 31, 2018	Deferred	Deferred
	Outflows of	Inflows of
	Resources	Resources
Differences between expected and actual experience	\$ 626,412	\$ 0
Changes of assumptions	400,842	135,503
Net difference between projected and actual earnings on pension plan investments	0	194,086
Total	<u>\$ 1,027,254</u>	<u>\$ 329,589</u>
As of August 31, 2017	Deferred	Deferred
	Outflows of	Inflows of
	Resources	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	<u>\$ 4,080,644</u>	<u>\$ 0</u>

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2018 AND 2017

NOTE C - DEFINED BENEFIT PENSION PLAN

As of August 31, 2018 and 2017, amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

As of August 31, 2018	
Year Ended	Net of Deferred
31-Aug	Outflows Minus
	Deferred Inflows
2019	\$ 820,392
2020	557,211
2021	(173,243)
2022	(506,695)
2023	-
Thereafter	-
Total	697,665

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. 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, 2019.

E. DEFINED CONTRIBUTION PLAN

The Guadalupe-Blanco River Authority Employees' Defined Contribution Retirement Plan and Trust was effective January 1, 2011 and was amended effective January 1, 2013. The Plan is a non-contributory defined contribution plan, administered by the Retirement and Benefit Committee appointed by the GBRA Board. GBRA does not have access to assets of the Trust.

All full time employees hired after January 1, 2011 participate in the plan. To be eligible for an employer contribution, an employee must be employed on the last day of the Plan Year (December 31) and have completed 1000 hours of service. Employees are 100% vested in the accrued benefit upon completion of five years of service. Accounts are established in the name of each Participant to which accounts are credited at the end of each Plan Year an employer contribution based on the following formula:

First Five Years of Participation	5% of Total Compensation of Participant
Second Five Years of Participation	5.5% of Total Compensation of Participant
Third Five Years of Participation	6% of Total Compensation of Participant
Fourth Five Years of Participation	6.5% of Total Compensation of Participant
Twenty Years Plus Participation	7% of Total Compensation of Participant

Once a contribution is credited to a Participant's account, the Participant has 100% control over all investing activities. Participants who leave employment prior to vesting forfeit all funds in their individual account. Forfeitures are used to reduce the next Employer contribution following the end of the plan year. For FY 2018, the employer contribution to the Plan was \$191,247, which included forfeitures of \$27,744. For FY 2017, the employer contribution to the Plan was \$111,361 which included forfeitures of \$57,231.

F. DEFERRED COMPENSATION PLAN

The Guadalupe-Blanco River Authority Employee Retirement Savings Plan Trust was effective January 1, 1991 and amended effective January 1, 2012. The Plan is open to all employees. The Plan constitutes an eligible deferred compensation plan as within the meaning of Section 457(b) of the Internal Revenue Code and is administered by the Retirement and Benefit Committee appointed by the GBRA Board. GBRA does not have access to assets of the Trust. Participation in the plan is voluntary. An employee may defer compensation in the calendar month that the participant first becomes an employee. Maximum deferral for any taxable year for a participant shall not exceed the lesser of the section 457 of the IRS Code limits or 100% of the participant's includable compensation. After one year of service, GBRA will match 50% of the employee deferral up to a maximum 3% of includable compensation. The employer contribution when added to all other deferred compensation under the Plan shall not exceed the section 457 of the IRS Code limit. A participant is 100% vested in the participant's total amount of deferred compensation. A participant is 100% vested in the employer match after five years of service. Forfeitures of non-vested funds are used to reduce future employer matching contributions. GBRA employer matching contributions for FY 2018 were \$230,278, which included forfeitures of \$9,312. GBRA employer contributions for FY 2017 were \$215,933, which included forfeitures of \$12,671.

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2018 AND 2017

NOTE D - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents for the purpose of the statement of cash flows is defined 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.

1. CASH AND DEPOSITS

At August 31, 2018 and 2017, GBRA held \$6,944,166 and \$3,379,209, respectively 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 and are therefore not subject to deposit custodial credit risk which is the risk that in the event of a financial institution failure, the utility's deposits may not be returned.

2. INVESTMENTS

GBRA investment activities are governed by the Texas Government Code, Chapter 2256, Texas Public Funds Investment Act and GBRA Board Investment Policy - 413. The Act specifies the type and ratings of investments governmental entities are allowed to purchase and the Board Policy further restricts investment activities. All of GBRA deposits and securities are fully collateralized as required by the Act.

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.

Summary of Cash, Cash Equivalents and Investments:

	2018		2017	
Investments	\$	38,411,743 69%	\$	29,108,096 62%
Certificate of Deposits		1,770,401 3%		4,130,970 9%
Bank Money Market Funds		8,570,341 15%		10,327,077 22%
Cash		6,944,166 13%		3,379,209 7%
Total	\$	55,696,651 100%	\$	46,945,352 100%

Investments for GBRA are stated at fair value which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined below. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. The Texpool is recorded at amortized cost without any limitation or restrictions on withdrawals.

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).

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.

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2018 AND 2017

NOTE D - CASH, CASH EQUIVALENTS AND INVESTMENTS

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the utility will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

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.

	2018		2017	
	Carry Amount	Weighted Average Maturity in Months	Carry Amount	Weighted Average Maturity in Months
U.S. Agencies				
Federal Agricultural Mtg Corp	\$ 985,800	27.77	\$ 998,270	27.77
Federal Farm Credit Bank	598,896	15.30	599,730	15.30
Federal Home Loan Bank	7,225,113	22.07	7,315,292	22.07
Federal National Mortgage Assn.	6,838,264	18.53	8,811,374	18.53
U. S. Treasury	13,086,530	15.11	5,671,093	15.11
Texas Class	168,933	1.07	166,349	1.07
TexPool	9,508,207	2.63	5,545,988	2.63
Total Investments	<u>\$ 38,411,743</u>		<u>\$ 29,108,096</u>	
Portfolio weighted average maturity		14.20		15.87

Interest Rate Risk: Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment.

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.

Credit Risk: Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations. GBRA's investments were rated as follows:

	Moody's	S&P
Federal Agricultural Mtg Corp	Aaa	AA+
Federal Farm Credit Bank	Aaa	AA+
Federal Home Loan Bank	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, 2018 AND 2017

NOTE D - CASH, CASH EQUIVALENTS AND INVESTMENTS

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to a government's investment in a single issuer.

The investment portfolio concentration for governmental securities are as follows:

Description	2018		2017	
	Carrying Amount	% of Portfolio	Carrying Amount	% of Portfolio
U.S. Agencies				
Federal Agricultural Mtg Corp	\$ 985,800	6.30%	\$ 998,270	5.64%
Federal Farm Credit Bank	598,896	3.83%	599,730	3.38%
Federal Home Loan Bank	7,225,113	46.17%	7,315,292	41.27%
Federal National Mortgage Assn.	6,838,264	43.70%	8,811,374	49.71%
Total	<u>\$ 15,648,073</u>	<u>100.00%</u>	<u>\$ 17,724,666</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, 2018:

GASB 72	August 31, 2018	Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Debt Securities				
Federal Agricultural Mtg Corp	\$ 985,800	\$ --	\$ 985,800	\$ --
Federal Farm Credit Bank	598,896	--	598,896	--
Federal Home Loan Bank	7,225,113	--	7,225,113	--
Federal National Mortgage Assn.	6,838,264	--	6,838,264	--
U.S. Treasury Notes	13,086,530	--	13,086,530	--
Total Debt Securities	<u>\$ 28,734,603</u>	<u>\$ --</u>	<u>\$ 28,734,603</u>	<u>\$ --</u>
Total Investments Measured at Fair Value Level	<u>\$ 28,734,603</u>	<u>\$ --</u>	<u>\$ 28,734,603</u>	<u>\$ --</u>
Investments Measured at Amortized Cost:				
TexPool	<u>9,508,207</u>			
Total Investments Measured at Amortized Costs	<u>9,508,207</u>			
Investments Measured at Net Asset Value:				
Texas Class	<u>168,933</u>			
Total	<u>\$ 38,411,743</u>			

GASB 72	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:				
TexPool	<u>5,545,988</u>			
Total Investments Measured at Amortized Costs	<u>5,545,988</u>			
Investments Measured at Net Asset Value:				
Texas Class	<u>166,349</u>			
Total	<u>\$ 29,108,096</u>			

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2018 AND 2017

NOTE E – CAPITAL ASSETS

Capital asset activity for FY 2018 and 2017 was as follows:

FY 2018		ASSETS		
Classification	Balance	Additions	Removals	Balance
	August 31, 2017			August 31, 2018
Land, Water & Storage Rights	\$ 35,407,117	\$ 35,102,458	\$ --	\$ 70,509,575
Construction in Progress	840,431	3,495,907	(352,080)	3,984,258
Total Assets Not Being Depreciated	36,247,548	38,598,365	(352,080)	74,493,833
Structures & Improvements	186,695,637	223,214	(18,283)	186,900,568
Specialized Equipment	7,282,631	--	--	7,282,631
Office Buildings & Communications	2,322,263	--	--	2,322,263
Shops & Storerooms	83,673	--	--	83,673
Auto & Heavy Equipment	4,803,280	327,553	--	5,130,833
Office Furniture & Equipment	1,484,854	79,520	--	1,564,374
Miscellaneous Equipment	5,380,944	565,943	--	5,946,887
Total Dams, Plants and Equipment	208,053,282	1,196,230	(18,283)	209,231,229
Total Capital Assets	\$ 244,300,830	\$ 39,794,595	\$ (370,363)	\$ 283,725,062
		DEPRECIATION		
Classification	Balance	Additions	Removals	Balance
	August 31, 2017			August 31, 2018
Structures & Improvements	\$ (68,261,676)	\$ (4,455,787)	\$ 15,900	\$ (72,701,563)
Specialized Equipment	(6,290,541)	(83,394)	--	(6,373,935)
Office Buildings & Communications	(1,858,292)	(30,003)	--	(1,888,295)
Shops & Storerooms	(54,375)	(1,814)	--	(56,189)
Auto & Heavy Equipment	(3,463,297)	(318,239)	--	(3,781,536)
Office Furniture & Equipment	(1,370,803)	(44,532)	--	(1,415,335)
Miscellaneous Equipment	(3,417,206)	(385,119)	--	(3,802,325)
Total Accumulated Depreciation	\$ (84,716,190)	\$ (5,318,888)	\$ 15,900	\$ (90,019,178)
NET CAPITAL ASSETS	\$ 159,584,640	\$ 34,475,707	\$ (354,463)	\$ 193,705,884

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2018 AND 2017

NOTE E – CAPITAL ASSETS CONTINUED

FY 2017	ASSETS			
	Balance			Balance
Classification	August 31, 2016	Additions	Removals	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	36,832,528	790,857	(1,375,837)	36,247,548
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	5,322,572	556,056	(497,684)	5,380,944
Total Dams, Plants and Equipment	212,374,711	2,435,432	(6,756,861)	208,053,282
Total Capital Assets	\$ 249,207,239	\$ 3,226,289	\$ (8,132,698)	\$ 244,300,830
	DEPRECIATION			
	Balance			Balance
Classification	August 31, 2016	Additions	Removals	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	(3,307,488)	(444,205)	334,487	(3,417,206)
Total Accumulated Depreciation	\$ (83,574,985)	\$ (5,494,065)	\$ 4,352,860	\$ (84,716,190)
NET CAPITAL ASSETS	\$ 165,632,254	\$ (2,267,776)	\$ (3,779,838)	\$ 159,584,640

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2018 AND 2017

NOTE F -- 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 periods. Deferred inflows of resources related to operations totaled \$9,025,054 and \$8,132,132 for FY 2018 and FY 2017 respectively.

Deferred inflows and deferred outflows of resources related to GASB 68 reporting for pension plans totaled \$329,589 and \$1,027,254 respectively for FY 2018. Deferred outflows of resources related to GASB 68 reporting for pension plans for FY 2017 totaled \$4,080,644.

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) Contract Revenue Bonds, Series 2017 (Western Canyon Regional Water Supply Project), 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.

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, 2018 AND 2017

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 Carrizo 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

	2018	2017
2011 Bonds: Average Annual Principal and Interest Requirements, 2017 - 2030	\$ 727,784	\$ 734,632
2012 Bonds: Average Annual Principal and Interest Requirements, 2017 - 2031	260,299	260,119
2015 Bonds: Average Annual Principal and Interest Requirements, 2024 - 2035	- ⁽¹⁾	-
Total Average Annual Principal and Interest Requirements	\$ 988,083	\$ 994,751
Coverage of Average Requirements by Pledged Revenues	14.23 x	13.78 x
Coverage of Average Requirements by Net Revenues	6.28 x	6.11 x
2011 Bonds: Maximum Principal and Interest Requirements, 2027	\$ 837,750	\$ 837,750
2012 Bonds: Maximum Principal and Interest Requirements, 2028	262,522	262,522
2015 Bonds: Maximum Principal and Interest Requirements, 2032	204,747	204,747
Total Maximum Principal and Interest Requirements	\$ 1,305,019	\$ 1,305,019
Coverage of Maximum Requirements by Pledged Revenues	10.77 x	10.51 x
Coverage of Maximum Requirements by Net Revenues	4.75 x	4.66 x
2011 Bonds: Interest and Sinking Fund Balance	\$ 68,976	\$ 68,626
2012 Bonds: Interest and Sinking Fund Balance	21,858	18,802
2015 Bonds: Interest and Sinking Fund Balance	-	-
Total Interest and Sinking Fund Balance as of August 31	\$ 90,834	\$ 87,428
Pledged Revenues for the Fiscal Year Ended August 31	\$ 14,060,690 ⁽²⁾	\$ 13,710,485
Net Revenues for Fiscal Year Ended August 31	\$ 6,203,901 ⁽³⁾	\$ 6,075,789

(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, 2018 AND 2017

NOTE H – CONTINUING DISCLOSURE REQUIREMENTS (CONTINUED)

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

	Fiscal Year Ended August 31				
(1)	2018	2017	2016	2015	2014
Revenue					
Raw Water Sales ⁽²⁾	\$ 14,060,690	\$ 13,710,485	\$ 13,102,085	\$ 12,655,121	\$ 12,182,862
Total Operating Revenue	\$ 14,060,690	\$ 13,710,485	\$ 13,102,085	\$ 12,655,121	\$ 12,182,862
Expense					
Operating Expenses ⁽³⁾	\$ 6,890,127	\$ 6,386,579	\$ 6,886,569	\$ 6,415,926	\$ 6,019,642
Maintenance and Repairs	54,154	348,492	452,271	451,251	373,427
Administrative and General	912,508	899,625	853,048	710,352	617,124
Total Operating Expense	\$ 7,856,789	\$ 7,634,696	\$ 8,191,888	\$ 7,577,529	\$ 7,010,193
Net Revenue	\$ 6,203,901	\$ 6,075,789	\$ 4,910,197	\$ 5,077,592	\$ 5,172,669
Less Debt Service for Senior Lien Bonds ⁽⁴⁾					
General Imp & Ref Rev Bonds, 2011	\$ 823,506	\$ 823,656	\$ 823,357	\$ 817,457	\$ 815,457
General Imp Rev Bonds, 2012	257,603	257,603	257,603	262,603	262,603
General Imp Rev Bonds, 2015 ⁽⁵⁾	--	--	--	--	--
Total Debt for Senior Lien Bonds	\$ 1,081,109	\$ 1,081,259	\$ 1,080,960	\$ 1,080,060	\$ 1,078,060
Debt Service Coverage Factor	5.738	5.619	4.542	4.701	4.798
Subordinate Revenues Available	\$ 5,122,792	\$ 4,994,530	\$ 3,829,237	\$ 3,997,532	\$ 4,094,609

(1) The FY 2014-2016 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, 2018		August 31, 2017		August 31, 2016		August 31, 2015		August 31, 2014	
	Acre-Feet	% of Total	Acre-Feet	% of Total	Acre-Feet	% of Total	Acre-Feet	% of Total	Acre-Feet	% of Total
Municipal	72,749	80.00%	73,197	80.09%	72,327	79.90%	72,479	79.91%	72,479	79.90%
Domestic	4	0.00%	4	0.00%	5	0.01%	6	0.01%	8	0.01%
Industrial	17,828	19.60%	17,828	19.51%	17,827	19.69%	17,827	19.65%	17,838	19.66%
Irrigation	363	0.40%	363	0.40%	363	0.40%	388	0.43%	393	0.43%
Contracted	90,944	100.00%	91,392	100.00%	90,522	100.00%	90,700	100.00%	90,718	100.00%

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2018 AND 2017

NOTE H – CONTINUING DISCLOSURE REQUIREMENTS (CONTINUED)

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

Municipal and Industrial customers account for the majority of the total acre-feet under contract between GBRA and purchasers, and purchasers with contracts for 1,000 acre-feet or more per year account for 94.36% 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, 2018 are shown below:

		Contract Information				
		Total		Contract	Expiration	Renewal
Customer	Type	AF/YR	Revenue ⁽²⁾	Date	Date	Option
Municipal & Retail						
Canyon Regional Water Authority	Regional Water Authority		\$ 1,721,567	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	1,406,970	01/26/1989	02/25/2050	20 Yrs
City of Seguin	City	1,000	144,750	09/01/2012	08/31/2022	5 Yrs
Canyon Lake WSC	Water Supply Corporation	2,000	289,469	10/01/1994	12/31/2044	(1)
Canyon Lake WSC II	Water Supply Corporation	2,000	289,469	08/27/2001	12/31/2050	(1)
Canyon Lake WSC III	Water Supply Corporation	2,000	289,469	09/29/2006	12/31/2050	(1)
SHWSC I	Water Supply Corporation	1,850	267,788	06/26/1967	12/31/2050	(1)
SHWSC II	Water Supply Corporation	1,000	144,750	06/01/2000	12/31/2050	(1)
Green Valley SUD	Special Utility District	1,000	144,750	12/01/2008	12/31/2040	(1)
Regional RWDS Project						
City of San Marcos	City	10,000	1,447,500	10/10/1989	07/01/2047	(1)
City of Kyle	City	5,443	787,874	05/20/2005	12/31/2038	20 Yrs
City of Buda	City	1,680	243,180	04/09/2002	12/31/2042	(1)
CRWA --Hays Project	Regional Water Authority	2,038	295,000	06/04/2003	12/31/2039	(1)
GoForth SUD	Special Utility District	2,243	324,730	03/01/2004	12/31/2039	(1)
Sunfield MUD	Municipal Utility District	1,943	281,194	09/08/2005	12/31/2050	---
Monarch	Utility Company	560	81,060	01/01/2008	12/31/2037	---
GBRA Western Canyon						
Boerne	City	3,611	521,790	02/22/2000	12/31/2037	40 Yrs (2x20 Yrs)
Fair Oaks Ranch	City	1,850	267,325	02/10/2000	12/31/2037	40 Yrs (2x20 Yrs)
SAWS	City	4,000 ⁽³⁾	1,319,948	03/17/2000	12/31/2037	40 Yrs (2x20 Yrs)
Cordillera Ranch	Housing Development	1,500	216,750	10/11/2001	12/31/2037	40 Yrs (2x20 Yrs)
Kendall & Tapatio	Housing Development	750	108,375	03/18/2002	12/31/2037	40 Yrs (2x20 Yrs)
Johnson Ranch	Housing Development	900	130,050	03/28/2003	12/31/2037	40 Yrs (2x20 Yrs)
Miralomas MUD (Lerin Hills)	Municipal Utility District	750	108,375	09/18/2009	12/31/2036	40 Yrs (2x20 Yrs)
GBRA-Comal Trace	River Authority	75	15,016	---	---	---
Bremer Ranch LTD	Municipal	100	14,450	11/01/2013	12/31/2043	20 Yrs
Couser Ranch	Municipal	100	14,450	11/01/2013	12/31/2043	20 Yrs
CLWSC-Bulverde	Water Supply Corporation	400	57,894	02/06/2009	12/31/2040	10 Yrs
CLWSC-Park Village	Water Supply Corporation	322	46,529	03/24/2009	12/31/2040	10 Yrs
Total Major Municipal Customers		69,410	\$ 10,980,472			
Industrial						
Calpine-Guadalupe Energy Center	Electric Generation	6,840	\$ 950,105	03/17/1999	12/31/2021	30 Yrs (6x5 Yrs)
Coletto Creek Power LP	Electric Generation	6,000	868,500	09/01/1975	09/01/2025	(1)
Hays Energy Limited Partners	Electric Generation	2,464	356,664	06/25/1999	12/31/2025	(1)
Ineos USA LLC	Chemical Company	1,100	159,225	02/11/1980	02/11/2020	40 Yrs (15 Yrs + (5x5 Yrs))
Total Major Industrial Customers		16,404	\$ 2,334,494			
Total Major Customers		85,814	\$ 13,314,966			
Total Firm Water Sales		90,944	\$ 14,060,690			
Major Customers as a Percentage of Total		94.36%	94.70%			

(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, 2018 AND 2017

NOTE H – CONTINUING DISCLOSURE REQUIREMENTS (CONTINUED)

FIRM WATER SALES RATE HISTORY

Price Per Acre-Foot (1)	Effective Date
\$38.75	10/1/1980
44.76	10/1/1985
53.03	10/1/1990
61.00	10/1/1997
69.00	10/1/2000
80.00	10/1/2002
84.00	11/1/2003
88.00	10/1/2004
92.00	10/1/2005
96.00	10/1/2006
100.00	10/1/2007
105.00	10/1/2008
110.00	10/1/2010
114.00	10/1/2011
125.00	10/1/2012
130.00	10/1/2014
135.00	10/1/2015
142.00	10/1/2016
145.00	10/1/2017
147.00	10/1/2018

(1) Excludes out-of-district charges.

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GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2018 AND 2017

NOTE H – CONTINUING DISCLOSURE REQUIREMENTS (CONTINUED)

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

On February 20, 2013, GBRA authorized the issuance of Combined Contract Revenue Refunding Bonds, Series 2013A and 2013B in the amount of \$55,265,000 and \$6,830,000, respectively. The proceeds were used to i) refund the Contract Revenue Bonds, Series 2003 (Western Canyon Regional Water Supply Project) to achieve debt service net present value savings of \$6,741,092, ii) fund a related account in the debt service reserve fund surety policies from Assured Guaranty Municipal Corporation and iii) pay issuance costs on the current bonds. The original proceeds from the Series 2003 bonds were used for the construction and equipping a regional treated surface water supply project to serve portions of Comal, Kendall and Bexar Counties, Texas.

Moody's Investors Service, Inc. ("Moody's") and Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), rated the bonds "Aa1" and "AA+", respectively.

CONTRACT REVENUE BONDS (WESTERN CANYON REGIONAL WATER SUPPLY PROJECT), SERIES 2017

On September 20, 2017, GBRA authorized the issuance of Contract Revenue Bonds, Series 2017 in the amount of \$4,105,000 with a delivery date of October 15, 2017. The proceeds were used for (i) designing, acquiring and constructing improvements to the Western Canyon Regional Water Supply Project (primarily aeration facilities to mitigate disinfection by-products), (ii) funding a related account in the debt service fund, and (iii) paying issuance costs on the bonds.

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

Both bond issues, in parity, 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 PROJECT), SERIES 2013A/2013B

CONTRACT REVENUE BONDS (WESTERN CANYON REGIONAL WATER SUPPLY PROJECT), SERIES 2017

In District	Current * (Acre-Feet)	% of Total	Ultimate (Acre-Feet)	% of Total
City of Boerne	1,300	11.61%	3,611	21.49%
City of Fair Oaks	942	8.41%	1,850	11.01%
GBRA - Cordillera	425	3.79%	1,500	8.93%
Johnson Ranch MUD	300	2.68%	900	5.36%
Miralomas MUD (Lerin Hills)	225	2.01%	750	4.46%
Kendall West Utilities	200	1.79%	750	4.46%
Canyon Lake WSC-Bulverde	400	3.57%	400	2.38%
Canyon Lake WSC-Park Village	322	2.88%	322	1.91%
GBRA - Comal Trace	75	0.66%	100	0.60%
Bremer Ranch LTD	20	0.18%	100	0.60%
Couser Ranch	20	0.18%	100	0.60%
Future Participants	--	0.00%	2,417	14.39%
Total In District	4,229		12,800	
SAWS (Initial & Additional)	6,971	62.24%	4,000	23.81%
Total Out of District	6,971		4,000	
Total	11,200	100.00%	16,800	100.00%

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

WESTERN CANYON REGIONAL WSP - SOURCES OF PLEDGED REVENUES

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

CONTRACT REVENUE BONDS (WESTERN CANYON REGIONAL WATER SUPPLY PROJECT), SERIES 2017

	Fiscal Year Ended August 31				
	2018	2017	2016	2015	2014
Western Canyon O&M Revenue	\$ 3,990,656	\$ 3,911,323	\$ 3,852,141	\$ 3,737,294	\$ 3,460,286
Western Canyon Debt Service Revenue	5,534,627	5,290,894	5,334,466	5,285,307	5,306,500
	<u>\$ 9,525,283</u>	<u>\$ 9,202,217</u>	<u>\$ 9,186,607</u>	<u>\$ 9,022,601</u>	<u>\$ 8,766,786</u>
Operating Expenses	\$ 2,751,837	\$ 3,004,197	\$ 3,229,970	\$ 2,548,014	\$ 2,557,111
Maintenance & Repair	451,608	227,908	253,229	285,637	360,449
Administrative & General	165,956	164,028	155,616	134,416	148,256
Total Operating & Maintenance Expenses	<u>\$ 3,369,401</u>	<u>\$ 3,396,133</u>	<u>\$ 3,638,815</u>	<u>\$ 2,968,067</u>	<u>\$ 3,065,816</u>
Net Revenue	<u>\$ 6,155,882</u>	<u>\$ 5,806,084</u>	<u>\$ 5,547,792</u>	<u>\$ 6,054,534</u>	<u>\$ 5,700,970</u>
Debt Service	\$ 4,835,394	\$ 4,837,859	\$ 4,839,518	\$ 4,835,186	\$ 4,835,965
Debt Service Coverage Factor	1.2731	1.2001	1.1464	1.2522	1.1789

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2018 AND 2017

NOTE H – CONTINUING DISCLOSURE REQUIREMENTS (CONTINUED)

6. 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							
	2018		2017		2016		2015	
Debt Service Component of Gross Contract Revenues	MGD Debt Payments		MGD Debt Payments		MGD Debt Payments		MGD Debt 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	2.46	274,990	1.46	166,536
From Sunfield Municipal Utilities District *	2.48	276,720	2.48	276,720	2.48	276,720	3.48	385,174
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	\$ 1,317,848
Annual Debt Service Requirements	\$ 1,198,531		\$ 1,192,656		\$ 1,201,656		\$ 1,197,556	
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)

	2018	2017	2016	2015
IH35 O&M Transmission Revenue	\$ 527,306	\$ 409,839	\$ 403,268	\$ 328,441
IH35 Debt Revenue	1,317,848	1,317,848	1,317,848	1,317,848
IH35 Interest Earnings	26,439	12,551	14,070	3,070
Total Revenue	\$ 1,871,593	\$ 1,740,238	\$ 1,735,186	\$ 1,649,359
IH35 Operating Expenses	\$ 273,522	\$ 247,391	\$ 247,819	\$ 249,398
IH35 Maintenance & Repair Expenses	52,905	46,108	69,296	61,019
IH 35 Administrative & General Expenses	9,473	9,795	10,752	9,893
Total Expenses	\$ 335,900	\$ 303,294	\$ 327,867	\$ 320,310
Net Revenue	\$ 1,535,693	\$ 1,436,944	\$ 1,407,319	\$ 1,329,049
Debt Service	\$ 1,198,531	\$ 1,192,656	\$ 1,201,656	\$ 1,197,556
Debt Service Coverage	1.281	1.205	1.171	1.110

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2018 AND 2017

7. CONTRACT REVENUE REFUNDING BONDS (SAN MARCOS WATER TREATMENT PLANT PROJECT). SERIES 2016

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									
	2018		2017		2016		2015		2014	
	MGD	Debt Payments	MGD	Debt Payments	MGY	Debt Payments	MGY	Debt Payments	MGY	Debt Payments
Debt Service Component of Gross Contract Revenues										
From City of Buda, Texas	1.50	\$ 94,329	1.50	\$ 83,137	1.50	\$107,421	1.50	\$107,421	1.50	\$107,127
From City of Kyle, Texas	4.86	305,626	4.86	269,364	4.86	346,344	4.86	348,044	4.86	347,093
From GoForth Special Utility District ⁽¹⁾	2.46	154,842	2.46	136,470	2.46	176,332	2.46	176,332	1.38	98,323
From Sunfield Municipal Utilities District ⁽¹⁾	2.48	155,816	2.48	137,329	2.48	177,442	2.48	177,442	3.56	253,674
From Monarch Utilities	0.50	31,443	0.50	27,712	0.50	35,807	0.50	35,807	0.50	35,709
Total Debt Service Commitment & Revenues	11.80	\$742,056	11.80	\$654,012	11.80	\$843,346	11.80	\$845,046	11.80	\$841,926
Annual Debt Service Requirements										
City of San Marcos, Texas, Series 2006 and 2006A ⁽²⁾		\$ -		\$ -		\$391,883		\$394,063		\$391,543
City of San Marcos, Texas, Series 2011 ⁽²⁾		450,623		451,823		451,463		450,983		450,383
GBRA Contract Revenue Refunding, Series 2016		264,681		127,614		-		-		-
Total Debt Service Requirements		\$715,304		\$579,437		\$843,346		\$845,046		\$841,926
GBRA Debt Service Coverage Factor		1.0		1.1		1.0		1.0		1.0

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

⁽²⁾ Includes a 20% debt coverage factor

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2018 AND 2017

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

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									
	2018		2017		2016		2015		2014	
Debt Service Component of Gross Contract Revenues	GPM	Debt Payments	GPM	Debt Payments	GPM	Debt Payments	GPM	Debt Payments	GPM	Debt Payments
From Canyon Regional Water Authority	1,390	\$ 138,847	1,390	\$ 146,339	1,390	\$ 147,020	1,390	\$ 147,020	1,390	\$ 147,020
From City of Buda, Texas	1,041	103,986	1,041	109,597	1,041	110,107	1,041	110,107	1,041	110,107
From City of Kyle, Texas	3,383	337,928	3,383	356,162	3,383	357,820	3,383	357,820	3,383	357,820
From GoForth Special Utility District *	1,707	170,518	1,707	179,719	1,707	180,555	990	109,230	953	96,184
From Sunfield Municipal Utilities District *	1,719	171,705	1,719	180,970	1,719	181,813	2,436	253,138	2,473	266,184
From Hays Energy, LLC	1,528	152,632	1,528	160,868	1,528	161,617	1,528	161,617	1,528	161,617
From Monarch	350	34,962	350	36,848	350	37,020	350	37,020	350	37,020
Total Debt Service Commitment & Revenues	11,118	\$ 1,110,578	11,118	\$ 1,170,503	11,118	\$ 1,175,952	11,118	\$ 1,175,952	11,118	\$ 1,175,952
Annual Debt Service Requirements										
Combination Contract Revenue, Series 2007A		\$ -		\$ 597,500		\$ 596,750		\$ 595,500		\$ 599,000
Combination Contract Revenue, Series 2007B		468,752		470,822		467,185		468,194		468,850
Contract Revenue Refunding, Series 2017		504,966		-		-		-		-
Total Debt Service Requirements		\$ 973,718		\$ 1,068,322		\$ 1,063,935		\$ 1,063,694		\$ 1,067,850
Debt Service Coverage Factor		1.14		1.10		1.11		1.11		1.10

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

NOTE I - SUBSEQUENT EVENTS

On September 19, 2018, the Board of Directors voted to freeze the Defined Benefit Pension Plan effective December 31, 2018. The plan had been closed as of December 31, 2010, but had not been frozen. The Board also voted to terminate the Section 401(a) Defined Contribution Plan effective December 31, 2018 and to eliminate GBRA's matching contribution to the Section 457 Defined Contribution Plan, also effective December 31, 2018. In place of these benefits, the Board voted to implement a GBRA Retirement Plan with Texas County and District Retirement System (TCDRS) effective January 1, 2019.

On November 15, 2018, GBRA issued bonds in the amount of \$58,210,000. The bonds were issued through the Texas Water Development Board's (TWDB) State Water Implementation Fund of Texas (SWIFT), a program designed to provide funding assistance for water development projects. The funding is related to the Carrizo Groundwater Supply Project, a new construction project that will generate 15,000 acre-feet per year of groundwater which will be distributed to various customers. The bonds which were issued by the TWDB on behalf of GBRA, include funding from three different loan plans: deferred interest, low interest, and Board participation.

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2018 AND 2017

NOTE J - SEGMENT INFORMATION, INCLUDING INTERFUND RECEIVABLES/PAYABLES

GBRA is comprised of ten (10) divisions. 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, 2018 and 2017 are as follows:

AUGUST 31, 2018	Water Sales	Luling Water Plant	Western Canyon WTP	Carrizo Water	Total
REVENUES, EXPENSES AND CHANGES IN NET POSITION					
Operating Revenue	\$ 25,577,106	\$ 1,364,123	\$ 4,157,433	\$ --	\$ 31,098,662
Operating Expenses	(10,989,388)	(919,565)	(3,369,401)	(172,149)	(15,450,503)
Depreciation and Amortization Exp	(3,418,046)	(126,251)	(206,398)	--	(3,750,695)
Operating Income	11,169,672	318,307	581,634	(172,149)	11,897,464
Nonoperating Revenue (Expenses)	(3,431,720)	(126,957)	61,624	56,937	(3,440,116)
Costs to be Recovered (Deferred Rev)	(1,032,941)	(97,133)	(103,835)	--	(1,233,909)
Change in Net Position	\$ 6,705,011	\$ 94,217	\$ 539,423	\$ (115,212)	\$ 7,223,439
NET POSITION ACTIVITIES					
Current Assets	\$ 27,703,364	\$ 1,023,719	\$ 2,034,948	\$ --	\$ 30,762,031
Capital Assets	124,436,674	4,565,726	3,132,426	33,596,966	165,731,792
Other Assets	17,136,127	--	2,613,008	3,488,090	23,237,225
Total Assets	\$ 169,276,165	\$ 5,589,445	\$ 7,780,382	\$ 37,085,056	\$ 219,731,048
Current Liabilities	\$ 6,606,398	\$ 466,840	\$ 393,066	\$ 60,267	\$ 7,526,571
Long Term Liabilities	102,449,951	3,708,754	3,903,430	34,140,000	144,202,135
Total Liabilities	109,056,349	4,175,594	4,296,496	34,200,267	151,728,706
Deferred Inflows of Resources	3,591,191	153,138	--	--	3,744,329
Net Investments in Capital Assets	16,992,920	616,777	(876,004)	(543,034)	16,190,659
Restricted	12,919,699	179,666	2,608,650	3,488,090	19,196,105
Unrestricted	26,716,006	464,270	1,751,240	(60,267)	28,871,249
Total Net Position	56,628,625	1,260,713	3,483,886	2,884,789	\$ 64,258,013
Total Liabilities, Deferred Inflows and Net Position	\$ 169,276,165	\$ 5,589,445	\$ 7,780,382	\$ 37,085,056	\$ 219,731,048
Revenue Bonds Payable	\$ 104,293,778	\$ 3,498,949	\$ 4,008,430	\$ 31,140,000	\$ 142,941,157
Loans Payable	3,149,975	--	--	--	3,149,975
CASH FLOW ACTIVITIES					
Cash Flows					
Operating Activities	\$ 15,276,237	\$ 526,967	\$ 998,453	\$ (172,149)	\$ 16,629,508
Capital & Related Financing Activities	(11,748,040)	(400,932)	1,969,195	3,603,302	(6,576,475)
Noncapital Financing Activities	280,948	--	--	--	280,948
Investing Activities	1,445,185	520,404	66,545	35,720	2,067,854
	\$ 5,254,330	\$ 646,439	\$ 3,034,193	\$ 3,466,873	\$ 12,401,835
Current Cash and Cash Equivalents					
At Beginning of Year	5,414,856	306,842	\$ 1,581,057	\$ --	\$ 7,302,755
At End of Year	12,199,094	781,333	2,006,600	--	14,987,027
Net Increase (Decrease)	\$ 6,784,238	\$ 474,491	\$ 425,543	\$ --	\$ 7,684,272
Restricted Cash and Cash Equivalents					
At Beginning of Year	4,125,452	7,717	--	--	4,133,169
At End of Year	2,595,544	179,665	2,608,650	3,466,873	8,850,732
Net Increase (Decrease)	(1,529,908)	171,948	2,608,650	3,466,873	4,717,563
	\$ 5,254,330	\$ 646,439	\$ 3,034,193	\$ 3,466,873	\$ 12,401,835

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2018 AND 2017

NOTE J - SEGMENT INFORMATION, INCLUDING INTERFUND RECEIVABLES/PAYABLES

AUGUST 31, 2017	Water Sales	Luling Water Plant	Lockhart WWTP	Total
REVENUES, EXPENSES AND CHANGES IN NET POSITION				
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
NET POSITION ACTIVITIES				
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 Inflows 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
CASH FLOW ACTIVITIES				
Cash Flows				
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)
Current Cash and Cash Equivalents				
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
Restricted Cash and Cash Equivalents				
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)



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Required Supplemental Information- Unaudited

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

	Plan Year Ending 12/31/17	Plan Year Ending 12/31/16	Plan Year Ending 12/31/15	Plan Year Ending 12/31/14
1. Total Pension Liability				
a. Service cost	\$ 310,415	\$ 363,322	\$ 383,820	\$ 357,786
b. Interest	2,377,209	2,251,021	2,146,011	2,027,051
c. Changes of benefit provisions	0	0	0	0
d. Differences between expected and actual experience	135,472	502,207	552,928	0
e. Changes of assumptions	(177,119)	0	477,891	620,672
f. Benefit payments	<u>(1,397,727)</u>	<u>(1,124,173)</u>	<u>(841,560)</u>	<u>(698,521)</u>
g. Net Change	1,248,250	1,992,377	2,719,090	2,306,988
h. Beginning	<u>34,348,580</u>	<u>32,356,203</u>	<u>29,637,113</u>	<u>27,330,125³</u>
i. Ending	\$35,596,830	\$34,348,580	\$32,356,203	\$29,637,113
2. Plan Fiduciary Net Position				
a. Employer contributions	\$ 1,067,716	\$ 1,338,202	\$ 1,733,464	\$ 1,684,302
b. Participant contributions	0	0	0	0
c. Net investment income	4,336,286	650,186	(440,231)	486,549
d. Benefit payments	(1,397,727)	(1,124,173)	(841,560)	(698,521)
e. Administrative expenses	<u>0²</u>	<u>0²</u>	<u>0²</u>	<u>0²</u>
f. Net Change	4,006,275	864,215	451,673	1,472,330
g. Beginning	<u>26,632,375</u>	<u>25,768,160</u>	<u>25,316,487</u>	<u>23,844,157</u>
h. Ending	\$30,638,650	\$26,632,375	\$25,768,160	\$25,316,487
3. Employer's Net Pension Liability [Item 1(i) – 2(h)]	\$ 4,958,180	\$ 7,716,205	\$ 6,588,043	\$ 4,320,626
4. Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.1%	77.5%	79.6%	85.4%
5. Covered Payroll	\$ 6,279,213	\$ 7,096,581	\$ 7,565,168	\$ 7,423,408
6. Employer's Net Pension Liability as a Percentage of Covered Payroll	79.0%	108.7%	87.1%	58.2%

Notes to Schedule:

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

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

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

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

	Fiscal Year Ending 8/31/2018	Fiscal Year Ending 8/31/2017	Fiscal Year Ending 8/31/2016	Fiscal Year Ending 8/31/2015
1. Actuarially determined contribution (ADC)	\$ 1,067,716	\$ 1,038,202	\$ 1,033,464	\$ 984,302
2. Contributions in relation to the ADC	<u>1,067,716</u>	<u>1,338,202</u>	<u>1,733,464</u>	<u>1,684,302</u>
3. Contribution deficiency (excess)	\$ 0	\$ (300,000)	\$ (700,000)	\$ (700,000)
4. Covered payroll	\$ 6,140,314	\$ 6,510,996	\$ 6,979,424	\$ 6,780,348
5. Contributions as a percentage of covered payroll	24.8%	24.8%	20.6%	17.4%

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, 9, and 10 years, respectively, for years ending in 2018, 2017, 2016, and 2015
Asset valuation method	5-year smoothed market
Inflation	3%, 3%, 3.5%, and 3.75%, respectively, for years ending in 2018, 2017, 2016, and 2014
Salary increases	Inflation plus merit and promotion increases that vary by age and service
Investment rate of return	7%, 7%, 7.25%, and 7.50%, respectively, for years ending in 2018, 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

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



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Other Supplemental Information

COMBINING SCHEDULE OF NET POSITION
AUGUST 31, 2018

	General Division	Guadalupe Valley Hydroelectric Division	Rural Utilities Division	Water Resource Division	Port Lavaca Water Treatment Plant Division
ASSETS AND DEFERRED OUTFLOWS					
CURRENT ASSETS					
Unrestricted Assets					
Cash and Cash Equivalents.....	\$ 3,133,731	\$ 210,314	\$ 940,603	\$ 12,604,954	\$ 1,375
Investments-Unrestricted.....	1,890,356	\$ 2,183,292	1,990,460	15,589,436	--
Interest Receivable.....	8,992	6,475	12,750	63,202	11
Accounts Receivable-Operating.....	44	163,972	200,512	1,381,687	127,000
Current Portion of Loan Receivable.....	31,250	--	71,320	95,000	--
Other Current Assets.....	13,938	112,863	21,510	252,637	67,833
Total Current Assets.....	5,078,311	2,676,916	3,237,155	29,986,916	196,219
Restricted Assets					
Cash and Cash Equivalents.....	--	--	141,975	1,324,693	--
Investments.....	--	--	--	1,198,080	--
Interest Receivable.....	--	--	1,038	39,232	--
Total Restricted Assets.....	--	--	143,013	2,562,005	--
Total Current Assets.....	5,078,311	2,676,916	3,380,168	32,548,921	196,219
LONG-TERM ASSETS					
Restricted Assets					
Cash and Cash Equivalents.....	--	--	306,671	6,219,122	--
Investments.....	--	--	--	5,833,523	--
Total Restricted Assets.....	--	--	306,671	12,052,645	--
Capital Assets					
Land, Water and Storage Rights.....	1,035,561	2,248,822	228,369	66,003,524	41,424
Dams, Plants and Equipment.....	2,525,144	11,492,905	14,460,427	147,632,819	7,053,780
Construction In Progress.....	115,353	275,906	--	3,011,687	581,312
Less Accumulated Depreciation.....	(2,034,679)	(8,420,636)	(5,451,141)	(52,384,401)	(5,322,982)
Total Capital Assets.....	1,641,379	5,596,997	9,237,655	164,263,629	2,353,534
Other Assets					
Long-Term Loans Receivable.....	--	--	146,324	4,658,885	--
Permits and Licenses (Net of Amortization).....	--	--	--	--	--
Project Development Costs.....	--	--	36,472	7,451,810	--
Interfund Loans Receivable.....	7,344,674	--	--	--	--
Total Other Assets.....	7,344,674	--	182,796	12,110,695	--
Total Long-Term Assets.....	8,986,053	5,596,997	9,727,122	188,426,969	2,353,534
DEFERRED OUTFLOWS OF RESOURCES	1,027,254	--	--	--	--
Total Assets and Deferred Outflows.....	\$ 15,091,618	\$ 8,273,913	\$ 13,107,290	\$ 220,975,890	\$ 2,549,753
LIABILITIES, DEFERRED INFLOWS AND NET POSITION					
CURRENT LIABILITIES					
Payable from Unrestricted Assets					
Current Portion of Long-Term Loans Payable.....	\$ --	\$ --	\$ 23,641	\$ 324,652	\$ 54,190
Interest Payable.....	--	--	--	54,575	--
Accounts Payable-Operating.....	285,058	226,100	333,648	1,295,100	146,379
Total Current Unrestricted Liabilities.....	285,058	226,100	357,289	1,674,327	200,569
Payable from Restricted Assets					
Current Portion of Debt.....	--	--	110,000	4,815,000	--
Interest Payable.....	--	--	35,070	1,193,079	--
Total Current Restricted Liabilities.....	--	--	145,070	6,008,079	--
Total Current Liabilities.....	285,058	226,100	502,359	7,682,406	200,569
LONG-TERM LIABILITIES					
Long Term Payable.....	--	--	--	3,000,000	--
Revenue Bonds Payable.....	--	--	--	139,442,208	--
Long-Term Loans Payable.....	--	--	2,197,308	3,149,975	199,647
Interfund Loans Payable.....	--	4,437,257	2,299,799	68,929	523,689
Less Current Portion.....	--	4,437,257	4,497,107	145,661,112	723,336
Total Bonds and Loans Payable.....	--	4,437,257	4,363,466	140,521,460	669,146
Advances for Operations.....	--	--	13,975	64,830	28,250
Net Pension Liability.....	4,958,180	--	--	--	--
Total Long-Term Liabilities.....	4,958,180	4,437,257	4,377,441	140,586,290	697,396
Total Liabilities.....	5,243,238	4,663,357	4,879,800	148,268,696	897,965
DEFERRED INFLOWS OF RESOURCES	329,589	--	--	3,591,191	475,601
NET POSITION					
Net Investments in Capital Assets.....	1,641,379	5,596,998	7,040,348	18,671,447	2,153,887
Restricted for Debt Service.....	--	--	141,975	2,590,066	--
Restricted for Reserves.....	--	--	179,933	1,485,641	--
Restricted for Construction.....	--	--	126,737	7,909,605	--
Restricted for Rate Stabilization.....	--	--	--	2,590,106	--
Unrestricted.....	7,877,412	(1,986,442)	738,497	35,869,138	(977,700)
Total Net Position.....	9,518,791	3,610,556	8,227,490	69,116,003	1,176,187
Total Liabilities, Deferred Inflows and Net Position.....	\$ 15,091,618	\$ 8,273,913	\$ 13,107,290	\$ 220,975,890	\$ 2,549,753

See accompanying independent auditors' report.

Calhoun County Rural Water Supply Division	Coletto Creek Division	Luling Water Treatment Plant Division	Canyon Hydroelectric Division	Lockhart Division	2018 Eliminations	2018 Total
\$ 585,924	\$ 162,089	\$ 781,333	\$ 134,129	\$ 131,280	\$ --	\$ 18,685,732
--	--	49,456	--	--	--	21,703,000
5,136	42	5,061	123	113	--	101,905
105,299	592	--	167,681	29,864	--	2,176,651
--	--	--	--	--	--	197,570
6,815	10,085	8,160	10,413	18,670	--	522,924
703,174	172,808	844,010	312,346	179,927	--	43,387,782
--	--	179,665	--	--	--	1,646,333
--	--	--	--	--	--	1,198,080
--	--	44	96	--	--	40,410
--	--	179,709	96	--	--	2,884,823
703,174	172,808	1,023,719	312,442	179,927	--	46,272,605
--	--	--	104,190	--	--	6,629,983
--	--	--	--	--	--	5,833,523
--	--	--	104,190	--	--	12,463,506
51,396	--	875,292	12,187	13,000	--	70,509,575
2,792,783	2,103,792	7,395,012	12,553,881	1,220,686	--	209,231,229
--	--	--	--	--	--	3,984,258
(1,987,047)	(1,807,808)	(3,704,578)	(8,149,604)	(756,302)	--	(90,019,178)
857,132	295,984	4,565,726	4,416,464	477,384	--	193,705,884
--	--	--	--	--	--	4,805,209
--	--	--	401,898	--	--	401,898
--	--	--	--	--	--	7,488,282
--	--	--	--	--	(7,344,674)	--
--	--	--	401,898	--	(7,344,674)	12,695,389
857,132	295,984	4,565,726	4,922,552	477,384	(7,344,674)	218,864,779
--	--	--	--	--	--	1,027,254
\$ 1,560,306	\$ 468,792	\$ 5,589,445	\$ 5,234,994	\$ 657,311	(7,344,674)	\$ 266,164,638
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 402,483
--	--	--	--	--	--	54,575
46,325	157,737	186,154	28,153	165,064	--	2,869,718
46,325	157,737	186,154	28,153	165,064	--	3,326,776
--	--	275,000	--	--	--	5,200,000
--	--	5,686	--	--	--	1,233,835
--	--	280,686	--	--	--	6,433,835
46,325	157,737	466,840	28,153	165,064	--	9,760,611
--	--	--	--	--	--	3,000,000
--	--	3,948,949	--	--	--	143,391,157
--	--	--	--	--	--	5,546,930
--	--	--	15,000	--	(7,344,674)	--
--	--	3,948,949	15,000	--	(7,344,674)	151,938,087
--	--	(275,000)	--	--	--	(5,602,483)
--	--	3,673,949	15,000	--	(7,344,674)	146,335,604
--	--	34,805	286,108	30,412	--	458,380
--	--	--	--	--	--	4,958,180
--	--	3,708,754	301,108	30,412	(7,344,674)	151,752,164
46,325	157,737	4,175,594	329,261	195,476	(7,344,674)	161,512,775
--	--	153,138	4,805,124	--	--	9,354,643
857,132	295,984	616,777	4,416,462	477,383	--	41,767,797
--	--	179,666	--	--	--	2,911,707
--	--	--	104,190	--	--	1,769,764
--	--	--	--	--	--	8,036,342
--	--	--	--	--	--	2,590,106
656,849	15,071	464,270	(4,420,043)	(15,548)	--	38,221,504
1,513,981	311,055	1,260,713	100,609	461,835	--	95,297,220
\$ 1,560,306	\$ 468,792	\$ 5,589,445	\$ 5,234,994	\$ 657,311	(7,344,674)	\$ 266,164,638

GUADALUPE-BLANCO RIVER AUTHORITY

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

FISCAL YEAR ENDED AUGUST 31, 2018

	General Division	Guadalupe Valley Hydroelectric Division	Rural Utilities Division	Water Resource Division	Port Lavaca Water Treatment Plant Division
OPERATING REVENUE					
Power Sales.....	\$ --	\$ 2,427,622	\$ --	\$ --	\$ --
Water Sales, Capacity Charge, Pipeline Transmission and Lake Operation.....	--	--	--	33,755,132	1,651,130
Recreation and Land Use.....	--	--	--	104,757	--
Waste Water Treatment Services.....	--	--	2,499,545	1,375,212	--
Laboratory Services.....	--	--	--	782,121	--
Rental.....	--	10,362	--	148,551	--
Administrative and General.....	3,163,069	--	--	--	--
Miscellaneous.....	11,540	111,036	578,481	1,424,715	--
Total Operating Revenue.....	3,174,609	2,549,020	3,078,026	37,590,488	1,651,130
OPERATING EXPENSES					
Personnel Operating Costs.....	2,144,364	1,784,305	811,597	8,189,383	569,340
Operating Supplies and Services.....	970,922	368,220	729,592	10,379,317	711,235
Maintenance and Repairs.....	139,477	1,581,339	326,901	1,656,576	178,319
Administrative and General.....	--	416,666	188,709	1,887,211	130,949
Depreciation and Amortization.....	83,702	243,248	479,741	3,779,971	202,291
Total Operating Expenses.....	3,338,465	4,393,778	2,536,540	25,892,458	1,792,134
Operating Income (Loss).....	(163,856)	(1,844,758)	541,486	11,698,030	(141,004)
NONOPERATING REVENUES (EXPENSES)					
Grant Income.....	--	--	--	511,058	--
Investment Income.....	40,660	4,256	43,211	351,277	78
Gain (Loss) on Disposal of Capital Assets.....	--	--	--	--	--
Interest Expense.....	--	--	(80,064)	(4,241,822)	(9,248)
Total Nonoperating Revenues (Expenses).....	40,660	4,256	(36,853)	(3,379,487)	(9,170)
Income (Loss) Before Recognition of Deferrals.....	(123,196)	(1,840,502)	504,633	8,318,543	(150,174)
Costs (Revenue) to be Recognized in Future Years.....	--	--	--	(1,032,941)	95,173
Change in Net Position.....	(123,196)	(1,840,502)	504,633	7,285,602	(55,001)
Net Position at September 1, 2017.....	13,227,598	1,679,529	7,908,775	61,830,401	1,231,188
Equity Transfer.....	(3,771,529)		(185,918)		
Equity Transfer.....	185,918	3,771,529			
Net Position at August 31, 2018.....	\$ 9,518,791	\$ 3,610,556	\$ 8,227,490	\$ 69,116,003	\$ 1,176,187

Calhoun County Rural Water Supply Division	Coleta Creek Division	Luling Water Treatment Plant Division	Canyon Hydroelectric Division	Lockhart Division	Eliminations	Total
\$ --	\$ --	\$ --	\$ 282,978	\$ --	\$ --	\$ 2,710,600
1,106,238	882,618	1,364,123	--	628,105	(670,353)	38,716,993
--	641,342	--	--	--	--	746,099
55,278	--	--	--	604,043	--	4,534,078
--	--	--	--	--	(253,937)	528,184
--	126,284	--	--	--	--	285,197
--	--	--	--	--	(3,163,069)	--
97,654	20,137	--	--	396,631	--	2,640,194
1,259,170	1,670,381	1,364,123	282,978	1,628,779	(4,087,359)	50,161,345
478,633	996,332	414,074	173,949	483,441	(45,198)	16,000,220
529,221	307,311	319,423	54,188	666,457	(924,290)	14,111,596
61,767	104,030	89,560	16,896	367,860	--	4,522,725
111,113	135,530	96,508	39,758	111,427	(3,117,871)	--
54,683	39,687	126,251	246,324	55,025	--	5,310,923
1,235,417	1,582,890	1,045,816	531,115	1,684,210	(4,087,359)	39,945,464
23,753	87,491	318,307	(248,137)	(55,431)	--	10,215,881
--	--	--	--	--	--	511,058
6,463	400	7,543	1,813	406	--	456,107
--	--	--	--	--	--	--
--	--	(134,500)	--	--	--	(4,465,634)
6,463	400	(126,957)	1,813	406	--	(3,498,469)
30,216	87,891	191,350	(246,324)	(55,025)	--	6,717,412
--	--	(97,153)	246,324	--	--	(788,597)
30,216	87,891	94,197	--	(55,025)	--	5,928,815
1,483,765	223,164	1,166,516	100,609	516,860	--	89,368,405
						(3,957,447)
						3,957,447
\$ 1,513,981	\$ 311,055	\$ 1,260,713	\$ 100,609	\$ 461,835	\$ --	\$ 95,297,220

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

FISCAL YEAR ENDED AUGUST 31, 2018

	General Division	Guadalupe Valley Hydroelectric Division	Rural Utilities Division	Water Resource Division
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers.....	\$ --	\$ 2,606,603	\$ 3,100,611	\$ 38,927,766
Cash Received from Interfund Administrative Charges.....	3,163,069	--	--	--
Cash Paid for Personnel Operating Costs.....	(1,519,410)	(1,784,305)	(811,597)	(8,189,383)
Cash Paid for Other Operating and Maintenance Costs.....	(181,738)	(2,180,462)	(1,184,140)	(13,256,033)
Cash Paid for Interfund Administrative Charges.....	--	(416,666)	(188,709)	(1,887,211)
Net Cash Flows From (Used by) Operating Activities.....	1,461,921	(1,774,830)	916,165	15,595,139
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund Operating Loans Received.....	--	563,900	14,742	3,000
Interfund Operating Loans Made.....	(1,190,131)	--	--	--
Principal Payments Made on Interfund Operating Loans.....	--	--	--	(250,000)
Principal Payments Received on Interfund Operating Loans.....	319,800	--	--	--
Equity Transfers Received.....	185,918	--	(185,918)	--
Equity Transfers Made.....	(3,771,529)	3,771,529	--	--
Cash Received from Grants.....	--	--	--	511,058
Net Cash Flows From (Used by) Noncapital Financing Activities.....	(4,455,942)	4,335,429	(171,176)	264,058
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from Advances from Customers, Developers, and Other Governmental Units.....	--	--	--	104,324
Proceeds from Revenue and Loans for Capital Assets and Plant Expansions.....	--	--	--	35,337,378
Purchase of Capital Assets.....	(385,514)	--	(135,709)	(29,625,774)
Disposal of Capital Assets.....	--	--	--	--
Cash Paid for Construction in Progress.....	--	(173,432)	--	(2,465,548)
Cash Paid for Project Development.....	--	--	(1,385)	(194,594)
Interest Paid.....	--	--	(75,712)	(4,518,628)
Principal Payments on Revenue Bonds.....	--	--	--	(4,785,000)
Principal Payments on Loans.....	--	--	(127,881)	(315,746)
Net Cash Flows Used by Capital and Related Financing Activities.....	(385,514)	(173,432)	(340,687)	(6,463,588)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash Received from Investments.....	4,127,452	--	320,333	8,954,989
Investment Income Received.....	57,102	--	29,930	354,614
Cash Paid for Investments.....	(1,206,995)	(2,185,511)	(1,960,124)	(10,166,753)
Net Cash Flows From (Used by) Investing Activities.....	2,977,559	(2,185,511)	(1,609,861)	(857,150)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	\$ (401,976)	\$ 201,656	\$ (1,205,559)	\$ 8,538,459
UNRESTRICTED CASH AND CASH EQUIVALENTS:				
At Beginning of Year.....	3,116,778	8,658	2,440,137	7,484,858
At End of Year.....	3,133,731	210,314	940,603	12,604,954
Net Increase (Decrease).....	16,953	201,656	(1,499,534)	5,120,096
RESTRICTED CASH AND CASH EQUIVALENTS:				
At Beginning of Year.....	418,929	--	154,671	4,125,452
At End of Year.....	--	--	448,646	7,543,815
Net Increase (Decrease).....	(418,929)	--	293,975	3,418,363
TOTAL CASH AND CASH EQUIVALENTS:				
At Beginning of Year.....	3,535,707	8,658	2,594,808	11,610,310
At End of Year.....	3,133,731	210,314	1,389,249	20,148,769
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	\$ (401,976)	\$ 201,656	\$ (1,205,559)	\$ 8,538,459
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS				
FROM OPERATING ACTIVITIES:				
Operating Income (Loss).....	\$ (163,856)	\$ (1,844,758)	\$ 541,486	\$ 11,698,030
Adjustments to Reconcile Operating Income to Net Cash Flows				
From Operating Activities:				
Depreciation and Amortization.....	83,702	243,248	479,741	3,779,971
Actuarially Determined Net Pension Expense.....	624,954	--	--	--
Net Change in Assets and Liabilities From Operating Activities:				
Operating Accounts Receivable.....	4,479,077	57,583	163,540	4,237,055
Other Current Assets.....	790	(16,562)	(4,173)	(5,301)
Operating Accounts Payable.....	(3,562,746)	(214,341)	(264,429)	(4,114,616)
Total Adjustments.....	1,625,777	69,928	374,679	3,897,109
NET CASH FLOWS FROM OPERATING ACTIVITIES.....	\$ 1,461,921	\$ (1,774,830)	\$ 916,165	\$ 15,595,139
NON-CASH TRANSACTIONS SCHEDULE				

1. During fiscal year 2018 and 2017, an adjustment of (\$199,886) and (\$100,130) 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
\$ 1,714,469	\$ 1,259,618	\$ 1,670,908	\$ 1,395,391	\$ 326,535	\$ 1,650,228	\$ (924,290)	\$ 51,727,839
--	--	--	--	--	--	(3,163,069)	--
(569,340)	(478,633)	(996,332)	(414,074)	(173,949)	(483,441)	--	(15,420,464)
(1,239,238)	(637,435)	(483,343)	(357,842)	(201,472)	(1,475,879)	969,488	(20,228,094)
(130,949)	(111,113)	(135,530)	(96,508)	(39,758)	(111,427)	3,117,871	--
<u>(225,058)</u>	<u>32,437</u>	<u>55,703</u>	<u>526,967</u>	<u>(88,644)</u>	<u>(420,519)</u>	<u>--</u>	<u>16,079,281</u>
523,689	--	--	--	59,800	25,000	(1,190,131)	--
--	--	--	--	--	--	1,190,131	--
--	--	--	--	(44,800)	(25,000)	319,800	--
--	--	--	--	--	--	(319,800)	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	511,058
<u>523,689</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>15,000</u>	<u>--</u>	<u>--</u>	<u>511,058</u>
--	--	--	--	--	--	--	104,324
--	--	--	--	--	--	--	35,337,378
--	(108,121)	(14,963)	--	--	--	--	(30,270,081)
--	--	(15,900)	--	--	--	--	(15,900)
(515,171)	--	--	--	--	--	--	(3,154,151)
--	--	--	--	--	--	--	(195,979)
(9,248)	--	--	(140,932)	--	--	--	(4,744,520)
--	--	--	(260,000)	--	--	--	(5,045,000)
<u>(52,040)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(495,667)</u>
<u>(576,459)</u>	<u>(108,121)</u>	<u>(30,863)</u>	<u>(400,932)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(8,479,596)</u>
--	507,411	--	511,770	--	--	--	14,421,955
67	8,821	358	8,634	1,594	293	--	461,413
--	(49,954)	--	--	--	--	--	(15,569,337)
<u>67</u>	<u>466,278</u>	<u>358</u>	<u>520,404</u>	<u>1,594</u>	<u>293</u>	<u>--</u>	<u>(685,969)</u>
<u>\$ (277,761)</u>	<u>\$ 390,594</u>	<u>\$ 25,198</u>	<u>\$ 646,439</u>	<u>\$ (72,050)</u>	<u>\$ (420,226)</u>	<u>\$ --</u>	<u>\$ 7,424,774</u>
279,136	195,330	136,891	306,842	206,866	551,506	--	14,727,002
<u>1,375</u>	<u>585,924</u>	<u>162,089</u>	<u>781,333</u>	<u>134,129</u>	<u>131,280</u>	<u>--</u>	<u>18,685,732</u>
<u>(277,761)</u>	<u>390,594</u>	<u>25,198</u>	<u>474,491</u>	<u>(72,737)</u>	<u>(420,226)</u>	<u>--</u>	<u>3,958,730</u>
--	--	--	7,717	103,503	--	--	4,810,272
--	--	--	179,665	104,190	--	--	8,276,316
--	--	--	171,948	687	--	--	3,466,044
279,136	195,330	136,891	314,559	310,369	551,506	--	19,537,274
<u>1,375</u>	<u>585,924</u>	<u>162,089</u>	<u>960,998</u>	<u>238,319</u>	<u>131,280</u>	<u>--</u>	<u>26,962,048</u>
<u>\$ (277,761)</u>	<u>\$ 390,594</u>	<u>\$ 25,198</u>	<u>\$ 646,439</u>	<u>\$ (72,050)</u>	<u>\$ (420,226)</u>	<u>\$ --</u>	<u>\$ 7,424,774</u>
\$ (141,004)	\$ 23,753	\$ 87,491	\$ 318,307	\$ (248,137)	\$ (55,431)	\$ --	\$ 10,215,881
202,291	54,683	39,687	126,251	246,324	55,025	--	5,310,923
--	--	--	--	--	--	--	624,954
230,353	135,440	136,562	141,268	81,557	226,449	(8,294,123)	1,594,761
(1,758)	286	(392)	(655)	(947)	(3,006)	--	(31,718)
(514,940)	(181,725)	(207,645)	(58,204)	(167,441)	(643,556)	8,294,123	(1,635,520)
<u>(84,054)</u>	<u>8,684</u>	<u>(31,788)</u>	<u>208,660</u>	<u>159,493</u>	<u>(365,088)</u>	<u>--</u>	<u>5,863,400</u>
<u>\$ (225,058)</u>	<u>\$ 32,437</u>	<u>\$ 55,703</u>	<u>\$ 526,967</u>	<u>\$ (88,644)</u>	<u>\$ (420,519)</u>	<u>\$ --</u>	<u>\$ 16,079,281</u>

GUADALUPE-BLANCO RIVER AUTHORITY
AMORTIZATION SCHEDULES

REGIONS BANK, DUNLAP WASTEWATER TREATMENT EXPANSION & COLLECTION SYSTEM LOAN

YR END AUG 31	TAX-EXEMPT LOAN		
	PRINCIPAL	INTEREST	TOTAL
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>\$ 2,100,000</u>	<u>\$ 569,811</u>	<u>\$ 2,669,811</u>

REGIONS BANK, RURAL UTILITIES DIVISION LOAN
EMERGENCY GENERATORS

YR END AUG 31	CANYON PARK WWTP			DUNLAP WWTP		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2019	\$ 7,015	\$ 121	\$ 7,136	\$ 7,866	\$ 136	\$ 8,002
	<u>\$ 7,015</u>	<u>\$ 121</u>	<u>\$ 7,136</u>	<u>\$ 7,866</u>	<u>\$ 136</u>	<u>\$ 8,002</u>

U.S. GOVERNMENT LOAN, CANYON DAM AND RESERVOIR

YR END AUG 31	PRINCIPAL	INTEREST	TOTAL
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>\$ 2,214,786</u>	<u>\$ 256,334</u>	<u>\$ 2,471,120</u>

GUADALUPE-BLANCO RIVER AUTHORITY
AMORTIZATION SCHEDULES

WELLS FARGO LOAN EQUIPMENT PURCHASE AMORTIZATION SCHEDULE

YR END AUG 31	<u>DUNLAP EMERGENCY GENERATOR</u>			<u>WATER SALES BELT PRESS & TRUCK</u>			TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	
2019	\$ 8,760	\$ 2,729	\$ 11,489	\$ 36,823	\$ 11,474	\$ 48,297	\$ 59,786
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>\$ 82,426</u>	<u>\$ 12,637</u>	<u>\$ 95,063</u>	<u>\$ 346,472</u>	<u>\$ 53,117</u>	<u>\$ 399,589</u>	<u>\$ 494,652</u>

WATER RESOURCE WATER RIGHT PURCHASE AMORTIZATION SCHEDULE

YR END AUG 31	<u>LULING FOUNDATION</u>			<u>ABNER USSERY</u>			TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	
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	24,663	13,638	38,301	14,488	8,012	22,500	60,801
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	36,649	1,647	38,296	21,534	967	22,501	60,797
	<u>\$ 370,851</u>	<u>\$ 127,046</u>	<u>\$ 497,897</u>	<u>\$ 217,867</u>	<u>\$ 74,634</u>	<u>\$ 292,501</u>	<u>\$ 790,398</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	
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>\$ 4,575,000</u>	<u>\$ 1,283,246</u>	<u>\$ 5,858,246</u>	<u>\$ 2,285,000</u>	<u>\$ 494,445</u>	<u>\$ 2,779,445</u>	<u>\$ 8,637,691</u>

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

YR END AUG 31	PRINCIPAL	INTEREST	TOTAL
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>\$ 3,065,000</u>	<u>\$ 321,583</u>	<u>\$ 3,386,583</u>

GUADALUPE-BLANCO RIVER AUTHORITY
AMORTIZATION SCHEDULES

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

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

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

YR END AUG 31	PRINCIPAL	INTEREST	TOTAL
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>\$ 16,170,000</u>	<u>\$ 6,589,270</u>	<u>\$ 22,759,270</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	
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>\$ 5,040,000</u>	<u>\$ 4,783,215</u>	<u>\$ 9,823,215</u>	<u>\$ 7,455,000</u>	<u>\$ 3,118,996</u>	<u>\$ 10,573,996</u>	<u>\$ 20,397,211</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
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>\$ 3,325,000</u>	<u>\$ 322,919</u>	<u>\$ 3,647,919</u>

* The principal and related interest due on September 1, 2018 (FY2019) were paid in fiscal year ending August 31, 2018.

**GUADALUPE-BLANCO RIVER AUTHORITY
AMORTIZATION SCHEDULES**

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

YR END AUG 31	SERIES 2016		
	PRINCIPAL	INTEREST	TOTAL
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>\$ 4,760,000</u>	<u>\$ 2,362,978</u>	<u>\$ 7,122,978</u>

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

YR END AUG 31	SERIES 2013A			SERIES 2013B			TOTAL
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	
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>\$ 45,040,000</u>	<u>\$ 19,886,250</u>	<u>\$ 64,926,250</u>	<u>\$ 5,465,000</u>	<u>\$ 2,158,765</u>	<u>\$ 7,623,765</u>	<u>\$ 72,550,015</u>

GUADALUPE-BLANCO RIVER AUTHORITY
AMORTIZATION SCHEDULES

FROST NATIONAL BANK, PORT LAVACA WTP CLEARWELL

YR END AUG 31	PRINCIPAL	INTEREST	TOTAL
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>\$ 199,647</u>	<u>\$ 14,860</u>	<u>\$ 214,507</u>

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

YR END AUG 31	PRINCIPAL	INTEREST	TOTAL
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>\$ 3,955,000</u>	<u>\$ 873,455</u>	<u>\$ 4,828,455</u>

GUADALUPE-BLANCO RIVER AUTHORITY
AMORTIZATION SCHEDULES

GENERAL IMPROVEMENT SUBORDINATE LIEN REVENUE BONDS, SERIES 2017
CARRIZO GROUNDWATER PROJECT

YR END AUG 31	PRINCIPAL	INTEREST	TOTAL
2019	\$ -	\$ 1,303,999	\$ 1,303,999
2020	--	1,557,000	1,557,000
2021	31,140,000	389,250	31,529,250
	<u>\$ 31,140,000</u>	<u>\$ 3,250,249</u>	<u>\$ 34,390,249</u>

CONTRACT REVENUE BONDS, SERIES 2017
WESTERN CANYON REGIONAL WATER SUPPLY PROJECT

YR END AUG 31	PRINCIPAL	INTEREST	TOTAL
2019	\$ 105,000	\$ 134,200	\$ 239,200
2020	105,000	132,100	237,100
2021	110,000	128,950	238,950
2022	110,000	125,650	235,650
2023	115,000	122,350	237,350
2024	120,000	118,900	238,900
2025	130,000	114,100	244,100
2026	135,000	108,900	243,900
2027	140,000	103,500	243,500
2028	140,000	97,900	237,900
2029	145,000	92,300	237,300
2030	155,000	86,500	241,500
2031	160,000	80,300	240,300
2032	165,000	73,900	238,900
2033	170,000	67,300	237,300
2034	460,000	60,500	520,500
2035	470,000	46,700	516,700
2036	485,000	32,013	517,013
2037	500,000	16,250	516,250
	<u>\$ 3,920,000</u>	<u>\$ 1,742,313</u>	<u>\$ 5,662,313</u>



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Statistical Section

Index and Explanation

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

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

	Fiscal Year				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Primary government					
Net investment in capital assets	\$ 41,767,797	\$ 39,900,766	\$ 45,212,346	\$ 43,492,246	\$ 41,302,982
Restricted	15,307,920	9,450,962	8,546,152	8,100,743	8,047,563
Unrestricted	<u>38,221,503</u>	<u>40,016,677</u>	<u>26,498,994</u>	<u>22,926,275</u>	<u>27,977,413</u>
Total primary government net position	<u>\$ 95,297,220</u>	<u>\$ 89,368,405</u>	<u>\$ 80,257,492</u>	<u>\$ 74,519,264</u>	<u>\$ 77,327,958</u>

	Fiscal Year				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Primary government					
Net investment in capital assets	\$ 36,423,496	\$ 35,853,611	\$ 40,790,810	\$ 43,235,437	\$ 40,582,695
Restricted	4,787,708	5,995,312	5,386,547	6,521,324	10,715,810
Unrestricted	<u>30,776,556</u>	<u>25,315,195</u>	<u>18,914,321</u>	<u>15,143,773</u>	<u>10,656,309</u>
Total primary government net positon	<u>\$ 71,987,760</u>	<u>\$ 67,164,118</u>	<u>\$ 65,091,678</u>	<u>\$ 64,900,534</u>	<u>\$ 61,954,814</u>

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

<u>Fiscal Year</u>	<u>Operating Revenues</u>	<u>Operating Expenses</u>	<u>Operating Income</u>	<u>Total Nonoperating Revenues (Expenses)</u>	<u>Income before Capital Contributions and Deferrals</u>	<u>Capital Contributions</u>	<u>Deferrals</u>	<u>Restatement</u>	<u>Change in Net Position</u>
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
2018	50,161,345	39,945,464	10,215,881	(3,498,469)	6,717,412	-	(788,597)		5,928,815

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-Unaudited Last Ten Fiscal Years

Year	Power Sales	Water Sales and Lake Operations	Rental, Recreation and Land Use	Waste Water Treatment Services	Laboratory Services	Miscellaneous	Total
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	37,980,929	1,032,079	4,441,652	1,006,168	3,397,120	51,726,865
2018	2,710,600	38,716,993	1,031,296	4,534,078	528,184	2,640,194	50,161,345

Operating Expenses-Unaudited Last Ten Fiscal Years

Year	Personnel Operating Costs	Operating Supplies and Services	Maintenance and Repairs	Depreciation and Amortization	Special Items (a)	Total
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
2018	16,000,220	14,111,596	4,522,725	5,310,923	-	39,945,464

(a) Special Items in FY 2010 through FY 2015 include costs associated with the Whooping Crane Endangered Species Lawsuit

Nonoperating Revenue and Expenses-Unaudited Last Ten Fiscal Years

Year	Interest Expense	Investment Income	Grants	Gain (Loss) on Disposal of Capital Assets	Total
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)
2018	(4,465,634)	456,107	511,058	-	(3,498,469)

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	\$100.00	10/1/2007
44.76	10/1/1985	105.00	10/1/2008
53.03	10/1/1990	110.00	10/1/2010
61.00	10/1/1997	114.00	10/1/2011
69.00	10/1/2000	125.00	10/1/2012
80.00	10/1/2002	130.00	10/1/2014
84.00	11/1/2003	135.00	10/1/2015
88.00	10/1/2004	142.00	10/1/2016
92.00	10/1/2005	145.00	10/1/2017
96.00	10/1/2006	147.00	10/1/2018

(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:

Budget-to-Actual Operations:	Principal Customers	County
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

Unit of Service Operations:	Principal Customers	County
General Division	GBRA Systems	Guadalupe
Guadalupe Valley Hydroelectric Division	Guadalupe Valley Electric Coop.	Guadalupe/Gonzales
Shadow Creek Wastewater Treatment Plant	Residential Customers	Hays
Canyon Park Wastewater Reclamation System	Residential Customers	Comal
Dunlap Wastewater Reclamation System	Residential Customers	Guadalupe
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-Unaudited
Last Ten Fiscal Years

Year	Net Obligations Payable Directly By GBRA		Net Obligations Payable From Revenue Contracts (a)	
	<u>Bonds</u>	<u>Loans</u>	<u>Bonds</u>	<u>Loans</u>
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
2018	43,077,544	5,347,283	100,313,613	199,647

(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 2018, Net Obligations Payable from Revenue Contracts were as follows:

			Customer Revenue Contract
RRWDS Combination Contract Revenue Bonds Series 2007	\$	5,040,000	Cities of Kyle & Buda, GoForth SUD,
RRWDS Combination Contract Revenue Refunding Bonds Series 2017	\$	7,767,535	Sunfield MUD, Monarch Util,
Contract Revenue Refunding Bonds Series 2016-San Marcos Plant	\$	4,760,000	Hays Energy LP, Canyon Reg Water Authority
RRWDS Combination Revenue Refunding Bonds, San Marcos Series 2010	\$	3,325,000	City of San Marcos
IH 35 Proj Combination Contract Revenue Bonds, Series 2013	\$	16,093,854	Cities of Kyle & Buda, GoForth SUD, Monarch Util, Sunfield MUD
Western Canyon Regional WS Project Revenue Bonds, Series 2013 A&B	\$	55,369,845	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
Western Canyon Contract Revenue Bonds Series 2017	\$	4,008,430	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	\$	199,647	Port O'Connor MUD, Calhoun Co Rural Water
Treated Water Delivery System Contract Revenue Refund. Bonds, Series 2014	\$	3,948,949	City of Lockhart
Total Net Obligations Payable from Revenue Contracts	\$	100,513,260	

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

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

**Pollution Control and
Industrial Development Bonds**

Year	
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	-
2018	-

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.

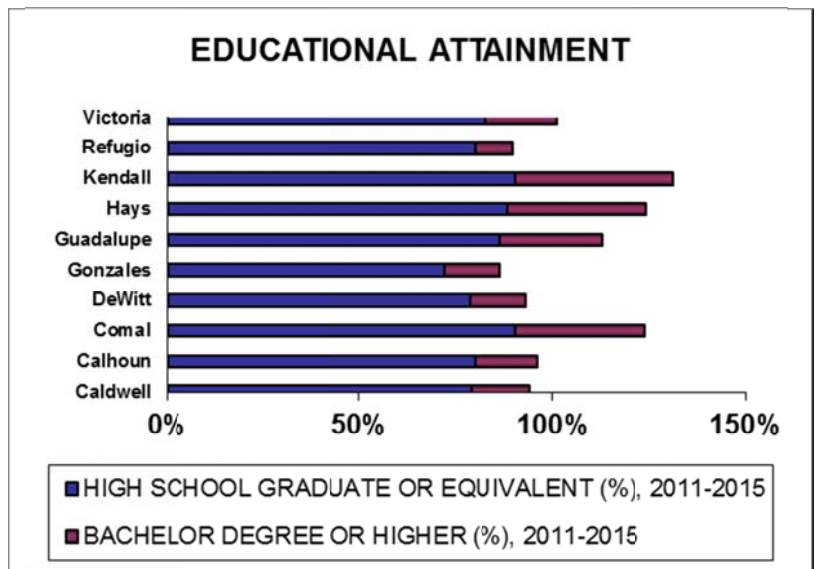
GBRA District Demographics

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.

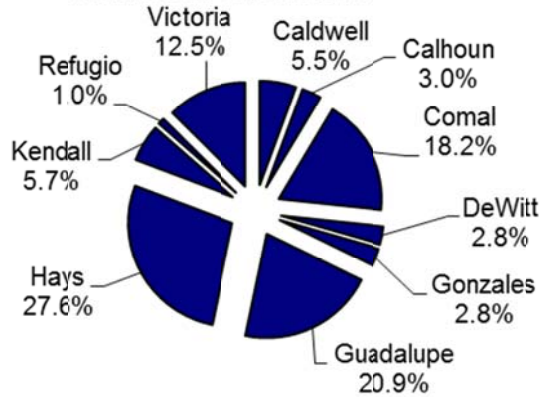
This diversity allows the local economy to be among the State's growth leaders and outpace the national economy as well as weather the effects of any global economic problems better than other areas may. The local economy is also being spurred by tremendous population growth along the I-35 Corridor and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

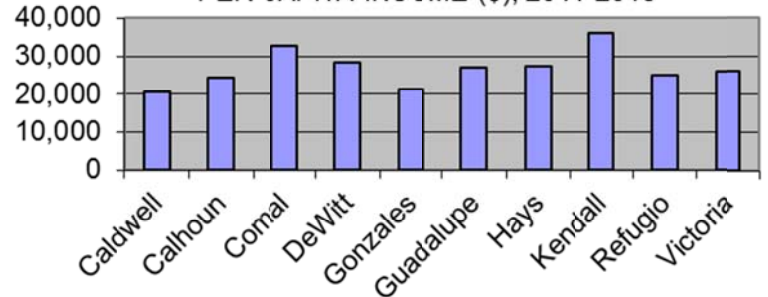
COUNTY POPULATION

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

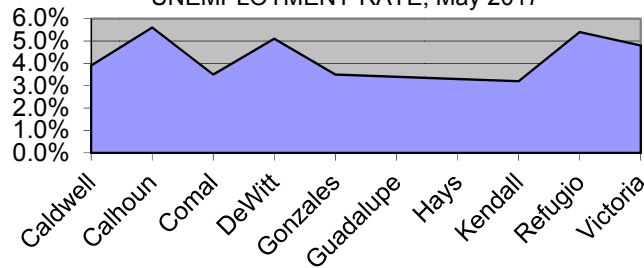
COUNTY	PER CAPITA INCOME
Kendall	36,126
Comal	32,838
DeWitt	28,418
Hays	27,398
Guadalupe	26,928
Victoria	25,987
Refugio	24,902
Calhoun	24,372
Gonzales	21,185
Caldwell	20,667

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-Unaudited
Last Ten Fiscal Years

Division	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General	40	40	41	39	40	39.5	39	35	38.5	34
Guadalupe Valley Electric	25	25	25	26	26	26	26	24	24	23
Rural Utilities	7	7	7	7	7	7	7	7	7.5	7.5
Water Resources	51	48	49	49	49.5	51.5	55.5	50	50.5	57
Western Canyon	9	9	9	9	9	9	10	9	10	11
Port Lavaca WTP	8	8	8	8	8	8	8	8	8	8
Calhoun County RWSS	4	4	4	4	4	5	5	4	5	5
Victoria Regional WWRS	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
Total	199	194	186	176	177.5	180	184.5	165.5	172	173.5

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

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



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GUADALUPE-BLANCO RIVER AUTHORITY
OPERATING STATISTICS

Operating Statistics:	FY 2008	FY 2009	FY 2010
Water Treatment Customers:			
Total Water Distributed (Gal.)			
Calhoun County Rural Water Supply Division	75,006,000	87,252,000	71,381,000
Total Water Treated (Gal.)			
Lockhart Water Treatment System	525,871,000	554,970,000	542,137,000
Luling Water Treatment Plant Division	734,704,000	677,043,000	634,399,000
Port Lavaca Water Treatment Plant Division	673,172,000	739,501,000	630,210,000
San Marcos Water Treatment Plant System	2,404,842,000	2,773,635,000	2,685,046,000
Western Canyon Water Treatment Plant System	3,648,193,000	3,669,842,000	3,722,663,000
Wastewater Treatment Customers:			
Total Wastewater Treated (Gal.)			
Buda Wastewater Treatment Plant	243,800,000	273,300,000	339,800,000
Crestview Subdivision Wastewater Treatment Plant	2,191,534	2,184,018	3,059,616
Lockhart Wastewater Reclamation System	447,100,000	380,250,000	465,830,000
Rural Utilities Division	168,630,000	168,400,000	239,600,000
Victoria Regional Wastewater Reclamation Division	2,585,000,000	2,209,000,000	2,579,000,000
Village of Wimberley Wastewater Treatment Plant	3,660,000	4,720,000	3,246,000
North Hays County MUD #1	35,570,000	35,980,000	41,010,000
Sunfield Subdivision Wastewater Treatment	--	--	2,560,000
Cordillera Ranch	--	--	6,062,900
Johnson Ranch	--	--	--
Water Sales Customers:			
Rice Irrigation (Acres)			
Calhoun Canal System	2,809	2,153	2,177
Water Delivered (Gal.)			
Guadalupe Power Partners	1,157,790,000	1,146,655,000	998,991,000
Regional Raw Water Delivery System	3,274,240,000	2,908,782,000	3,280,168,000
Power Sales & Other Services:			
Total Generation (kWh)			
Guadalupe Valley Hydroelectric Division	66,914,600	25,726,200	71,633,300
Canyon Hydroelectric Division	19,026,827	2,415,841	17,716,632
Annual Permits			
Lake Wood Recreation Area	17	9	18
Coleto Creek Regional Park	285	252	254
Camping Permits			
Lake Wood Recreation Area	2,635	2,995	3,204
Coleto Creek Regional Park	14,594	12,941	12,393
Camping Cabins			
Coleto Creek Regional Park	662	725	717
Day Use Permits			
Lake Wood Recreation Area	2,567	2,739	2,776
Coleto Creek Regional Park	16,851	15,139	14,465

FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
91,070,000	92,377,000	81,818,000	75,749,000	72,753,000	81,715,000	79,187,000	83,300,000
613,240,000	579,122,000	548,963,000	537,896,000	522,285,000	544,955,000	546,343,000	575,461,000
675,179,000	664,541,000	684,728,000	630,906,000	638,074,000	654,244,000	668,198,000	676,748,000
752,918,000	721,578,000	666,194,000	617,275,000	715,451,000	693,981,000	626,247,000	680,921,000
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	4,173,404,000
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	3,664,963,000
331,430,000	376,050,000	363,970,000	479,600,000	426,560,000	435,200,000	412,900,000	394,200,000
2,291,900	2,709,621	2,085,000	1,719,866	3,306,682	2,041,000	2,150,000	2,562,794
429,580,000	453,960,000	395,550,000	413,360,000	483,600,000	491,710,000	451,010,000	399,400,000
195,800,000	186,300,000	186,300,000	199,500,000	239,900,000	229,200,000	190,500,000	181,400,000
819,000,000	--	--	--	--	--	--	--
4,930,000	1,750,000	--	--	--	--	--	--
38,160,000	43,000,000	46,700,000	54,790,000	56,050,000	65,760,000	64,880,000	61,690,000
9,970,000	19,020,000	23,210,000	43,610,000	41,670,000	36,710,000	44,800,000	54,750,000
8,291,800	92,090	9,445,400	11,630,500	13,896,200	14,048,600	15,410,000	15,206,800
--	--	--	--	--	5,509,500	9,788,400	14,125,400
2,249	1,917	2,306	1,532	--	1,074	--	291
900,513,000	498,819,000	680,145,000	816,222,100	1,224,248,900	1,239,957,000	1,029,213,000	1,152,533,000
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	5,190,054,000
42,126,000	31,405,400	23,444,900	18,469,500	37,271,300	68,045,400	63,024,500	28,993,400
7,566,158	--	--	1,599	4,256,771	22,657,028	17,949,565	180,453
19	27	30	23	10	5	3	1
259	309	320	290	273	285	265	252
4,266	4,914	5,403	4,932	4,031	2,214	3,140	2,114
13,133	14,368	14,983	14,697	13,136	14,514	13,850	14,962
766	985	1,072	1,009	923	990	623	532
2,588	2,851	3,080	3,855	3,746	2,697	2,064	1,605
16,331	17,503	18,377	16,825	17,455	18,417	17,607	16,547

Guadalupe Blanco River Authority
Schedule of Capital Asset Additions by Division-Unaudited
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	Coieto	Treatment	Hydro	Lockhart	
Year	Division	Division	Division	Division	Division	Division	Division	Division	Division	Division	Division	Total
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
2018	270,162	-	194,917	35,628,157	-	174,590	-	30,863	-	-	-	36,298,688

Schedule of Capital Asset Additions by Classification-Unaudited
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Land, Water, & Storage Rights	\$ 433,650	\$ -	\$ 7,000,000	\$ 90,058	\$ 151,757	\$ -	\$ -	\$ -	\$ -	\$ 35,102,458
Structures & Improve	15,702,963	1,005,294	3,749,160	242,832	2,993,788	71,179	312,900	82,073	1,183,949	223,214
Specialized Equip	142,709	63,522	41,246	4,777	42,542	29,452	5,206	70,054	59,289	-
Auto & Heavy Equip	248,342	205,812	229,186	190,060	312,585	261,102	337,541	335,544	591,189	327,553
Office Furniture & Equip	121,309	23,902	89,353	29,423	58,612	69,113	26,184	26,672	44,949	79,520
Miscellaneous Equip	169,314	326,797	171,895	188,165	246,919	227,867	711,840	519,859	556,056	565,943
Total	\$ 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	\$ 36,298,688

Independent Auditor's Report In Accordance With Government Auditing Standards

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*

Independent Auditors' Report

To the Board of Directors
Guadalupe-Blanco River Authority

We have audited, 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, the financial statements of Guadalupe-Blanco River Authority as of and for the year ended August 31, 2018, and have issued our report thereon dated December 12, 2018.

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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Guadalupe-Blanco River Authority's internal control. 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 controls 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 the financial statements of Guadalupe-Blanco River Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Baker Tilly Virchow Krause, LLP

Austin, Texas
December 12, 2018



GUADALUPE-BLANCO RIVER AUTHORITY

PRINCIPAL OFFICES AND BUSINESS LOCATIONS

GENERAL OFFICE

General Division
Canyon Hydroelectric Division
GBRA Laboratory
Rural Utilities Division
Water Resources Division
933 E. Court St.
Seguin, TX 78155
Tel: (830) 379-5822 or (800) 413-5822
Fax: (830) 379-9718
Website: 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: (830) 672-2779
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 PLANT

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

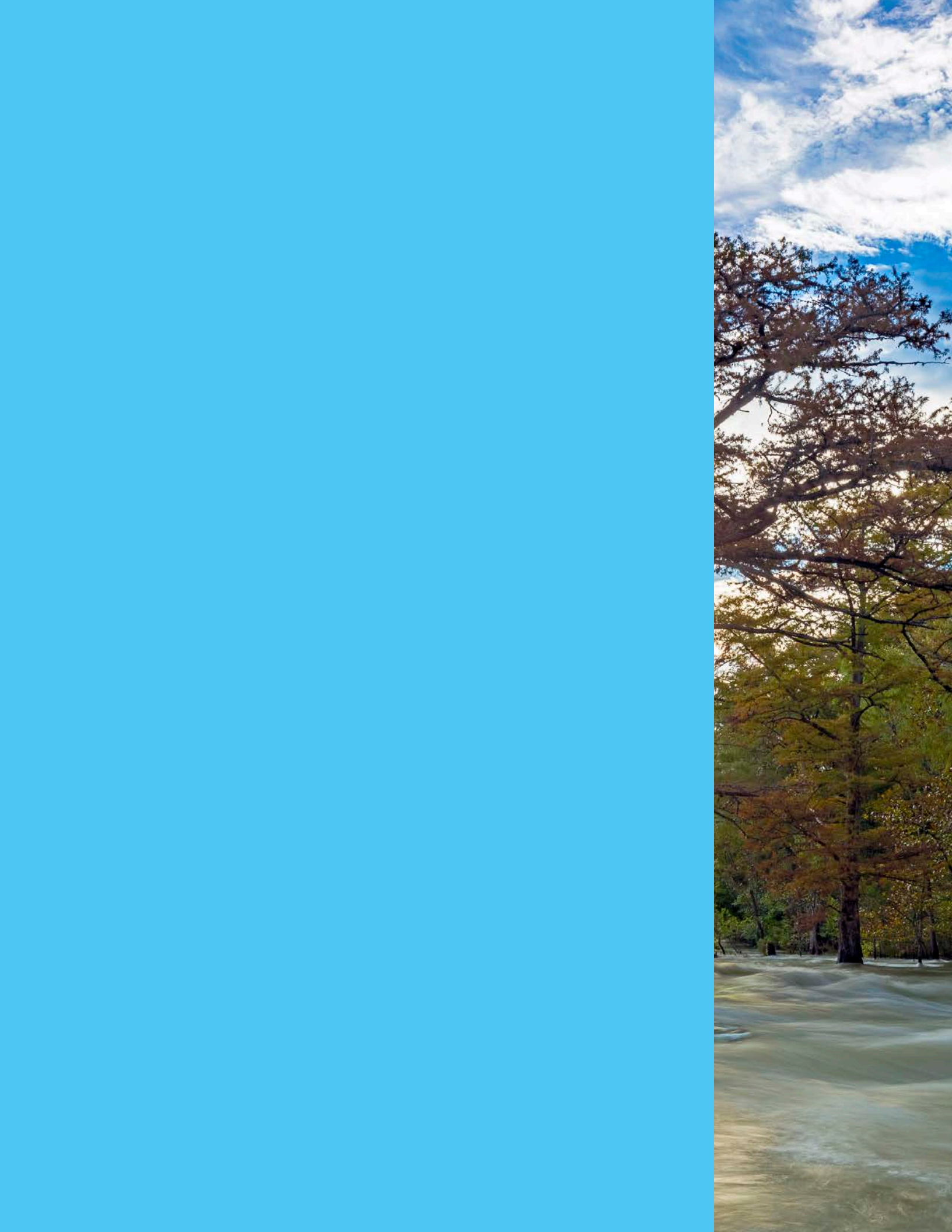
Calhoun County Rural Water Supply Division
Calhoun Canal System
P.O. Box 146
Port Lavaca, TX 77979
Tel: (361) 552-9751
Fax: (361) 552-6529

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 S. Cranes Mill Road
Canyon Lake, TX 78132
Tel: (830) 885-2639
Fax: (830) 885-2564



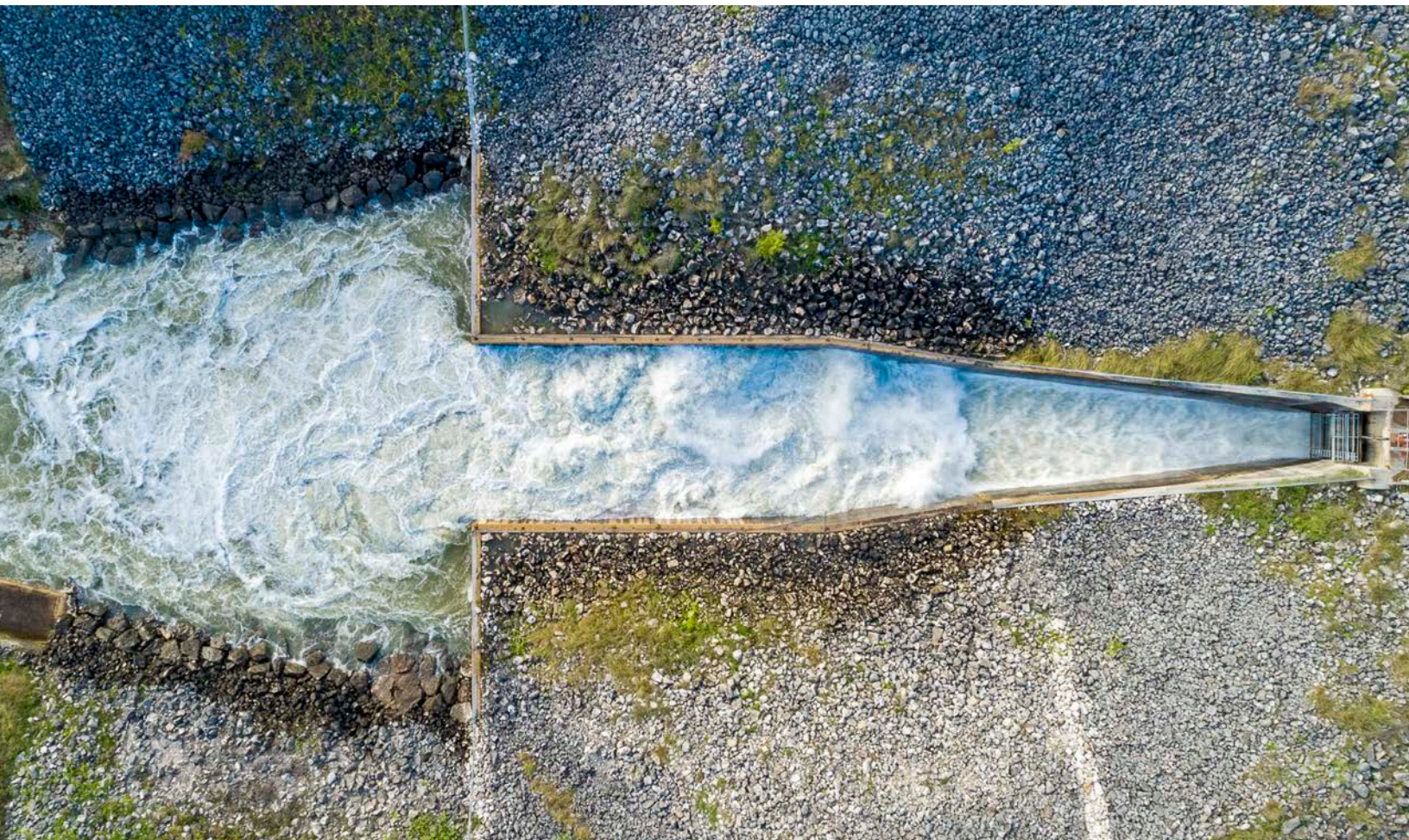


GUADALUPE-BLANCO RIVER AUTHORITY

933 East Court Street
Seguin, Texas 78155

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Canyon Dam flood release, October 2018