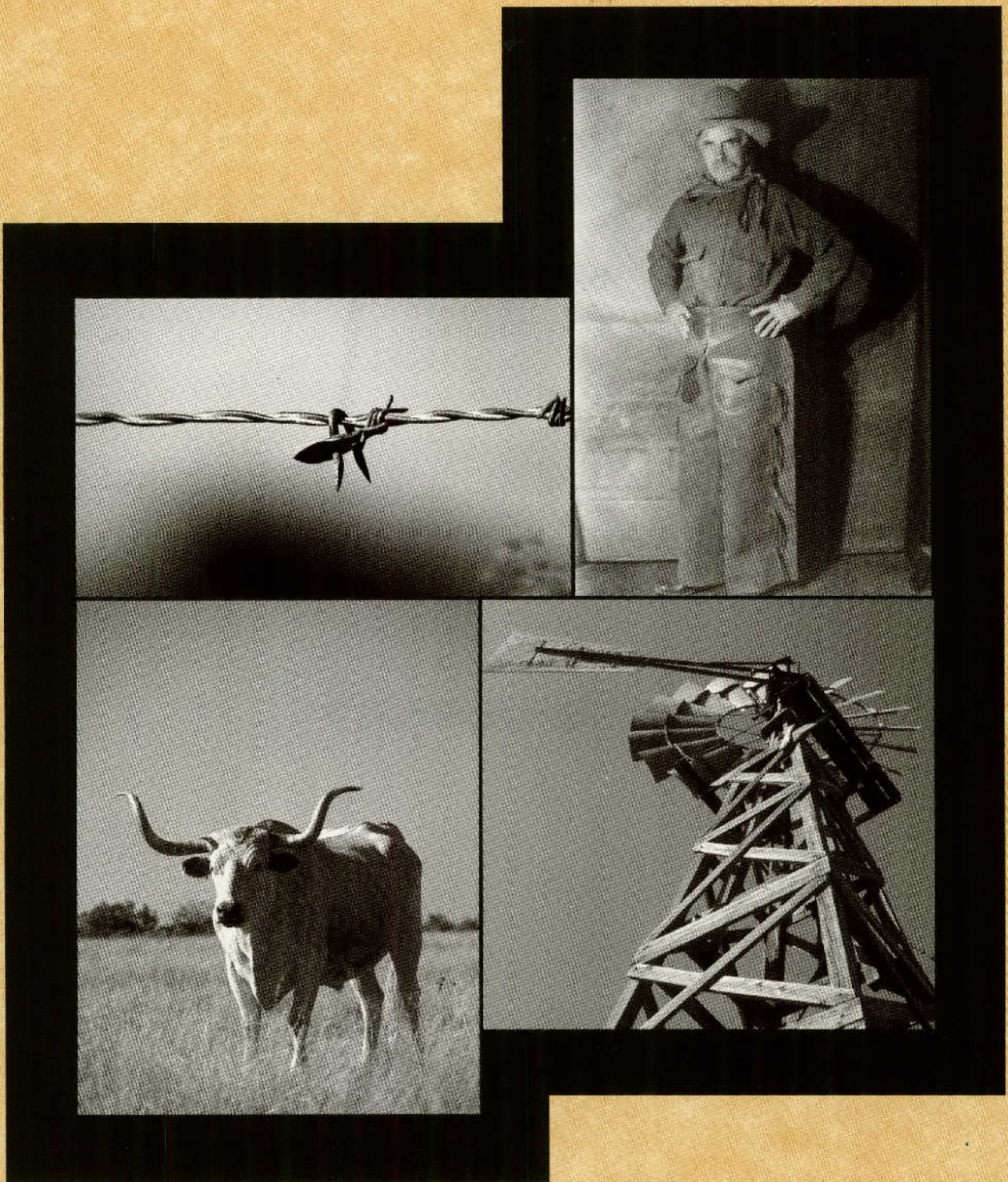


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REFERENCE

# *Stewardship of the Land...Our Heritage*



Guadalupe-Blanco River Authority of Texas  
Comprehensive Annual Financial Report  
Fiscal Year Ended August 31, 2003

### *Vision*

The Guadalupe-Blanco River Authority is a widely recognized leader in managing water resources that benefit both people and the environment.

### *Mission*

The mission of GBRA is to protect, conserve, reclaim and steward the resources of the district, and provide leadership in regional cooperation, in order to enhance quality of life for those we serve.

### *About the Cover*

The early settlers viewed the land equally as a commodity and a gift...a commodity to develop and a gift to steward.

Hard work in the open air fixing windmills, 'bobwire' fences and working cattle in the elements taught the lessons learned only by those in harmony with the land.

Photography Credits: The man is William Wright Gates 1861-1952, rancher, Atascosa County, Texas. Other photographs are by Texas Parks and Wildlife photographers, Bill Reaves (barbed wire), Glen Mills (longhorn bull), and Martin T. Fuller (windmill).

# Guadalupe-Blanco River Authority of Texas

Government Publications  
Texas State Documents

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Dallas Public Library

## *Created by the Texas Legislature*

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

## *Planning for the Basin and Texas*

GBRA was established to develop, conserve and protect the water resources of the Guadalupe River Basin and make them available for beneficial use. To accomplish this responsibility, GBRA conducts its planning and resource development efforts in conjunction with the broader consideration of regional and statewide water needs. GBRA's statutory district 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. Today, eleven divisions supply essential services including water and wastewater treatment, water quality testing, the management of water rights and delivery of stored water, the production of electricity from seven hydroelectric plants, and engineering and design support.

## *Self-Supporting Operations*

GBRA cannot levy or collect taxes or assessments or in any way pledge the general credit of the State of Texas. State and federal grants provide occasional funding for special projects. All other revenues for maintenance and operation are derived from the products and services GBRA provides to customers throughout the basin.

## *Sound Management and Administration*

GBRA is governed by a board of nine directors appointed by the Governor and subject to confirmation by the Texas Senate. Each director serves a six-year term, with three directors appointed or reappointed every two years. Board committees meet prior to each regular monthly meeting to recommend and review policies, programs and actions for consideration by the board. The general manager and staff conduct management and administrative duties in accordance with policies established by the board.



# The Guadalupe River Basin



1. Canyon Park Estates Wastewater Treatment Plant
2. Canyon Dam and Reservoir  
Canyon Hydroelectric Power Plant
3. Northcliffe Wastewater Treatment Plant
4. San Marcos Water Treatment Plant Operations
5. Buda Wastewater Treatment Plant
6. Hays/Caldwell Water Treatment Plant
7. Dunlap Wastewater Treatment Plant
8. Lake Dunlap (TP-1) Hydroelectric Power Plant
9. Lake McQueeney (TP-3) Hydroelectric Power Plant
10. Lake Placid (TP-4) Hydroelectric Power Plant  
Governor Ireland Park
11. Springs Hill Wastewater Treatment Plant
12. GBRA Main Office and Regional Laboratory
13. Lake Nolte (TP-5) Hydroelectric Power Plant  
Nolte Island Park
14. Lockhart Wastewater Treatment Plants
15. Lockhart Water Treatment Plant
16. Luling Water Treatment Plant
17. TxDOT Water and Wastewater Plant at IH-10
18. Lake Gonzales (H-4) Hydroelectric Power Plant
19. Lake Wood (H-5) Hydroelectric Power Plant  
Lake Wood Recreation Area
20. Coletto Creek Park and Reservoir
21. Victoria Regional Wastewater Treatment Plants
22. Crestview Subdivision Wastewater Treatment Plant
23. Port Lavaca Water Treatment Plant  
Calhoun County Rural Water Supply System  
Calhoun Canal System
24. Diversion Dam and Salt Water Barrier

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 Fiscal Year Ended August 31, 2003  
 Financials Prepared by the Accounting Department

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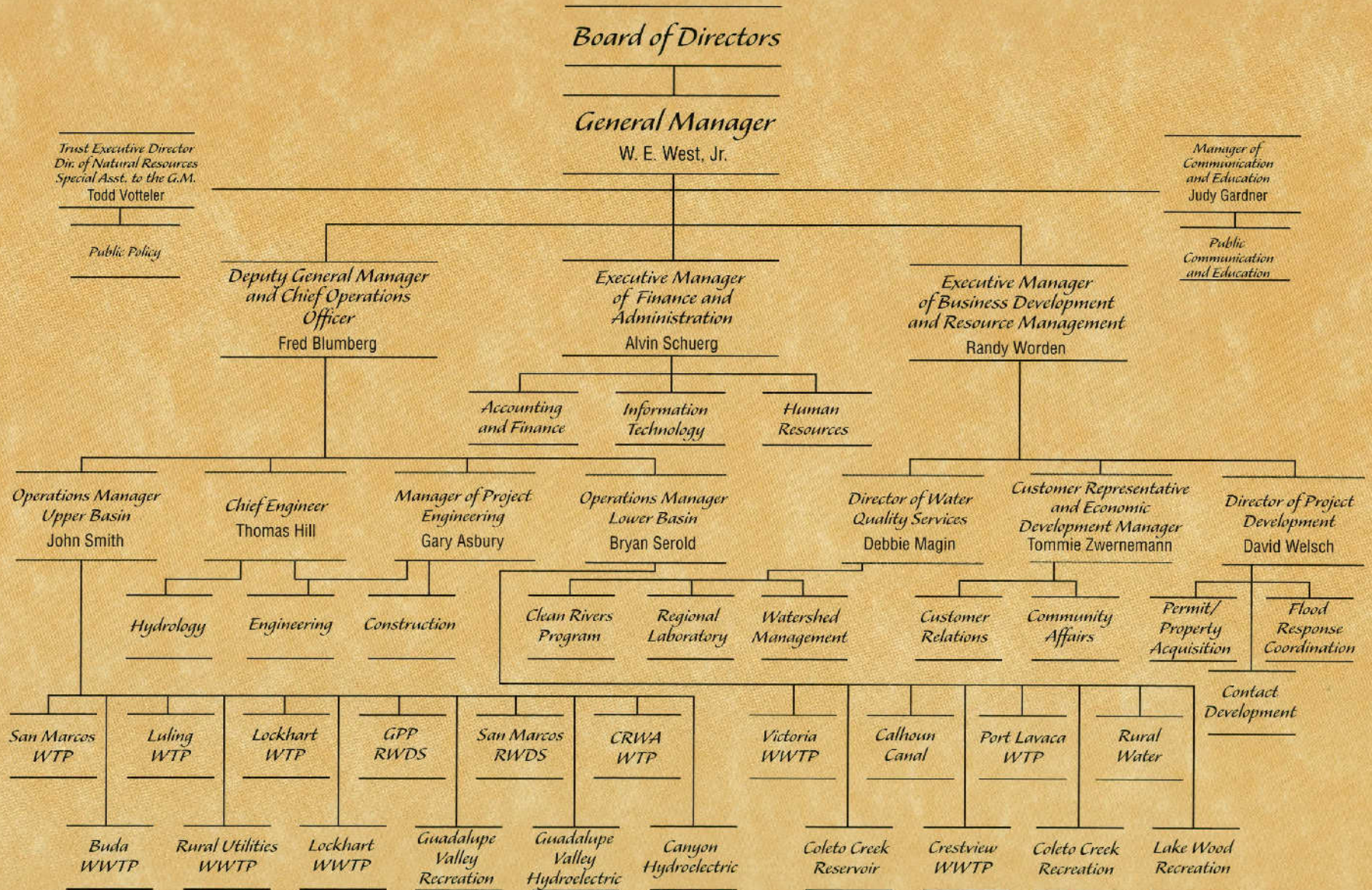
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# Guadalupe-Blanco River Authority Operational Chart



# Letter from Board Chair and General Manager



stewardship\-, \ n. 1a: the office of steward b: dealing with the individual's responsibility for sharing his time, talent and material possessions for the benefit of all mankind.

Stewardship is nothing new to GBRA. We have been practicing it since 1933, when GBRA was created by the Texas Legislature to "conserve, preserve and develop" the natural resources of the Guadalupe River Basin. Most recently in 2001, we created the Guadalupe-Blanco River Trust, a nonprofit organization to conserve land in the Guadalupe River Basin for its natural, recreation, scenic, historic and productive value.

During the past 70 years of service to our constituents, we have been privileged to work with many individuals, families and organizations who are also committed to stewardship in the best sense of the word. It has long been our dream to share their inspiring stories and examples with others.

Early this year, we began planning for one of our most ambitious and challenging Consolidated Annual/Financial Reports to date. We researched information at various historical associations, contacted local conservation organizations and other agencies, and received dozens of recommendations for potential candidates. We were gratified to find so many people who deeply love their land, their heritage, and are dedicated to preserving the natural resources entrusted to their care.

After long and careful consideration, we selected 13 candidates who represent the many individuals, families and other organizations who dedicate each day of their lives to protecting, and in many cases enhancing and restoring, the natural resources upon which we all depend.

GBRA's 2003 Consolidated Annual/Financial Report is dedicated to them - but it is also dedicated to the thousands of residents of the Guadalupe River Basin who spend each day practicing stewardship in a wide variety of ways.

We are proud to work beside them in our efforts to ensure that the air, land, wildlife and water will be protected and managed with the care and respect they deserve. This is our legacy from the past -- and our responsibility to future generations of Texans.

John P. Schneider, Jr., Board Chair

W. E. West, Jr., General Manager

# Board of Directors

John P. Schneider, Jr., Chair  
CALDWELL COUNTY, Lockhart, Texas  
Appointed: 1999, Gov. George W. Bush

Mr. Schneider is president of Schneider & Associates, Inc., specializing in commercial, farm and ranch real estate in Central and South Texas. He is a member of the Texas Society of Range Management, the Austin Real Estate Council, the Society of Texas A&M Real Estate Professionals, the Texas Southwestern Cattle Raisers Association, marketing member of the CCIM (Certified Commercial Investment Member) Austin chapter, member and past chairman of the Texas Real Estate Center Advisory Committee, and the Executive Committee of the Texas Agriculture Summit. Mr. Schneider received a Bachelor of Business Administration degree from Texas A&M University and is a member of the Texas A&M College of Agriculture Development Council, the Association of Former Students, and a board member of the A&M Twelfth Man Foundation.



Stephen F. Wilson, DVM, Vice-Chair  
CALHOUN COUNTY, Port Lavaca, Texas  
Appointed: 1999, Gov. George W. Bush

Dr. Wilson received B.S. degrees in Biomedical Science and Veterinary Science and a Doctor of Veterinary Medicine degree from Texas A&M University. He is owner of the Calhoun County Animal Hospital and a member of the American Animal Hospital Association, the American Veterinary Medical Association, the Texas Academy of Veterinary Practice, and the Texas Veterinary Medical Association. Dr. Wilson received the 1996 Texas Game Warden Association's award for Conservationist of the Year for his work with wildlife rehabilitation in Calhoun County. He is a former Advisory Director and Regional Medical Director of the Texas Marine Mammal Stranding Network. He is currently a member of the Calhoun County Chamber of Commerce, and the Port Lavaca Rotary Club.

Kathleen A. Devine, Secretary/Treasurer  
COMAL COUNTY, New Braunfels, Texas  
Appointed: 1999, Gov. George W. Bush

Ms. Devine received a B.A. from the University of Texas and her Juris Doctor degree from the University of Texas School of Law. She is Vice President, Litigation/Labor Counsel for USAA in San Antonio, and is Board Certified in Labor and Employment Law by the Texas Board of Legal Specialization. Ms. Devine is a member of the American Bar Association, the San Antonio Bar Association, and the Labor and Employment Section of the Texas Bar Association. She is a past director of the Texas Employment Law Council, the New Braunfels Museum of Art, and the Greater New Braunfels Chamber of Commerce. Ms. Devine is a parishioner at Saints Peter & Paul Catholic Church in New Braunfels, where she has lived since 1984.







Jack R. Gary, Director  
HAYS COUNTY, San Marcos, Texas  
Appointed: 2001, Gov. Rick Perry

Mr. Gary is affiliated with the William M. Gary Partnership, which is involved in farming, real estate and investments. A resident of San Marcos, Mr. Gary attended Southwest Texas State University and the University of Houston, where he studied petroleum engineering. He is a member of the American Management Association, the American Forestry Association, the Farm Bureau and the First Presbyterian Church.



Pamela M. Hodges, Director  
KENDALL COUNTY, Boerne, Texas  
Appointed: 1997, Gov. George W. Bush

Ms. Hodges is self-employed as a commercial real estate investment manager. She chairs the Kendall County Historical Commission, and is a member of the Hill Country Roundtable Steering Committee, the Kendall County Republican Women and Republican Club, the Boerne Public Library County Board, the Advisory Council to the Alamo Area Library System, the Boerne Area Historic Preservation Society, the Cibolo Wilderness Trail and Nature Center, and St. John's Lutheran Church.



Catherine R. "Kay" McHaney,  
Director  
VICTORIA COUNTY, Victoria, Texas  
Appointed: 1994, Gov. Ann Richards, 1997 Gov. George W. Bush

A native of Victoria, McHaney attended undergraduate school at Sweet Briar College and received a bachelor's degree from the University of Texas at Austin. She is secretary/treasurer and co-owner of the *Victoria Advocate* newspaper. Her community activities have included serving on the boards of Victoria College, the Victoria College Foundation, the Victoria Symphony Endowment Trust, the Citizens Medical Center, the Bach Festival and the Trinity Episcopal School Board.



Myrna P. McLeroy, Director  
GONZALES COUNTY, Gonzales, Texas  
Appointed: 2001, Gov. Rick Perry

Mrs. McLeroy was raised in Houston, and moved to Gonzales in 1984. She operates a farm that has been in her family since 1885. She is owner of the McLeroy Land Group in Gonzales. She attended Southern Methodist University and the University of Houston.

Her community activities include director, Torch of Freedom Foundation; commissioner of the Housing Authority of Gonzales, a member of the Empowerment Board of Gonzales; member of the State Republican Executive Committee since 1996; chair of the Gonzales County Republican Party since 1990; member of the American Association of Professional Landmen since 1978, and a member of the Gonzales County Chamber of Commerce and Agriculture, and the Memorial Heights Baptist Church.



Frank J. Pagel, Director  
REFUGIO COUNTY, Tivoli, Texas  
Appointed: 2001, Gov. Rick Perry

Mr. Pagel lives in Tivoli on a farm that has been in his family for three generations. He is a graduate of Texas A&M College with a B.S. in Animal Husbandry and has been actively involved in agricultural production since 1957.

Mr. Pagel is a temporary board member of the Refugio County Underground Water District. He has served on the Refugio County Farm Service Agency committee for twenty years and is the current FSA county chairman. Pagel has been the County Chairman of the Refugio County Republican Party since 1996. He is also a member of the Texas A&M Century Club and Former Students' Association.



Frederick "Fritz" Schlather, Director  
GUADALUPE COUNTY, Cibolo, Texas  
Appointed: 1997, Gov. George W. Bush

Mr. Schlather received a B.B.A. degree from Southwest Texas State University and is active in real estate brokerage and development. He is former president and board chair of Cibolo State Bank, and president of Garden Ridge State Bank. Schlather's community service involvement includes serving as former mayor of the City of Cibolo, president of the Schertz-Cibolo Chamber of Commerce, president and director of the Greater Randolph Area Chamber of Commerce, director of the Guadalupe County MH-MR Clinic, and trustee and chairman of the board of the Gonzales Warm Springs Rehabilitation Hospital.

# *FY 2003 Highlights*

## **BOARD AND ADMINISTRATION**

GBRA Directors authorized the issuance of \$4,390,000 in General Improvement Revenue Bonds, Series 2002, and awarded the underwriting to UBS PaineWebber, Inc. at an interest rate of 4.42%. The bonds received an A1 rating from Moody's Investors Service. Proceeds from the bonds enabled GBRA to construct and dedicate a new warehouse facility for the Guadalupe Valley and Canyon Hydroelectric Divisions and the Rural Utilities Division. Ground was also broken this year for a River Annex building with a multi-purpose meeting room and additional employee office space, and planning is underway to extend and improve GBRA's principal administrative offices and laboratory in Seguin.

An agreement that secures additional water resources for the City of Victoria during times of drought was ratified by the GBRA Board in May 2003. The agreement provides the city with the option to purchase a 3,000-acre-foot water right currently owned by GBRA and an additional option to lease up to 5,000 acre feet of water per year when needed, and also supports the proposed Lower Guadalupe Water Supply Project.

## **REGIONAL RESOURCE AND WATER PLANNING**

Canyon Permit Amendment. A final ruling by the Supreme Court of Texas on March 9, 2003 ended years of challenges to a request filed by GBRA in 1997 with the Texas Natural Resource Conservation Commission (now Texas Commission on Environmental Quality - TCEQ) to amend GBRA's Certificate of Adjudication No. 18-2074 and increase Canyon Reservoir's authorized water deliveries from 50,000 to approximately 90,000 acre-feet per year. The amendment was officially approved by TNRCC on August 9, 2001 and upheld by the 353rd District Court on March 18, 2002 prior to the Supreme Court's ruling this year.

Canyon Economic Benefit Study. This one-year, independent study by BBC Research and Consulting from Denver, Colorado was conducted to identify possible effects and benefits of the Canyon Reservoir permit amendment granted to GBRA. A Lake Advisory Committee appointed by Comal County Commissioners, the Greater New Braunfels Chamber of Commerce, the Canyon Lake Chamber of Commerce, the U.S. Army Corps of Engineers, Friends of Canyon Lake, Canyon Lake Water Supply Corporation and the Water Oriented Recreation District (WORD) developed and approved the scope of work and heard frequent reports from the consultants during the process. Study results identified numerous benefits resulting from the amended permit - as opposed to a future without the permit, including net economic benefits to average \$14 million per year over the next 50 years; higher lake levels; greater lake recreation activity; minimal impact on downstream river recreation activity; more business income and jobs in the local area; and more tax revenues for local governments.

Canyon Water Quality and Regional Wastewater Planning Study. This \$130,000 study to identify ways to avoid, or minimize, the effects of rapid growth in the area was conducted with a \$65,000 grant from TWDB, matched by funds from GBRA and Comal County. PBS&J Inc. of Austin, consulting engineers, provided technical management, and an 18-member committee provided opportunity for public participation and input. The six final recommendations of the study were low impact development, on-site sewage facilities, regional wastewater treatment plants, a water quality protection zone, environmental education, and water conservation.

IH-35 Water Supply Project. Hays County and the IH-35 corridor have some of the highest growth rate projections in Texas - but groundwater is limited and must be protected. GBRA is working with communities along IH-35 to develop a treated water delivery system from the San Marcos Water Treatment Plant (SMWTP) to northern Hays County. Contracts have been completed with the cities of Kyle and Buda, and negotiations are underway with other entities. The delivery system will consist of a pump station at the SMWTP and approximately 22 miles of 12-inch to 30-inch diameter pipe. Estimated cost of the project, depending on the final size of the plant, is \$12-15 million. Major accomplishments this year include identification of property and rights of way, approval of a Preliminary Engineering Report by the GBRA Board and review by customers, and meetings with the Texas Water Development Board to identify state funding sources.

The Lower Guadalupe Water Supply Project (LGWSP). This is a water resource partnership between GBRA, the San Antonio River Authority (SARA) and the San Antonio Water System (SAWS). The goal is to provide a new, additional source of water to meet future needs in the South Texas region, while protecting springflows at the Comal and San Marcos Springs and preserving inflows to the San Antonio-Guadalupe bays and estuary system. This year, GBRA and its project partners commissioned an environmental study by the Center for Research of Water Resources at the University of Texas in Austin, supervised by Dr. George H. Ward, to establish with greater certainty the inflow requirements of San Antonio Bay (the Guadalupe Estuary). A second study by Texas A&M University, Department of Wildlife and Fisheries Sciences under the supervision of Dr. Douglas Slack, will quantify patterns of habitat use by Whooping Cranes in relation to changes in Blue Crab availability, temperature, and human-induced disturbances on the Aransas National Wildlife Refuge. A third Conceptual Delivery Study is being conducted by the Austin office of URS Corporation to identify and evaluate alternatives for delivery of water devel-

oped by the LGWSP, and recommend operations and maintenance standards to promote the most effective and efficient management of the system. In addition, a report on the first draft of the Phase I Groundwater Study conducted by LBG-Guyton Associates was presented to a joint GBRA-SARA-SAWS Board Workshop.

A 34-member Citizens' Forum was established to provide an opportunity for dialogue between citizen representatives and project leaders to effectively address issues relating to the development of the project and its impact within the region. A Technical Forum was also created to receive and review information, and provide feedback on a variety of technical and environmental issues involved in the development, implementation and operation of the LGWSP. A project website at [www.lgwsp.org](http://www.lgwsp.org) was developed to provide a convenient source of information about all aspects of the project.

Western Canyon Treated Water Supply Project. This project will use stored water from Canyon Reservoir to provide a firm supply of treated surface water, at an economical cost, to people and communities in portions of Comal and Kendall counties, which currently rely on wells drilled into the limited groundwater supplies of the Trinity Aquifer. GBRA has executed in-district water supply agreements for treated water service from the project with the cities of Boerne, Bulverde and Fair Oaks Ranch, Tapatio Springs Resort/Kendall County Utility Company, Cordillera Ranch and Johnson Ranch developments. Additional customers may eventually be added from other certificated water supply areas. Out of District contracts have been signed with the San Antonio Water System (SAWS) and the San Antonio River Authority (SARA) to supply a portion of the project's water -- not initially required in-district -- with the provision that it will be returned at the end of the contract period.

Project components include a water intake structure, a pump station and 10 million gallon per day (mgd) micro-filtration water treatment plant, and approximately 36 miles of pipeline. This year, GBRA issued \$79,450,000 in revenue bonds to finance the construction; consulting engineers began project design; 90% construction plans for the water treatment plant were received and reviewed; right-of-way acquisition was started; and fabrication began on the membrane filters.

Luling-Lockhart Project. This approximately \$5 million cooperative project will use excess treated drinking water capacity at the Luling Water Treatment Plant and deliver it to the City of Lockhart to provide a firm surface water supply of up to 1.5 mgd. Blending Lockhart's current well water supply with treated surface water will reduce the mineral content and enhance water quality. Approximately 15 miles of 14-inch to 16-inch diameter pipe will connect the Luling WTP and the City of Lockhart. This year, the pipeline route was selected; a completed Preliminary Engineering Report was approved by Luling, Lockhart and the GBRA Board of Directors; rights of entry for survey were obtained; title was ordered; and acquisitions were expected to begin by the end of 2003.

Flood Debris Removal Program. A successful effort to remove debris from the July 2002 flood was completed this year. An agreement with the Natural Resource Conservation Service (NRCS) allowed GBRA to serve as the Contracting Local Organization (CLO) to administer the program on behalf of NRCS, and to serve as a local sponsor, along with the City of New Braunfels, City of Seguin, and Guadalupe County. The operation took 13 months to complete and included a total of nine projects, beginning in Comal County at IH-35 South and extending through Guadalupe County to FM 1117.

Pre-Disaster Mitigation Grant. After the July 2002 flood, GBRA applied to the Federal Emergency Management Agency (FEMA) for a \$200,000 Pre-Disaster Mitigation (PDM) Grant to develop a comprehensive All-Hazard Mitigation Action Plan for our statutory district. The Plan will identify hazards facing participating communities, assess risks, and recommend actions to reduce the risk of loss of life and property from those hazards. This year, a Request for Proposal was written and awarded to H2O Partners, Inc of Austin. Initial workshops were held in April for the upper, middle and lower Guadalupe basin; interlocal agreements were completed with participants; three additional workshops in June enabled participating entities to review their final hazards list, select mitigation strategies and work on draft plan content; public meetings were held; first draft of the plan was submitted to the State Division of Emergency Management for review.

GBRA Volunteer Program. This program was begun in December 2000 to help improve the quality of life in communities in GBRA's statutory district through the commitment of our employees and the use of their time, energy, talents and skills. This year's activities included assisting the Blue Santa Programs in Port Lavaca, Victoria and Seguin; serving food at community-wide holiday meals; helping to restore the Mid Coast Family Services Family Violence Shelter in Victoria; participating in the American Cancer Society "Relay for Life;" awarding \$2,000 scholarships to five students from the Guadalupe Basin; and participating in Adopt-A-Highway programs.

# Kendall County



*"I think we make a good living, but some people think we don't because we don't have much time off. But we love it so much it doesn't matter. It's a recreation -- it's a passion. They say you can't make a living ranching. I try to prove them wrong." - Robin Giles*

## Hillingdon Rancho, Comfort, Texas

Imagine a picturesque ranch home, over 100 years old, standing tall in the rolling hills of the Texas Hill Country. Add Black Angus cattle, Angora goats, sheep and deer grazing near creeks that meander toward the Guadalupe River, and you have the elements that make up the Hillingdon Rancho.

Named after Hillingdon, England where ranch founder Alfred Giles lived as a boy, the Hillingdon Rancho is located 15 miles from Comfort and 17 miles from Fredericksburg.

Today, Alfred Giles' grandson, Robin Giles, is the third generation to run the ranch. Robin and his wife Carol have many different facets that make up the ranch's success, and the 10,000 acres they operate is their life, their home, their business and their heritage.

"We're fortunate enough to be born into this place. I'm not about to turn it loose," said Robin. "The reason we're ranching is because we don't sell our land, and we'll lease anything we can get our hands on. It's all about volume now. There's almost 200 heirs to my grandfather's place and only one person has sold his share, and now that person has leased the land back to us to run."

In 1887, Alfred decided to move his family and native Texan wife, Laura, from England to the hills of Comfort as part of a business venture with his brother-in-law, John James. Alfred became a prominent architect and eventually started his own firm. He designed many buildings, including the original Gillespie County Courthouse in Fredericksburg.

For most of his life, Alfred's heart was torn between his dual careers. He became a founding member of the Texas Sheep and Goat Raisers Association as well as a member of the Texas Cattle Raisers Association. He purchased Aberdeen Black Angus cattle from Scotland and Angora goats. Some said Alfred was ahead of his time when he started a successful livestock operation, winning ribbons at livestock shows and increasing his herd to 600 head. Today, their Angus stock still carry the original bloodline from over one hundred years ago. When Alfred purchased his property, the Hillingdon land was severely overgrazed by cattle, turning grassland into brush. Alfred decided to bring Angora goats to the ranch as a natural form of land management. He knew the goats would eat cedar and other invasive plants that were invading his land.

Alfred Giles' son, Palmer, decided to follow in his father's footsteps. He worked at his father's firm as a structural engineer and also at the family ranch. But his love of the ranch eventually forced him to close the architectural firm. Through his travels on the ranch, Palmer discovered a natural spring. His family used it to supply their water needs and today, the spring is still the Giles' primary water source. A hill on the property serves as the only filtration system before the spring water fills a hand-dug well and is piped and delivered to the ranch's reservoir.

After high school, Palmer told his son, Robin that if he wanted to run the family ranch, he had to go to college. In 1967, Robin graduated from Southwest Texas State University (currently Texas State University) with a degree in range management and headed back home. "I came back to the ranch for more reasons than one. But the main reason was to help my mother and Daddy. I'm not one bit disappointed, but I did figure I was coming home to starve. I had never seen any income to speak of, in ranching."

Robin applied a little common sense and a lot of the agriculture and range management skills he learned at college, and eventually produced a successful ranching facility specializing in Mohair goats and Black Angus cattle.

Robin and Carol Giles have raised six children on the ranch and don't regret a minute of it. "If we hadn't made a bit of money and made just a mess of this place, it would have still paid to raise our kids here. You grow up with a perspective of life that you wouldn't get any other way. Because you see, conception, birth, and death are every minute occurrences around here with our animals. So our kids have such a wonderful vision of life that was basically thrown in their laps!"

Robin still finds time to volunteer as a parent-teacher for the Kendall County 4-H team. Recently the Kendall County team came in first place at the Texas A&M state contest. "I trained my team to be range managers and they were the state winning team that beat everyone by 350 points. All of the other teams were within 10 points of each other."

The Giles also host educational tours for college students and naturalists studying range management, botany, zoology or other agriculture-related fields. "They like to see somebody who is really making a living off the science, and this is about as close to the science of agriculture as you'll get," said Robin.

Visitors to the ranch get to see the many facets that make it work, one of which is the Angora and wool business. The Giles raise Angora goats and sheep, not only for land management but also for their blanket-making venture. "We do everything kind of different here. We make our blankets out of super fine wool. We trade mohair and wool in Mexico for finished product. But, we scour and clean the wool here, so we send nothing but clean wool to Mexico where it's weaved," said Robin.

"We can genetically produce goats that hold the kid fleece into a very old age. "We don't produce much adult hair; almost all our goats produce kid hair," said Robin. "Not many people have ever experienced blankets made out of super fine wool. Most blankets you've ever touched are made out of fairly coarse wool that scratches and itches. It might be warm, it might be comfortable, it might have good thermal properties, but you surely don't want it next to your skin," said Robin. The Giles' blankets have grown popular, and sell quickly because of their comfort.

"Mohair has wide changes in grades as the goat gets older. That makes the mohair very coarse, not bringing a very good price." Robin is a firm believer in quality, not quantity. "Anyone who thinks of mohair, thinks 'itchy, scratchy' and they're right, because that's what the manufacturers make sweaters from and it's gorgeous. But, that's really the type of mohair that should be in rugs or velour. Anyone who knows nothing about it will try it, and if you wear one of those sweaters, you'll never wear mohair again."

Some challenging situations face even the best ranches. Predator control is a serious matter on the Giles' ranch because coyotes continue to be a threat to their livestock. "This year alone we've lost about 150 head of cattle to coyotes," said Robin. This has forced the Giles to use a more aggressive form of predator control by hiring a trapper to set live traps.

Robin also believes in conservation. "It's all about managing native plants. We're farmers just like any other farmers, except our crops are native plants. We don't sell the plants, because they need to be harvested to respond. All a livestock business does is turn a product into a sellable form."

Robin Giles is anything but a "weekend rancher." He knows ranching is a full time job that requires his attention every day. "It's quite an art to produce and preserve land at the same time. And it's actually preserved better if you're also producing it. Just to turn the land loose and not do anything with it is bad for the land. You can also over-use it, and in the scheme of trying to make a living, every once in a while we can see where we've used the land a little too hard. So for the next number of years, we make sure we don't use that pasture very hard. Then it will come back."

In addition to Black Angus, the Giles stock equal amounts of goats, sheep and deer. Along with regular vaccinations, their livestock live naturally off the land. Robin is a firm believer in natural selection. "The ones that survive are the ones that have adapted to our conditions," he stated. "Overfeeding can distort your carrying capacity; then you don't know how much livestock you're producing if you're feeding a whole lot."

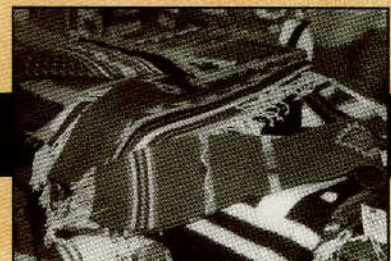
"I think we make a good living, but some people think we don't because we don't have much time off. But we love it so much it doesn't matter. It's a recreation - it's a passion. They say you can't make a living ranching. I try to prove them wrong." - Robin Giles



*Entrance to Hillingdon Ranche.*

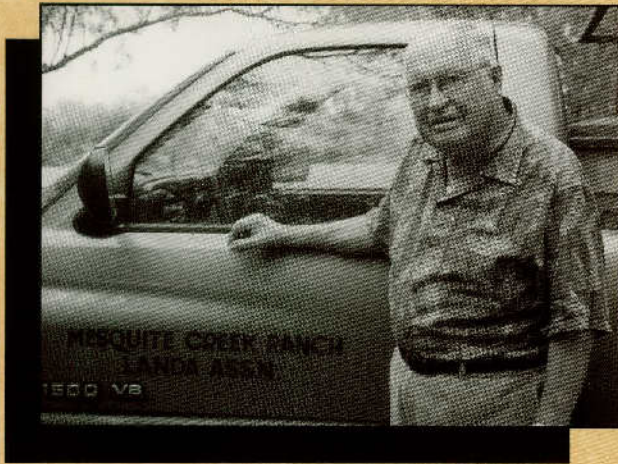


*Ranch house and oak tree where many family weddings are held.*



*Blankets, table runners and rugs are traded with Mexico in exchange for Hillingdon wool.*

# Comal County



## Mesquite Creek Ranch, New Braunfels, Texas

*While writing this article, we learned of the untimely death of Kenneth Fiedler on November 9, 2003. Like all those being recognized in this Annual Report, he was a leader who truly set an example for others and was greatly admired and respected. Many of us had the privilege of knowing him as a friend and mentor. While he will be deeply missed, his good works will be witnessed by generations to come.*

**A** native of New Braunfels, Kenneth Fiedler was proud of his German heritage and a staunch advocate of protecting the water, land, and air resources that brought his ancestors to

the Comal County area. We met Mr. Fiedler at his property, Mesquite Creek Ranch, and visited with him about his achievements and his devotion to the protection of natural resources.

"I've always believed that you need to try to conserve every drop of water that falls on your place," Kenneth said. As a means of conservation, he built stock ponds and terraces on his land. His family -- especially his grandson -- also enjoy fishing at the ponds.

Mesquite Creek Ranch looks like a typical cattle ranch, except for its two unusual pets -- llamas. They were originally purchased as a gift from Kenneth to his wife, Lorene, after she told her husband she liked the animals. "They're awful gentle animals. The most dangerous thing I've seen them do is spit at each other," said Kenneth.

After the Fiedlers purchased their 400-acre ranch in Guadalupe County, Kenneth began to build a ranch house on the property. The slab of the house was scheduled to be poured on May 11, 1972 -- the same date of the infamous New Braunfels flood. Because 16 inches of rainfall occurred in just four hours time, no one could get to the property. Even more devastating, the Fiedlers suffered serious damage to their home in Landa Park Estates when the floodwaters passed through the town.

After the Fiedler's lives were slowly restored, Kenneth finished the ranch house -- which he called a "shotgun house." He brought in beams and windows from a house he helped tear down in New Braunfels. He installed seven-foot tall doors, parquet floors and lightly-stained barn wood walls. To complement the exterior of the house, he used large rocks from the Texas Hill Country.

Rock designs and woodcrafts were always hobbies for Kenneth Fiedler. While attending the former Southwest Texas State University, he built a bed by hand, from mesquite, as a school project. After graduating from college, he taught Industrial Arts before continuing his education at Officer Candidates School (OCS). He joined the National Guard in New Braunfels and was soon promoted to Battalion Commander of the National Guard in Seguin.

Kenneth joined the army and served active duty in Europe during World War II. He was able to aid his battalion by using his bilingual skills as a German translator. He remained in the service twenty years. Kenneth enjoyed having lengthy conversations with his German-speaking friends in an effort to keep the language alive in New Braunfels.

In 1945, Fiedler became general manager at Richard & Krueger, a building materials supply company and remained there for 15 years. He also received licenses in real estate and insurance sales. "I'm fortunate," he said. "At one point I had the health insurance business of Comal County and the City of New Braunfels. You really get to know people in the insurance business." Kenneth referred to himself as a "jack of all trades."

Kenneth spent his "free time" helping others. He served as a member of the County-appointed Water Wise Committee, the South Central Texas Water Advisory Committee (SCTWAC) -- an advisory group for the Edwards Aquifer Authority -- and as a member of the Guadalupe Basin Coalition Committee whose purpose is protecting the flows of the Comal and San Marcos Springs. He was a long-time member of the New Braunfels Natural Resource Committee (NRCS) and served as its Chairman beginning in 2001. The committee has been instrumental in the protection of air, land and water resources.

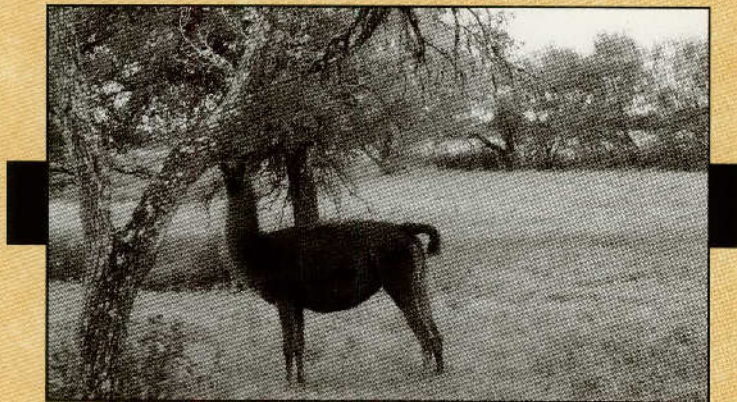
After the flood of 1998, Kenneth was appointed to the Small Dams Committee and was a successful force behind the cooperative agreement with the City and County for the Dry Comal Creek clean up project in New Braunfels.

Kenneth was also interested in a program to clean up the city land adjacent to railroad tracks. Along with NRCS and city officials, Kenneth was concerned about the overgrowth of brush and litter. "We saw kid's forts in trees, not 100 yards from the tracks. I thought we needed to control this now, so that no one would get hurt." As a supporter of this project, Kenneth believed there was no reason why the area could not be cleaned up and still maintain a healthy brush growth.

Kenneth Fiedler didn't have the limitations of a typical 84 year old. He kept his real estate and insurance licenses, and said that being successfully married 62 years "had definitely been interesting." He smiled and said, "you know, I'd be in trouble this day and time because she wasn't but seventeen when we got married!"

Kenneth felt his sons had the best of both worlds -- being raised in the city, but growing up in the country. He believed many of life's lessons and good work ethics were learned that way. Kenneth's son, Kenneth, Jr. is retired from City Public Service and his other son, Lloyd is a small animal veterinarian. Kenneth believed Lloyd's childhood experiences on the ranch were the reason he went into veterinary medicine. "This was a good place to raise my boys."

Since the Fiedlers originally purchased their land, they have sold 300 acres to the TXI Cement Company. However, the family still uses the remaining acres for cattle, llamas and recreation. Kenneth always enjoyed deer hunting and it became a family tradition with his sons. "I've deer hunted with my boys all through the years. It helps keeps the relationship," he said.



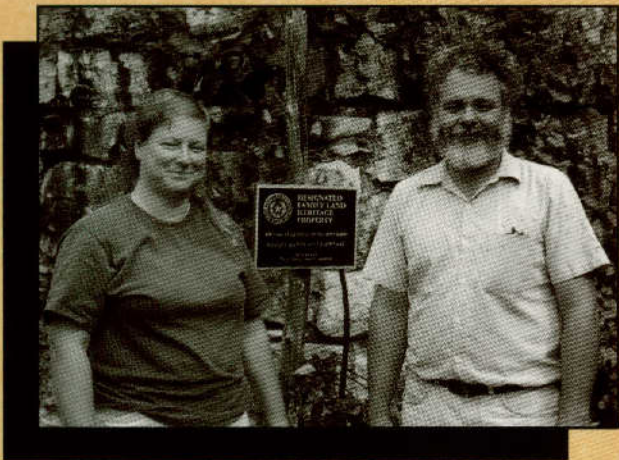
*One of the pet llamas on the ranch, a gift from Kenneth to wife Lorene.*

## Comal County, cont.

### Krause Ranch, New Braunfels, Texas

The Krause ranch consists of 1,065 acres just five miles from the City of New Braunfels -- right at the edge of the fast-growing Texas Hill Country. But despite its 'suburban' location, this ranch has been in the family for five generations.

Michael and Connie Krause, who own and operate the ranch, have mastered the challenge of living in two different worlds. Three to four days a week, Michael Krause is manager of nuclear operations at the University of Texas. His wife, Connie, is an events coordinator for the Genealogy Society and the German Heritage Society in New Braunfels.



The rest of the week, the Krauses run the same farm and ranch Michael's ancestors farmed for over 143 years - as confirmed by the Department of Agriculture plaque in front of the ranch house.

A typical day in the life of Michael Krause finds him climbing into his 1962 International truck, driving through the fields to feed cattle, or visiting a natural water pond called a vasserloch. When it's time for dinner, he heads back to the 140-year old farmhouse where he has lunch with his wife. A regular "cold lunch" might include dried deer sausage, molasses, fig preserves, and maybe Koch Käse, a German version of cheese spread to go on homemade bread -- accompanied by hand squeezed cherry limeade. In nice weather, he might step out back to get a view of Connie's kleine gaten, a small garden where Connie grows various blooming flowers -- including amazing green-colored roses.

Michael's ancestors were European immigrants who came to Texas with Prince Solms to start a new life. As farmers, builders, ranchers and business people, they knew they had to be self-sufficient. What Michael's ancestors didn't already know how to do, they learned, including building everything they owned -- from furniture to houses to barns.

The first structure on the property was a barn that still stands strong today. Cedar shingles made up the roof, and are believed to have come from the cedar trees on the property. A log cabin was the family's first dwelling. Today, a sturdy home with walls of rock and handmade bricks has been the Krause home for over a century.

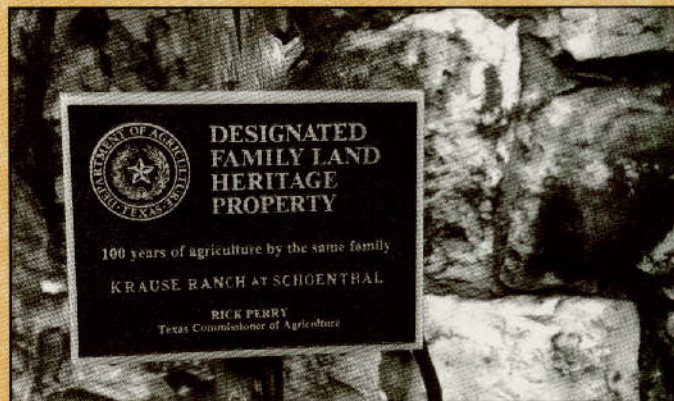
"It was a real hard life when you look at the things we have now, compared to what they didn't have back then," said Connie Krause. The family's original water supply was a perfect example of living off the land. Water was pumped into a well by a windmill, transported to a storage tank known as a cistern, and then piped into the house. Like today's water towers built on hills, the cistern was designed to hold one family's water supply.

As a child, Michael Krause lived next door to his grandparents, Eugene and Ida Krause. They farmed the land and sold fresh eggs and homemade butter from their livestock. "My ancestors raised produce and animals for their livelihood," said Michael. He also remembers his grandmother selling butter wrapped in wax paper with the name "Krause" on it -- so consumers would know where to purchase more when needed.

Michael and Connie Krause both grew up in German homes. They remember playing games with their families as children, including a dice game called "bunco" and a board game called "Muhl" (pronounced "mill"). Connie recalls that her grandfather drew the Muhl game board on a piece of cardboard, while Michael's family played it on a piece of wood.

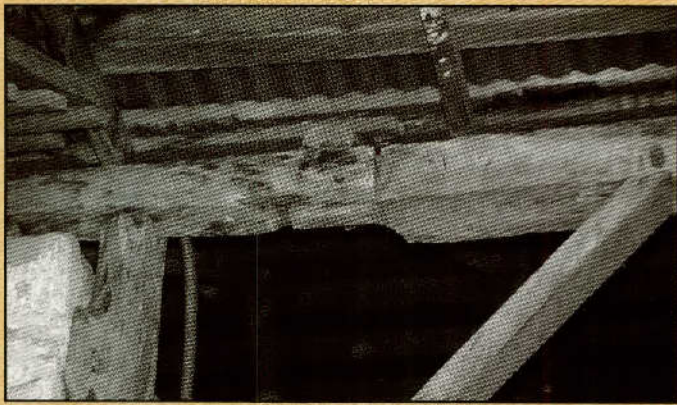
The Krause ranch includes some amazing features, including a natural pond and visible caves. Since the ranch is located only a few miles from Natural Bridge Caverns, Michael says it is entirely possible that other undiscovered caves may be located on their land.

In the 1970's, Comal County built three recharge dams on the western arm of Dry Comal Creek to help prevent flooding -- Bleiders Creek Dam, Norman Schuetz Dam, and the Krause's



*The Family Land Heritage Program honors farms and ranches that have been in continuous agricultural operation by the same family for 100 years or more.*





*Inside the Krause barn one can see examples of the old-style pegged construction.*

were able to keep most of the cedar for posts. We cut the wood, let it lie at another spot on the ranch for at least a year, and made sure it was away from any place that might get flooded." They still have wood left today from the original bundles that were harvested.

The Krauses are also committed to safeguarding natural resources and are very interested in protecting water quality. The recharge dam on the Krause ranch is dry -- except when there is flooding. Any floodwaters trapped behind their dam go straight into the aquifer. Comal County is growing rapidly, and the Krauses know that some future subdivisions may use septic tanks rather than wastewater plants -- with the potential for a septic tank to contaminate the groundwater. "These dams are recharge dams, and the fact is that future subdivisions will be feeding into two of the three recharge dams. That's why we are so concerned about subdivisions," said Connie.

While the Krauses know they can't single-handedly stop growth, they worry that annexation of their rural community could force more farmers and ranchers to go out of business. "One of the things we're realizing is the need to ban together to fight annexation by a town. If you keep annexing agricultural property, the farmer and rancher will eventually go out of business. When that happens, where will we get our food? We're already depending on oil from foreign sources and, in many cases, we are getting our cars and our food from foreign sources."

Michael and Connie also have a deep appreciation for the heritage and history within their community, and have seen many historic homes and buildings torn down in preparation for incoming subdivisions. One building was a stone barn, built at the turn of the century on the same land where Michael's grandmother was born. Flattened cedar beams had been carved for the barn's frame and were held together with wooden pegs in place of nails. Michael was able to recover some of the undamaged beams before the structure was burned. Fortunately, a small portion of the rock from the barn was kept on the premises to be placed at the entrance of the subdivision.

The Krauses realize that the astronomical cost of inheritance taxes is the reason many people are forced to sell their inherited property. As more homes are being developed in the Hill Country, Michael and Connie vow to never let go of any part of their land or their heritage. "We're surrounded by housing areas, but we are not giving up," said Michael.

Connie Krause shares her husband's concern. She has found family cemeteries adjacent to their land and is in the process of having them protected. "We're almost to the point where the cemeteries are going to be registered with the state," she said. "If this occurs, the land can't be disturbed and the cemeteries will be safeguarded against future development."

Livestock on the Krause ranch today includes Beefmaster, Brahman, Hereford, Angus, Santa Gertrudis, and Simbrah (a Simmental/Brahman mix breed). "We normally don't do supplemental feeding all of the year," said Michael, "but from

Dam -- which lies on the recharge zone of the Edwards Aquifer. According to Michael, "200 acres of our land goes underwater when the dam fills up."

Because of the Krause's long history of stewardship and protection of their land, Michael and his father Eugene Krause, met with the Soil Conservation Service in Waco while the dam was being built, to find the best way to remove the topsoil and plant grass. They also saved as many oak trees as possible from the bulldozer. They harvested the cedar and oak trees for firewood and Michael sold cords of wood to help with his college expenses.

"The county usually wanted to flat clear everything and were going to come in, knock down trees and burn them on brush piles," said Michael. "But we worked closely with them and



*The Krause's Dam is one of three recharge dams on the western arm of Dry Comal Creek to help prevent flooding.*

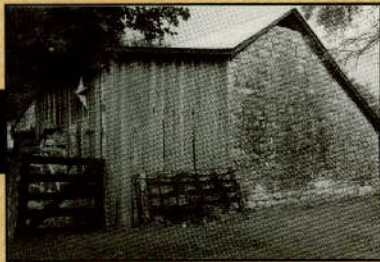
December through March we use hay. Coastal can be grazed directly and we use high protein pellets. We just let them forage from the abundant native grasses."

Even though traditional meat markets are becoming a thing of the past, the Krauses believe the small rancher and consumers could benefit if more of these markets were available. They would like to see a business that sold more natural of meat, like their livestock, which is mainly fed natural grasses. Because the Krauses still give their cattle required vaccinations, selected by the food and drug administration (FDA), they cannot call their livestock fully organic.

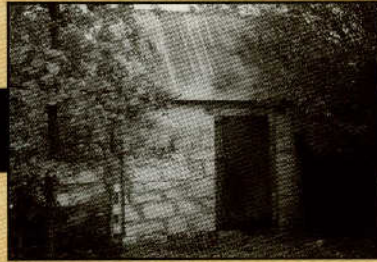
Seasonal deer hunting is permitted on the ranch as a form of range management, and brush management is also practiced. Dozing and herbicides are approved by the Department of Agriculture to clear mesquite. The Krause's are also trying to grow coastal Bermuda grass to feed their cattle. "In the mid-1970's, we decided to start planting Coastal Bermuda, but our cattle and deer like mesquite beans just as much. However, mesquite trees have the ability to over-shade, which can kill the grass," said Michael.

"We've got a tremendous number of trees. In some areas of the ranch, there is as much as 50-75% tree coverage. Even though the ranch is primarily oak and cedar, mesquites are very prolific. The cedars are very water hungry. A large cedar can draw between 15 and 20 gallons a day out of the aquifer," said Michael. "Now the Edwards Aquifer Authority is encouraging cedar clearing to increase the water supply."

Michael and Connie appreciate the hard work and dedication of their ancestors, and the harsh conditions that accompanied their lives. But they are also grateful they can experience the same satisfaction of a job well done and the value of the quiet, simple lifestyle they have chosen to live.



*The original barn is one of several historic buildings on the ranch.*



*Many generations enjoyed meats produced at the old smokehouse.*



*Six breeds of cattle are raised by Michael and Connie Krause.*

# Comal County Operations

## **Canyon Dam and Reservoir**

This structure was completed in 1964 as a cooperative flood control and water supply project between the U.S. Army Corps of Engineers and GBRA. The flood control pool (from elevation 909-943 feet msl) captures inflow from heavy rainfall events and releases them in accordance with operating regulations at rates that will not contribute to downstream flooding. The conservation pool (below elevation 909 feet msl) is managed by GBRA as a reliable stored water supply source for cities, industries, agricultural producers and other customers.

This year, the Water Resources Division made an annual principal payment of \$138,112 and an interest payment of \$170,778 for debt service on Canyon Reservoir.

## **Canyon Hydroelectric System**

### Canyon Hydroelectric Plant

Built in 1989, this facility generates hydroelectricity using the natural flows of the Guadalupe River that are passed through two, 3-megawatt generators at rates between 90 and 600 cfs. The plant's average annual generation capacity is 25-million kWh and is sold to New Braunfels Utilities for the benefit of the City of New Braunfels.

No generation occurred in FY2003 since the plant was out of operation in order to repair and replace equipment damaged in July 2002. When floodwaters overtopped the emergency spillway at Canyon Reservoir they also backed up the river channel, flooding the hydroelectric plant. The major work project for the entire year involved cleaning, repairing, and replacing many structural elements, including installing and relocating new switchgear and components to a newly-constructed second floor above the 2002 flood level. The plant was scheduled to begin operating again in October, 2003.

## **Rural Utilities Division**

This division operates small wastewater treatment plants that provide cost-effective and environmentally sound treatment alternatives to rural areas that would otherwise use septic tanks. Financing is provided by private developers, EPA grants, and a community block grant from HUD.

### Canyon Park Estates Wastewater Reclamation System

Serves condominiums and vacation units located at Canyon Lake.

FY 2003 Total Flows: 20.2 Million Gallons

RUD personnel repaired the lime feeders, rapid mixers and the #2 lift station, and performed maintenance work on the collection system. They met with developers and existing customers to discuss new connections and capacity at the plant and future wastewater needs, and performed preliminary work with a contractor on the SCADA conduit and wiring throughout the year.

### Dunlap Wastewater Reclamation System

Treats wastewater for the River Bend, Longcreek and Southbank subdivisions near New Braunfels.

FY 2003 Total Flows: 40.9 Million Gallons

During the year, RUD personnel replaced the clarifier drive motor, painted the clarifiers and control building and repaired the control panel, plant generator and liftstations at River Bend and Southbank. They worked with contractors to install an extension to the center well on clarifier #3 and performed preliminary work on the SCADA conduit and wiring throughout the year.

### Northcliffe Wastewater Reclamation System

Serves this residential community near New Braunfels and also recycles treated effluent to irrigate an adjacent golf course.

FY 2003 Total Flows: 51.1 Million Gallons

RUD personnel replaced the clarifier sludge rake, the effluent flow meter and worked with electricians on the effluent liftstation control panel. They also worked with a contractor to do preliminary work on the SCADA conduit and wiring throughout the year.

# Hays County

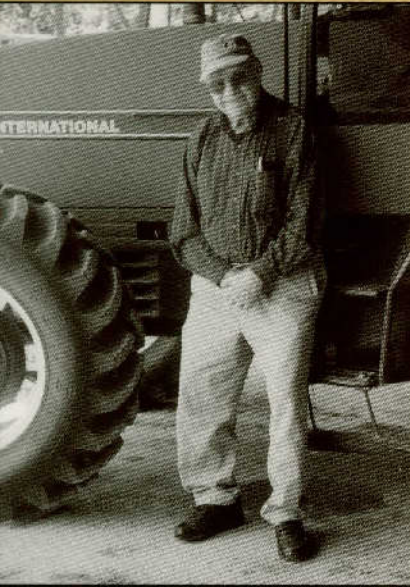
## Ernest Cummings, San Marcos, Texas

San Marcos is known for its picturesque beauty. Its natural springs and inspiring hill country views are loved by many--including Ernest Cummings.

Ernest, along with his brother, James and their father and mother, Jim and Ora, purchased 456 acres near San Marcos in 1944, naming it Green Valley. The Cummings' decision to purchase the farm may have been influenced by the site's beauty and location at the confluence of the San Marcos and Blanco Rivers.

After purchasing Green Valley, the Cummings family faced many challenges while trying to turn their new agricultural investment into a productive business. At the time of purchase, the land's soil was considered unfavorable for raising crops. "The surface had just been 'scratched' for many years, but never deep-plowed," said Ernest.

Using the Cummings' knowledge of farming and machinery -- and much back-breaking labor -- Green Valley became one of the most prosperous farms in Hays County and revolutionized the farming and cattle industries. Raising prize-winning white-face Hereford cattle was a major part of their farm and ranch business, and the Cummings' name became a household word.



*"We've always tried to produce this land well, whatever we do with it for the people coming down the road. Good land is something that's hard to come by." Ernest Cummings*

A dehydration machine uniquely designed for alfalfa was also the brainchild of Ernest Cummings. The dehydration process produced an increase in the vitamin A and protein content of the crop, which could then be quickly sold for poultry and dairy feed. This device gave the Cummings an advantage in the produce market.

Even with today's new technological advancements in agriculture, Ernest is a firm believer in living off the land naturally. "We farmed completely different than they do today. The farmers today plant fence row to fence row, plow the ground shallow, and use chemicals on it. If we were farming a thousand acres of land, we would lay out at least 200 acres of it and put cover crops on it. We would also plow it with natural fertilizer for the next year. They don't do that today. Today most farmers can't afford to do it like we used to," said Cummings.

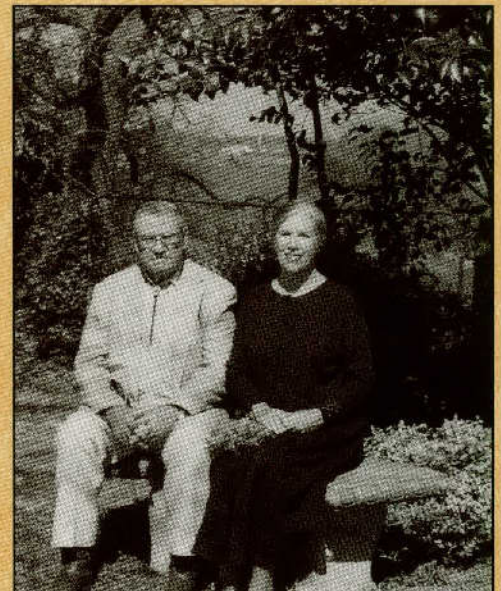
Ernest and his father also developed a unique irrigation system during the 1940's drought. After extensive study, they created their own machinery for Texas soil, and the result was a simulated four-inch rainfall for watering their crops.

After Ernest and his wife Sally married in 1962, they purchased an additional 135 acres on the Blanco River near Green Valley Farm. Throughout the years, the Cummings have shared the use of their land with other entities that have asked for their expertise and assistance. A portion of the Green Valley Farm has been used by Texas State University's (formerly Southwest Texas State University) Agriculture Department for research.

In 1999, the Cummings donated more than 100 acres of their land to the San Marcos Baptist Academy, as part of an endowment trust.

They agreed that putting their land in the trust would benefit many -- especially the students of the Baptist Academy. "All my life we've tried to leave the country better than we found it. And that's what we've done with this place here. If the kids can get a Christian education with this (land) for the next 200 years, that will be the greatest thing in the world."

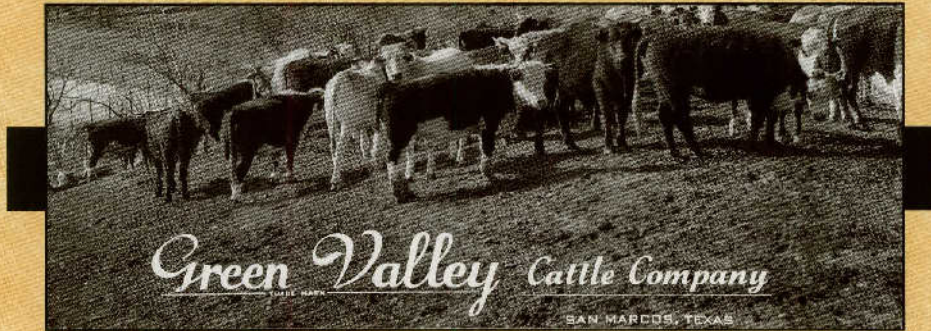
Ernest is a member of the Farm Bureau and served on its board. He also assisted the Hays County extension agency for several years. Ernest is a founding member of the San Marcos River Foundation, and currently serves on the Natural Resource Conservation Service board, (formerly the Soil Conservation Service).



*Ernest and wife Sally at home outside of San Marcos. "All my life we've tried to leave the country better than we found it. And that's what we've done with this place here."*

Throughout the years, two generations of Cummings have enhanced the soil and produced abundant and fertile resources. A third generation in the family is continuing the family farming business and industrial equipment operations. Currently, the Cummings family includes six children, seven grandchildren and five great grandchildren. Ernest is looking forward this winter to the publication of a book about his life, initially inspired by Brother Jim Lanning.

Ernest is highly respected in both the agricultural and industrial communities. Without the support of his family and his faith in God, Ernest admits his success in life could not have been achieved. When asked how he felt about his lifetime achievements, Ernest replied, "I'm the most blessed character that has ever walked down the pike."



# *Hays County Operations*

## **Water Resources Division**

San Marcos Water Treatment Plant - this \$7.2-million regional facility is owned by the City of San Marcos and has been operated under contract by GBRA since the plant began operation in 2000. The plant's 6 mgd treatment capacity can be expanded to 24 mgd to meet future growth requirements. A pump station at Lake Dunlap and 24 miles of pipeline are owned and operated by GBRA, and deliver stored water from Canyon Reservoir to the plant for treatment and distribution.

Major accomplishments this year were water delivery to the City of Kyle through the San Marcos interconnect, completed in September 2002; a plant re-rating pilot study began in August 2003, which required running the plant at a rate of 9 MGD for 8-hour periods, and the test continues into the 2004 fiscal year; plant operators manned the Western Canyon membrane pilot plant from December through July; an on-line Total Organic Carbon analyzer was installed to assist in monitoring TOC and adjusting coagulant dosage; and divers from H2O Technologies cleaned algae from the clarifier, repaired a leak in the clearwell and completed an annual inspection.

Graduate students from Texas State University, formerly SWTSU, toured the plant, as did members of an Engine Company from the San Marcos Fire Department, and plant personnel participated in the annual GBRA Volunteer Project "Our Day to Shine".

Employees completed training and obtained certification for "B" Surface Water Treatment Licenses, Electrician II Endorsement, Chlorinator Safety, OSHA Electrical Safety, Water Utility Safety, AWWA Water Storage teleconference, Advanced Process Laboratory, Water Utility Management, New Team Training, and First aid/CPR.

Buda Wastewater Treatment Plant - GBRA has operated this 600,000 gpd plant under contract with the City of Buda since October 2001.

This year, a dissolved oxygen monitoring system was purchased and analyzers installed in the two aeration basins to help plant operators track changes in dissolved oxygen. Replacements were made to an alum pump, chlorine water booster pump, and bearings in blowers were replaced and overhauled by Houston Service Industries, Inc. Meters were calibrated by Fluid Meter Services and the north clarifier was overhauled by DO2 maintenance, including rebalancing the rake and replacing sweeps.

H2O Technologies cleaned debris and sediment from the effluent basin, Precision Pumps installed a sludge pump with variable frequency drive unit, and Hochstein Welding manufactured and installed a cover over the effluent pumps. Staff remodeled the plant operations building and Alan Plummer Associates completed a Technically Based Local Limits study as required by the TCEQ under the enforcement order. A public meeting was held by the TCEQ to obtain comments on the Winfield MUD discharge permit.

Employees completed training and obtained certifications for OSHA Electrical Safety, Water Utility Management, Wastewater lab and collections, First Aid & CPR, and Thickener & Digester Operations by EnviroQuip, Inc.

Hays-Caldwell Water Treatment Plant - GBRA has operated this 2.0 mgd plant under contract with Canyon Regional Water Authority since September, 2002.

All water meters and a back flow preventors were serviced and calibrated by fluid Meter Service, seventeen membrane cartridges were replaced by Koch Industries under warranty, and air release valves on the pre-filter system were replaced.

The raw tank and clearwell were inspected by H2O Technologies divers, a MIOX pilot study was performed to determine if its use would reduce disinfection byproduct formation in the plant, and the pressure reducing valve was relocated to protect the water softening system used for chemical cleaning.

Employees completed training and obtained certifications for OSHA Electrical Safety, New Team Training, First Aid & CPR, and participated in the annual GBRA Volunteer Project "Our Day to Shine."

# Caldwell County

## Luling Foundation, Luling, Texas

Vision, courage, generosity and faith are a few of the words that describe wildcatter Edgar B. Davis, founder of the Luling Foundation. Davis was concerned with the plight of local farmers who were depending entirely on a one-crop system that depleted the land of its nutrients, caused erosion, and put the farmers at risk of losing their ability to survive and prosper.

In 1927, he gave a \$1 million endowment, a quarter of which was for the purchase of 12,023 acres that included six miles of frontage on the San Marcos River. The remaining three-quarters of the endowment established an operating fund for the demonstration farm. A Board of Trustees with members from Caldwell, Gonzales and Guadalupe counties controls the foundation today.

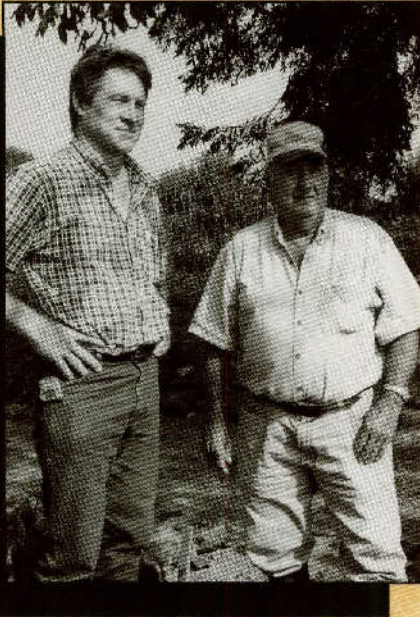
The foundation is a model farm to show what can be accomplished through diversified farming so that farmers can learn to better themselves by practical education and example, irregardless of their race, sex, creed or financial status. The goal is to make every acre on the Foundation farm a producing acre of the highest quality and quantity possible. Throughout the years, the farm has been a proving ground for new crops and methods of farming and ranching. Among the first farm improvements was the addition of a pecan orchard in the river bottom land. Fields

were terraced to prevent erosion. Experimentation with improved grasses led to the introduction of coastal bermuda to the area.

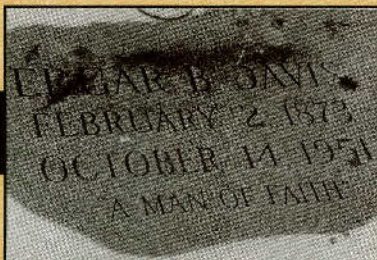
Youth education is also important, and the farm hosts many tours for area school children. Space at the farm is provided for area youth who want to raise show animals but have no place of their own. College scholarships for agricultural-related studies are given each year to one student each from Caldwell, Gonzales and Guadalupe counties, and a health care scholarship is also awarded.

Currently, the farm has completed four years of a five-year study of conservation land tillage for the production of wheat, corn, grain sorghum and cotton. Rotational grazing methods for small farms are also being tested, and improved quality goats are being bred and tested for small farms (under 40 acres). High quality registered Angus cattle are being bred for sale to commercial producers, and an F1 Brahman & Angus commercial heifer production is underway. Other endeavors include forage variety studies, winter pasture demonstrations and performance bull testing, as well as topic-specific educational field days. A field day is held each May for area farmers to showcase the farm trials in progress.

"The whole purpose of having this organization is to let us take risks so farmers and ranchers might have a better vested decision in the ag business. Not every project will be successful," according to current farm manager Mike Kuck, "but that's okay." The farm exists to experiment, document its findings, and disseminate the information -- good or bad. The Foundation charter has broad humanitarian guidelines, but its primary mission is the operation of the demonstration farm "to create opportunities in agriculture." Although the Foundation still receives interest from the original endowment, there is a need for resources to create new capital for further education, innovation, and experimentation. Donations can be made to the Advancement Fund or the Scholarship Fund. The foundation may be contacted at 523 S. Mulberry, Luling, Texas 78648, Phone 830-875-2438, or E-mail [lfmanager@bcsnet.net](mailto:lfmanager@bcsnet.net)



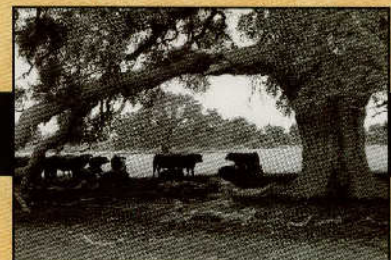
Michael Kuck, Manager (L) and Charlie Weisse, Gardener



Headstone for Davis who is buried on the grounds of the Edgar B. Davis Memorial Hospital, Luling, Texas.



Charlie Weisse, produce gardener, tending a crop of sweet potatoes.



Angus cattle under one of the ancient oaks on the farm.

# *Caldwell County Operations*

## **Luling Water Treatment Plant Division**

### Luling Water Treatment Plant

This plant, owned and operated by GBRA, has a maximum treatment capacity of 2.5 million gallons per day (mgd). It is permitted by the Texas Commission on Environmental Quality (TCEQ) to divert up to 2,800 acre-feet of water annually from the San Marcos River for municipal purposes. Since 1978, the plant has supplied the City of Luling with treated drinking water.

This year the Luling WTP produced 286,951 million gallons of potable water delivered to the City of Luling. The Luling division reported no lost time injuries, plant roads and the parking lot were seal coated, and the up-stream side of the raw water intake structure was raised to prevent gravel and debris from washing into structures during flood events. Employees excavated, formed and poured cement for spill containment around the ferric chloride day-tank, installed a plant security alarm system to include monitoring service, implemented lock gate policy 24-7, worked on vulnerability assessment, and completed the 2002 Consumer Confidence Report and delivered it to the City of Luling for distribution.

Staff spent many hours working on the Luling-Lockhart pipeline project, which is being developed under a contract between the two cities. Excess potable water produced at the Luling WTP will be delivered to the City of Lockhart to help supplement its current water supply. The City of Lockhart is currently receiving 100% of their water needs from wells drilled into the Carrizo Aquifer.

## **Lockhart Division**

### Lockhart Water Treatment Plant

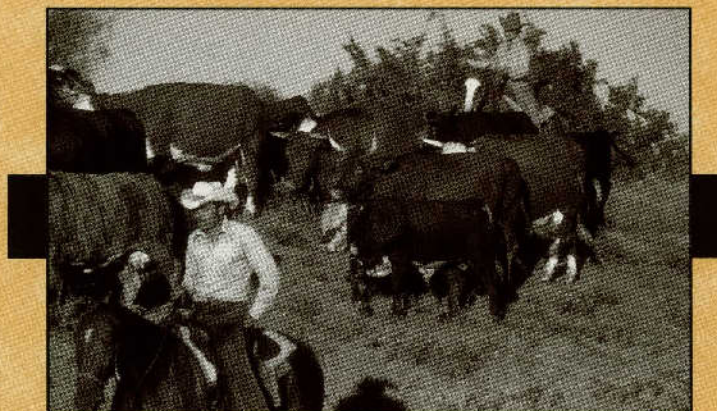
GBRA operates this 4mgd plant under contract for the City of Lockhart.

This year, an existing well was drilled and placed into service along with the pipeline. Well field water line easement roads were repaired and turbidity meters were installed on each of the filters.

### Lockhart Wastewater Treatment Plants

In 1994, GBRA began contract operation of the 1.1 mgd Larremore Street plant, and in 1999 assumed operation of the new 1.5 mgd FM 20 wastewater treatment plant.

This year, major work projects included an overhaul of the Larremore Street wastewater treatment plant barscreen, installation of the clarifier brushes and the construction of the blow room enclosure at the FM20 wastewater treatment plant.



*Photo courtesy Texas Parks & Wildlife - Martin T. Fuller*



# Guadalupe County



## Mirece Wilson, Seguin, Texas

**W**e will never know all the historic events that occurred along the banks of Sandy Creek, Salt Creek, Pole Cat Creek and Rocky Creek in Seguin. However, we caught up with Mirece Wilson, one man who remembers stories of his slave grandfather's life among these creeks and a road called Capote. With a friendly welcome and warm smile, Mirece Wilson visited with us and shared some of his family memories.

Mirece's grandfather, Hiram Wilson, was brought to Texas as a slave during the Civil War. He was the first of three generations of the Wilson family to live off the land as farmers and ranchers. Today, Mirece's home sits just down the road from his parents' and grandparents' farm.

Mirece was one of seven children and was born in an era when they were expected to do chores before and after school. Living on a farm meant many responsibilities for each sibling. "We planted corn with oxen that pulled the plows and we raised cattle and our own feed," said Mirece. His family also grew sugar cane to sell to nearby molasses mills.

Mirece remembers land conservation as a way of life for everyone. He recalls that in the "olden days" most farmers knew that terracing and maintaining the land would prevent erosion and also help produce the most successful crops. In 1940, Mirece and his wife Elnora purchased a 68-acre farm in Guadalupe County, which is still his homestead today. Mirece carried on the practice of agriculture conservation learned during his childhood while raising vegetables and feed for his cattle.

Mirece and Elnora decided to move to Corpus Christi in the late 1940's, where they raised two sons, Maurice and Willie. In 1984, Mirece retired from the Corpus Christi City Bus Company and he and Elnora moved back to their home in Seguin that they had kept all through the years.

After settling back down on Capote Road, Mirece never imagined he would discover a missing piece of his family heritage. But in 1999 he met Richard Kinz, who told Mirece he discovered bits of pottery near Sandy Creek, while surveying land in the Capote hills. Kinz believed that the pottery belonged to Mirece's grandfather, Hiram Wilson. These pieces did, in fact, turn out to be authentic artifacts of the H. Wilson & Company Pottery business.

Prior to his meeting with Kinz, Mirece knew of the pottery site on Salt Creek, but had no idea the land still remained in the family. After careful research, Kinz found a partition deed, which stated the old pottery site still belonged to the heirs of the Wilson slave brothers!

Mirece praises Kinz for his research and endless hours of labor to find the Wilson's heritage. "If it wouldn't be for Richard's help we wouldn't know what we know today about my grandfather," Mirece said. Kinz's devotion to the pottery site and respect for the land and artifacts has been evident since the excavation three years ago.

Many slaves were brought to Texas to work the farmlands of slave owners. However, Mirece's grandfather, Hiram Wilson, was taught a different skill - making pottery. After the Civil War, many of the newly-freed slaves started their own share-cropping business. Hiram however, had no money to farm, nor did he have the desire. Instead he decided to try his hand at doing what he knew best.

Hiram and his brothers purchased land for a pottery site. The next four decades proved a successful way of life for the master potters. People came from all around South Central Texas to purchase the pottery. Little did the Wilson brothers know they were creating pieces of history and valuable heirlooms indicative of their time!

"Throwing pots" is a term used when potters use handfuls of raw clay to shape jars and crocks on a pottery wheel. Some of the early pots did not survive the 1800 degree oven, especially if the kilns were opened too soon, allowing cool air to reach the pot. Kinz's excavation found many piles of shard pottery, indicating numerous pieces deemed undesirable by the master potters.

Not only was Hiram a master potter, but he followed his faith in God to become a minister at the Capote Baptist Church. Hiram Wilson's life has been an inspiration to his grandson. Mirece is proud to be a member of the Wilson Pottery Foundation and a descendant of one of the few master potters recognized in Texas history.

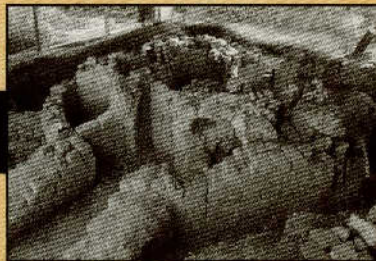
The Wilson Pottery has become an art form, due mainly to the vibrant pottery pieces bursting with vivid blue-grey hues. These embellished finishing touches were added by throwing rock salt into the kiln, creating fumes of hydrochloric acid. This uniqueness and beauty has made this Texas pottery a priceless heirloom for collectors.

H. Wilson & Co. is listed on the National Register of historic places and a historic marker has been placed in front of the Capote Baptist Church. The Foundation is currently developing plans for a Wilson Pottery Museum and website. Exclusive pieces have been discovered with visible fingerprints from the master potters and even some rare pieces that show a signature bearing "H. Wilson & Co."

Like the master potters who created valuable relics of their time, Mirece Wilson has done the same as a third generation landowner. Because he knows that -- in today's world -- land is becoming scarce and valuable, Wilson feels certain that his land's heritage will stay intact for future generations to investigate and appreciate.



*Historical marker on the grounds of the Capote Baptist Church.*



*Excavation site of the beehive kiln used by Wilson to fire his pottery.*



*Wilson pottery in the collection of Richard Kinz.*

# Guadalupe County Operations

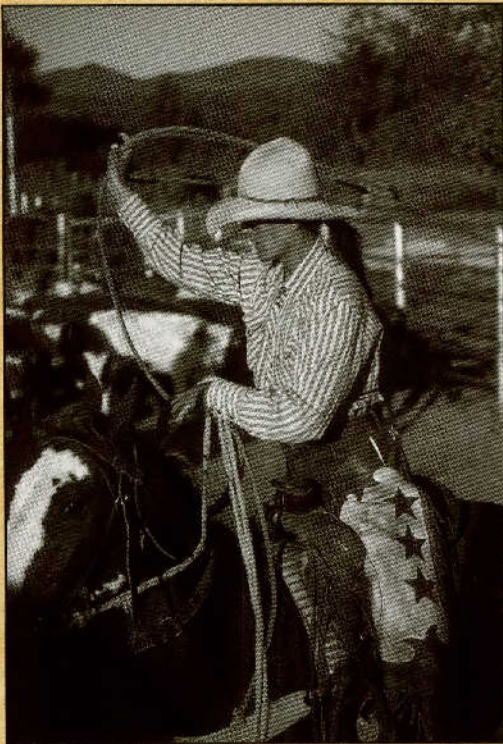


Photo courtesy Texas Parks & Wildlife - Glen Mills

## General Office-Seguin

This location accommodates a number of departments that supply administrative, technical and specialized support services to GBRA's operating divisions.

Finance and Administration provides accounts payable, receivable and payroll functions; human resource services; and network administration support to GBRA divisions.

Major accomplishments this year include a Distinguished Budget Presentation Award from the Government Finance Officer's Association (GFOA) for GBRA's FY 2003 Budget and a Certificate of Achievement for Excellence in Financial Reporting for the FY 2002 Consolidated Annual/Financial Report (CAFR). Other major projects include the installation of new investment software; extending the Navision accounting software to additional field offices to enhance coordination of accounting information; redesign of the GBRA website; and the initiation of an offsite, 'mirrored' GBRA website to ensure that information is available to the public during flood conditions and other emergency situations. Human Resources staff reviewed the annual assessment process; enhanced the supervisory training program; and revised the summary of employee benefits.

Business Development and Resource Management is a newly-expanded department responsible for customer relations, economic development, community affairs, new project development, chamber of commerce relations, constituent relations, utility acquisitions, the Clean Rivers Program,

laboratory services, source water protection, water conservation and reuse, instream flow and bays and estuaries, surface and groundwater quality, lake association relations, and coastal zone, aquatic vegetation, brush and watershed management programs.

In FY 2003, department staff initiated semi-annual customer meetings; served as the corporate sponsor for the Texas Water Safari and took an active role in organizing the event; hosted and co-sponsored the 7th Annual Lineman Rodeo and assisted with event planning; prepared and obtained a National Park Service Technical Assistance Grant for the City of Luling to begin the planning process for development of historic Zedler's Mill; prepared and obtained an \$8,300 grant from the M.G. & Lillie Johnson Foundation on behalf of the Belmont Volunteer Fire Dept to purchase emergency equipment; drafted GBRA donation guidelines for awarding corporate contributions; secured back-up generators for water systems in Tivoli and Austwell; and assisted with corporate recruitment prospects for several communities within the GBRA service area.

Communications and Education shares GBRA's vision, mission, goals and current programs with the public by developing materials for internal and external distribution; creates educational programs to promote environmental awareness and appreciation among students; and provides public relations support.

This year, the department wrote and published the FY 2002 CAFR; coordinated a FEMA Pre-Disaster Hazard Mitigation grant plan with participating basin counties; completed the GBRA video "The Challenge of Leadership;" helped develop the public communication plan for the Lower Guadalupe Water Supply Project (LGWSP); converted the existing contact database to Navision for a uniform application throughout GBRA; and combined the internal newsletters 'What's Happening' and 'Current Inflow' into one publication. The department also added a full-time Education Coordinator who completed, distributed and conducted teacher training for GBRA's new middle school science curriculum, "River of Life, free to all basin middle schools. The existing fourth-grade curriculum, "Journey Through the Guadalupe River Basin," was distributed for the 15th consecutive year and has reached approximately 92,000 students since 1989. In addition, a month long exhibit was provided to the Texas Freshwater Fisheries Center in Athens. Over 450 students from schools throughout the state visited the exhibit to take an interactive computer tour through the Guadalupe River Basin.

Engineering conducts hydrology and flow monitoring studies; assists with water and wastewater plant design services and process evaluation; monitors rainfall events and river conditions through the National Weather Service River

Forecast Center in Fort Worth; and provides assistance to emergency management coordinators and local officials during severe weather events.

This year, staff continued the Guadalupe Delta Modeling Project and expanded its scope to explore participation by the U.S. Army Corps of Engineers, due to the modeling complexities of this region. Seven stage data loggers were deployed to gather more accurate stage data within the Delta. Since accurate field data is critical to the modeling effort, several trips were also conducted to gather flow measurements using an Acoustic Doppler Current Profiler (ADCP). In the Upper Basin, work continued on the rainfall telemetry network, which now includes 38 stations that provide real-time rainfall measurement. This data is transmitted to the NWS to help with river flood forecasts.

Project Engineering supplies management for the design, review and inspection services required for construction and installation of GBRA facilities, and coordinates closely with GBRA's Engineering and Project Development departments.

This year, staff continued work on the Western Canyon Water Supply Project, including right-of-way acquisition and design for the water treatment plant, intake structure, and pipeline. Significant progress was also made on the IH-35 Water Supply Project and the Luling-Lockhart Water Transmission Facilities, including route selection, work on the Preliminary Engineering Reports (P.E.R.), and investigating potential funding sources. Major elements of the GBRA office renovation project were also completed.

Project Development is responsible for the coordination of project planning; contact with parties interested in water and wastewater projects; contracts for services, permits and rights of way; and special project coordination, lake management and flood response.

Staff completed a successful, year-long cleanup and removal of debris from the July 2002 flood. The Natural Resources Conservation Service, due to limited personnel available to manage the many disaster-related efforts, selected GBRA as one of only a few agencies to serve as a Contracting Local Organization for a NRCS-EWP Project. The City of New Braunfels, City of Seguin and Guadalupe County also served as local sponsors for the project.

GBRA obtained NRCS and local match funding; prepared the damage survey reports; obtained access to property; prepared bid documents and solicited bids; and hired and managed the compliance, funding and supervision of the project. A total of nine projects were included, beginning in Comal County at IH-35 South and extending through Guadalupe County to FM 1117. The operation took 13 months to complete, with contractors working 6 and 7-day weeks. GBRA received excellent cooperation from the sponsors and local Lake Associations, and the lakes were re-opened in time for the summer 2003 recreation season.

Department staff also continued work on the Western Canyon Regional Water Supply Project, the Luling-Lockhart Water Transmission Facilities, and the IH-35 Water Supply Project.

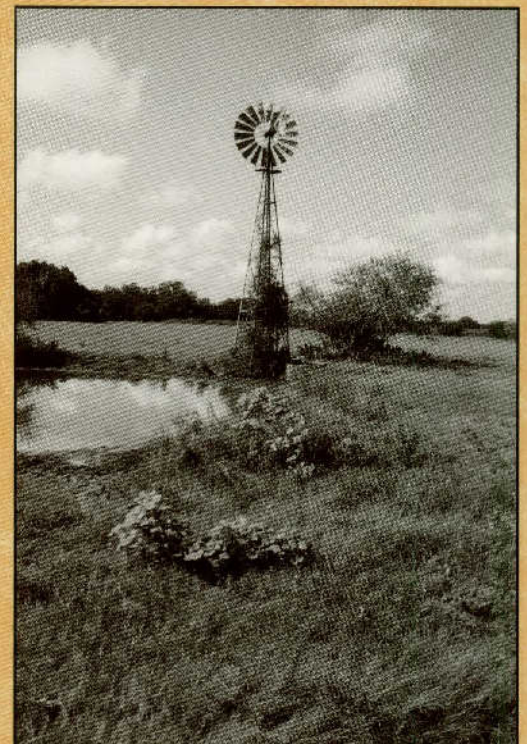
## **Water Resources Division**

Regional Laboratory staff provide technical assistance to GBRA's water and wastewater treatment operations, and perform chemical and bacteriological analysis of potable water, wastewater, biosolids, groundwater wells, and environmental samples for cities, water districts, industries, consulting firms and private individuals.

In addition to ongoing participation in the Clean Rivers Program, the Laboratory obtained accreditation for analysis of chlorite in drinking water - a disinfection by-product that is monitored in compliance with State drinking water standards. The Laboratory is also accredited to analyze total coliform and E.coli, total organic carbon, total hardness, turbidity, pH, orthophosphate, alkalinity, sodium and calcium for public drinking water systems.

## **Guadalupe Valley Hydroelectric Division**

This division operates six dams and powerhouses along the Guadalupe River. Flood flows from the July 2002 event that sent water over the emergency spillway at Canyon Dam were passed through this system for 92 days during FY2003. The system generated a total production of 64,974,600 kWh, and



*Windmills played an important role in the lives of early settlers from the late 1800's until electricity reached remote communities.*



*The wind uses a windmill for renewable resource as our rivers uses the dams.*

also delivered 846,695,620 gallons of industrial water to the Guadalupe Power Partners' 1,000 megawatt natural gas-fired power plant outside Marion.

#### **Lake Dunlap (TP-1) Dam and Powerhouse**

Lake Dunlap is located on the northwest border of Guadalupe County near New Braunfels. This 410-acre lake has a storage capacity of 5,900 acre-feet.

#### **Lake McQueeney (TP-3) Dam and Powerhouse**

Lake McQueeney is located in Guadalupe County approximately two miles west of Seguin. The pond area is 400 acres with a storage capacity of 5,050 acre-feet.

#### **Lake Placid (TP-4) Dam and Powerhouse**

Lake Placid is located in Guadalupe County between Lake McQueeney and Meadow Lake. The pond area is 248 acres with a storage capacity of 2,624 acre-feet.

Employees installed dry-type station service transformers in the power house, and completed a major overhaul of the turbine and generator bearings.

#### **Lake Nolte (TP-5 or Meadow Lake) Dam and Powerhouse**

Meadow Lake is located in Guadalupe County south of Seguin. The pond area is 153 acres with a storage capacity of 1,550 acre-feet.

Major work at the powerhouse included complete repainting of the interior and a repair of the roof.

Hydro division employees completed annual preventative maintenance inspections and tests at each plant.

#### **Nolte Island Park**

Whenever possible, GBRA improves its property adjacent to dams and powerhouses for public use and recreation. Nolte Island is located next to Meadow Lake, between the Nolte Dam and powerhouse in Seguin. The island grounds and park facilities are maintained by the Rural Utilities Division. This year, employees performed maintenance work on the playground equipment, the pavilion and the pole field.

Since 2001, the Park has become the official site for the Texas Electric Cooperative's annual Lineman's Rodeo. This year, approximately 40 three-person teams plus 30 apprentice linemen from Texas and New Mexico competed in the two-day event held on July 18 and 19. Park facilities include a covered pavilion, restrooms, outdoor barbecue facilities, children's playground and areas for horseshoes and volleyball and are available by reservation for group and special events. For information, or to reserve Nolte Island, call (830) 379-5822 or visit [www.gbra.org](http://www.gbra.org).

#### **Rural Utilities Division**

Springs Hill Wastewater Reclamation System serves the Nob Hill and Country Club Estates neighborhoods in Seguin.

FY 2003 Total Flows: 32.9 Million Gallons

RUD personnel painted the clarifier, replaced all of the clarifier weirs with stainless steel weirs, and replaced the main bearing on the clarifier drive. They also installed a magnetic flow meter to monitor the return biosolids flows. Working with a contractor, they performed preliminary work on the SCADA conduit and wiring throughout the year.

#### **TxDOT Wastewater Treatment Plant and Drinking Water System**

GBRA's Rural Utilities Division provide water and wastewater services for this site at IH-10 under contract with the Texas Department of Transportation. All treated wastewater is reused to irrigate the rest area's landscaping using an underground sprinkler system.

FY 2003 Total Flows: 2.0 Million Gallons

RUD personnel performed maintenance work on the drinking water booster pumps, chlorination system, control float system, and the wastewater reuse irrigation system.

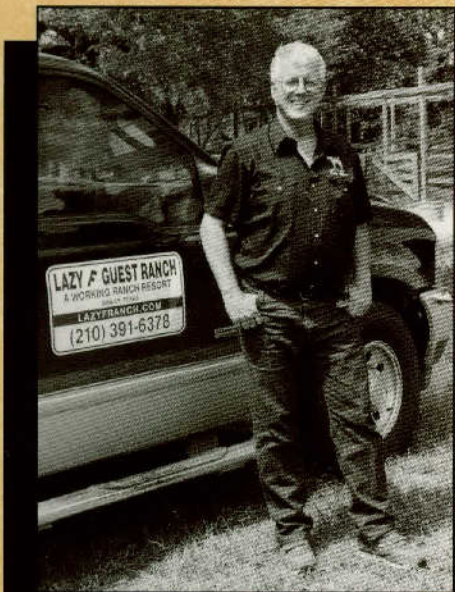
# Gonzales County

## Clay Allen, Lazy F Ranch, Smiley, Texas

As times change, it is often necessary to find creative methods of keeping land in the family. Clay Allen, owner of the Lazy F Ranch or "Los Arroyos," has a unique solution. He has maintained the integrity of his family's land by turning the ranch into a working guest ranch. Guests come from all over the world to live out their fantasies of the "cowboy life." On any given day you might see guests working cattle by rounding them up on horseback to brand and vaccinate.

Visitors to the Lazy F learn that every day is a new opportunity filled with unlimited possibilities. Allen's historical knowledge of the ranch and this area of Texas can pique the interest of even the most skeptical. The ranch itself has a fascinating history and some pretty incredible legends. Texas outlaw John Wesley Hardin had a home on the ranch, and the foundation blocks can still be seen across the creek on one of the horse trails.

The wagon tracks of the legendary Camino Real (Kings Highway), between San Antonio de Bexar and Galveston, can also be seen running through the ranch. Supposedly, Generalissimo Santa Anna's wagon train, loaded with gold to pay his troops, was buried on the ranch when the Mexican paymaster learned of the General's defeat at San Jacinto.



*"I've traveled all over the world and back again, and I've realized that every day here is just a day in paradise."*  
Clay Allen

Five miles from the ranch is "Salt Flat," where untold generations of Indians found salt on the surface of the ground and collected it under a mutual peace treaty that is older than the Egyptian pyramids!

The Lazy F has been in Clay Allen's family since 1854. Alton Sidney Billings originally founded the ranch. Billings came by wagon from Tennessee as a child and later built a successful cattle and banking empire. He bought cattle and shipped them north with Chisholm and Goodnight. Around 1865, he founded the bank in Smiley. During that time he bought over 70,000 acres, and leased another 150,000. At one time, the ranch reached almost from Nixon to Shiner.

Allen comes from a family of survivors. He will tell you that in any era of history, people did whatever they thought necessary to survive, and Allen's grandmother was no exception. Molly Hewell survived on the ranch raising her children after her husband died.

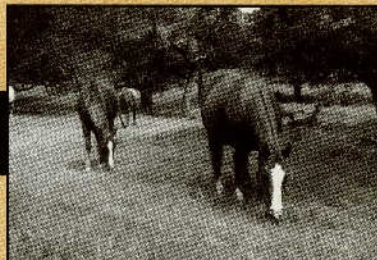
In 1927, the ranch was willed to Clay's mother, Doris "Toni" Allen. Clay's father and grandfather began ranching during the drought of the 1950's, but within four years almost lost everything. "It never rained. When I was a little boy this was bare dirt here. You could play baseball in August and there were no grass burrs, just bare sand," said Allen. This devastating failure only made his father more determined to succeed. Allen's parents learned to become successful ranchers, and eventually the ranch became a weekend home for entertaining friends from all over the world.

Allen moved to the ranch after finishing a military career and now lives on the property with his daughter, Sydney. Allen's attempt to preserve his family's land has proven invaluable in more ways than one. He uses the ranch as his business tool to succeed, but it also gives the neighboring communities economic benefits from his guests. His daughter Sydney has also benefited, "She's already learned priceless lessons from living on the ranch," said Allen.

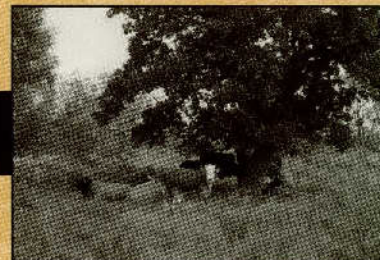
The Lazy F is located on 2,500 acres near Smiley, in Gonzales County, approximately 70 miles southeast of San Antonio on U.S. Highway 87. To contact the ranch call 830-587-6378 or visit their website at [www.lazyfranch.com](http://www.lazyfranch.com).



*Ranchhouse built by Allen's parents to entertain their friends.*

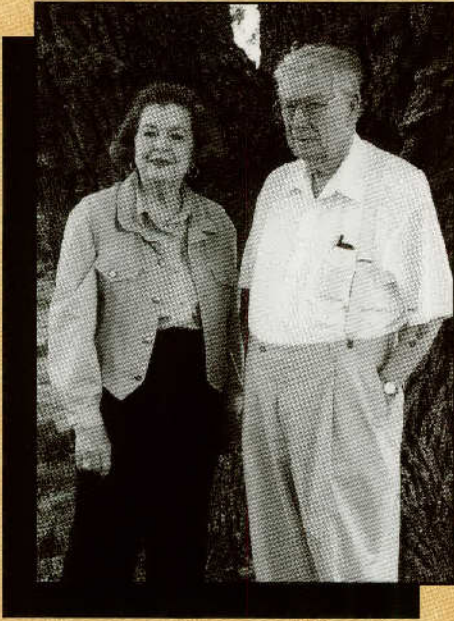


*A few of the many horses available to ride on the Lazy F.*



*Cattle allow the guests to live their fantasies of the "cowboy life."*

## Gonzales County cont.



Ruth "Baby" Kokernot Denman and husband W.B.

### Kokernot Ranch, Gonzales

Unique ranches exist throughout much of Texas. But very few people have seen land quite like the Kokernot ranch. With its diverse range of flora and fauna, it's an amazing part of Texas you may not find anywhere else.

One of the most distinctive features of the Kokernot ranch is its location. The 2,000 acre property is located at the confluence of the Guadalupe River and Peach Creek in Gonzales County. "Preservation of the ranch is so important," said Horace Gore, game biologist at the ranch. "It's very much affected by the Guadalupe River and its tributaries. In their natural state, the Guadalupe River and Peach Creek have made the ranch what it is -- as far as wildlife habitat is concerned -- for the last 200-300 years."

The steady flow of the Guadalupe River takes on the Peach Creek's brackish-looking stream as they converge. A massive Burr Oak tree sits on the banks, where it sheds tons of mammoth-size acorns for the hogs, deer, birds and squirrels to eat. If given a guided tour through the ranch, one might see Honey Locust, Cypress, Black Brush, Cedar Elm, Red and Blackjack Oak, and Red Mulberry trees.

Dr. William Bryan "W.B." Denman and his wife Ruth "Baby" Kokernot Denman are the current owners of the ranch, and rely on long-time friend Horace Gore to manage the wildlife. Gore lives on the property and, when he's not editing Texas Trophy Magazine, spends the majority of his time at the ranch.

"I don't think I've ever seen a better area for certain species of wildlife than the bottom on the Kokernot. It hasn't been disturbed and is considered what you would call mature forest," said Gore. "It's such a unique place."

The Kokernot has a combination of South and East Texas vegetation and lies on the border of two different ecological regions of Texas called the Post Oak Savannah and the Blackland Prairies. Gore believes even a third eco-region may exist, due to upper basin flooding of the Guadalupe.

Very little modernization has taken place on the property since Baby's great grandfather purchased the land. The only alterations came in the 1965's, when senderas were cut through the thicket for cattle to travel to the creek bottom. "This is the most pristine wildlife habitat that I've ever seen between Kerrville and the coast," said Gore. "Baby and W.B. feel strong about keeping the land the way it's supposed to be."

Until the Denmans inherited the ranch, deer were hunted only by the Kokernots and a few close friends. This resulted in a plentiful herd, but grazing land became dangerously scarce. As a result, W.B., Baby and their son Bryan S. Denman took it upon themselves to start land conservation measures in the 1970s. They contacted the Texas Parks & Wildlife Department for assistance with deer and land management, and hunting and fishing leasing.

"We're required to limit the number of deer in this program, so we have someone who leases the land eight months out of the year for hunting. Since we've become part of the program, the deer are healthier, larger and have more to eat," said W.B.

The Denmans purchased South Texas deer and Rio Grande turkey to introduce new breeds on the ranch. Much of the wildlife on the Kokernot are not common varieties, including the Piliated Woodpecker and flying squirrels that live the hollows of live hackberry, Pecan and cedar elm trees.

Green Anoles, white tail deer, Diamond Back rattlers, the rare cotton mouth moccasin, grey and fox squirrels, three species of rabbits--including the East Texas swamp rabbit--and Russian Bore hogs also inhabit the ranch. Gore has even seen the rare Timber Rattler, normally native to east Texas. "There's nothing any finer than to watch the sun go down or even the moon rise. There's nothing so pretty and there's nothing out here to keep you from seeing it," said Gore.

Forces of nature have changed the ecological make-up of the ranch. Red oak, chinaberry, hackberry and anaqua trees now exist on the



Confluence of Peach Creek (Left) and the Guadalupe River (Right). Few people, other than Indians, have been to this site because of its location on the Kokernot Ranch.

Kokernot -- but are not native. "They could have been brought in from other regions of Texas during past floods," said Gore. "That's actually a good thing about floods. They redistribute flora and fauna throughout other regions."

"During a flood, about 85% of the ranch goes underwater, so you have to know how to handle it," said W.B. "Peach Creek cuts the ranch into two thirds and one third. It empties into the Guadalupe at the creek bottom."

For 150 years, four generations of the Kokernot family have preserved a rare piece of heritage -- their land. "All of the Kokernot men were true ranchers," said Baby. As the daughter of cattle rancher Frederick David Kokernot, Sr., granddaughter to L.M. Kokernot, and great granddaughter to David Levi Kokernot, she is the fourth generation to own the Kokernot land at the 'Big Hill' district of southeastern Gonzales County.

Baby's great-grandfather, David Levi Kokernot sailed to America with his father, a freight transporter, from Amsterdam, Holland. At the age of twelve, David Levi was left in New Orleans under the care of a riverboat captain who trained him as a ship's pilot for maritime and river trading. He received a captain's license at the age of 19 and sailed the Mississippi River, Caribbean Sea and Atlantic Ocean.



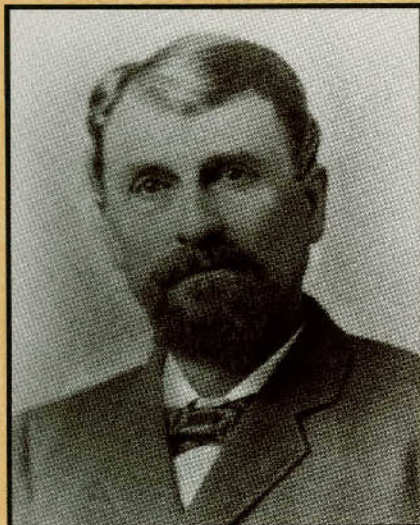
David Levi Kokernot

When he returned home, David Levi joined the Texas Revolution and served as Commander of the First Texas Navy and also fought in the "Grass Fight" before the fall of the Alamo. On the way to San Antonio to participate in the battle of El Concepcion, he crossed over "Big Hill" in Gonzales County and viewed the Peach Creek valley land. He was so impressed with its beauty that he vowed to move his family there after the war. David Levi kept his promise and moved his wife, Caroline Ditmar Maley and their five daughters and two sons from Anahuac to "Big Hill," where he bought acreage and raised his family.

Before the Texas Revolution, while he was traveling to Nacogdoches to apply for a land grant, he met Sam Houston, who was in town for the same reason. Houston used David Levi as his political advisor and commander to a ranger company on the Sabine River. David became a historical icon in Texas history by keeping a journal and writing about his life and travels. He went on to serve in the Civil War as a non-commissioned officer and was honorably retired from the Army of the Confederate States.

David and Caroline Kokernot's son, Levi Moses "L.M." Kokernot -- Baby's grandfather -- became a land broker in the 1800's. He acquired a total of 32,000 acres and sold 20,000 to Polish and Czech immigrants.

He also went into the cattle business and made several drives to Dodge City Kansas. In 1871, L.M. went into partnership with George W. Miller and bought land in Oklahoma. By the year 1880, when Kokernot withdrew from the partnership, the enterprise had grown into the vast 101 Ranch of Oklahoma, still one of the most famous ranches there today. L.M. then formed a partnership with his brother John Kokernot in Alpine Texas, which became the 06 Ranch. He later bought his brother out and in time, passed the 06 Ranch to his oldest son, Herbert Lee Kokernot. The 06 Ranch is still owned and operated by Herbert Lee Kokernot's heirs. L.M. also found time to serve in the Civil War with Terry's Texas Rangers.



L. M. Kokernot

L.M.'s son Frederick David Kokernot, Sr., baby's father, attended school at the San Antonio Military Academy and played football for the team. After he graduated, Frederick David returned to Gonzales to do what he loved -- managing his part of the Kokernot ranch.

Frederick David's daughter "Baby" was raised in Gonzales. She went to finishing school in Washington D.C. and attended the University of Texas. She has many memories of time spent with her father and received her first horseback riding lesson from him. Although the trip from their home to the ranch was only ten miles, Baby remembers the scenic drives there with her mother and father. "This was a special treat," she said.



After arriving at the ranch, much of the property was not accessible by car or truck, so Frederick David taught his daughter how to maneuver her horse in any terrain. Baby remembers always crossing Peach Creek and the thrill of riding up the steep embankments that surrounded the creek bottom.

The Denman and Kokernot families were lifelong friends and, eventually, Baby started dating "W.B." Denman while he attended pre-med at Texas A&M University. The two soon married and moved to Dallas, where W.B. pursued his dental practice. After he completed service in the United States Air Force Dental Corps, W.B. and Baby fulfilled their dream to move back home to Gonzales. Dr. Denman started his own dental practice and he and Baby raised two sons, Bryan Seaborn and David Brent Denman.

After the death of Baby's father, the Denmans purchased the remaining acreage from other family heirs. Today their son, Bryan, owns the L.K. Cattle Company and has a real estate business. The Denmans raise cattle on the Kokernot, which W.B. believes "is one of the most productive ranches in the county." Today, two generations of the Kokernot family are buried in the cemetery located on the original homestead property of Baby's grandfather. The 3rd and 4th generations are buried in the Odd Fellows cemetery, Gonzales, Texas.

Baby and W.B. have become active figures in their community. Dr. Denman practiced dentistry for 48 years, and is now retired. The Denmans still call Gonzales their home and believe they are fortunate that their son and two grandsons will continue their ranch legacy. "Our grandsons love the ranch. We're really blessed," said Baby.

*Frederick David Kokernot, Sr. wrote poetry as a hobby. The following poem was given to his son-in-law W.B. Denman after he shot his third buck on the ranch. This poem reflects the Kokernot family's dedication to their land and appreciation of its importance in their lives.*

*Back to the scenes of my dear childhood  
on the ranch where I was born, give me  
back my boots and saddle, give me back  
my gun, just Indian round a little, old buck  
deer lost out, such fun. Where the old low  
and echo of the LK steer on a cold, frosty  
morn rings down Peach Creek and against  
Old Blue like Gabriel's Horn.*

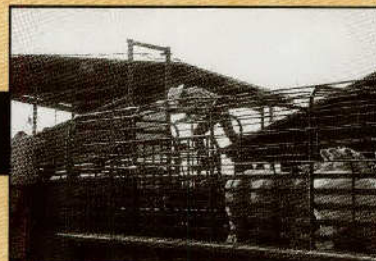
*Over the Hills on the other side still sits  
the old home once loved with much pride,  
but now just a ragged beggar sunning by  
the roadside. Around it the wild rose growing  
and the babbling brook still running, the old  
oak tree nestling over the ones I love so well.*

*Some sweet day there will be the last round-up  
on old round-up ground, to be cut by the Big  
Boss from above and shipped to a green  
land where the water holes never dry and  
the bark of the coyote stilled. Where friends  
will mingle without money, because money  
without friends is like the bee without the honey.*

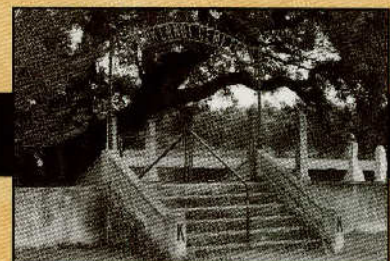
*FD.K. Sr.*



*Modern day cowboys on the Kokernot use hot shot and chutes to work cattle.*



*Loading cattle for market.*



*The Kokernot family cemetery.*

# Gonzales County Operations

## Water Resources Division

### Lake Wood Recreation Area

This 488-acre freshwater lake just outside Gonzales offers fishing, water recreation, 35 acres of park and picnic facilities, RV and tent campsites, boat docks and a fully-stocked store. GBRA Park Rangers and resident park hosts provide management and 24-hour supervision. For reservations and information call (830)672-2779 or visit [www.gbra.org](http://www.gbra.org).

This year's major work items focused on repairing and replacing the park roads, fences, and electrical service entrance drops that were damaged by floodwaters from the July, October and November 2002 flood events. In addition, the annual KIDFISH event was held at the park in September with 109 children registered, 200 adults, and 32 volunteers participating.

## Guadalupe Valley Hydroelectric Division

### H-4 (Lake Gonzales) Dam and Hydroelectric Power Plant

These structures were completed in 1931. The hydroelectric plant has an annual generating capacity of 2,400 kWh. Lake Gonzales is located in a remote area of Gonzales County, near Belmont, approximately 14 miles west of the City of Gonzales, and has a pond area of 495 acres and a storage capacity of 4,620 acre-feet.

Major projects this year include replacing the stator windings in the generator and repairing the powerhouse roof.

### H-5 (Lake Wood) Dam and Hydroelectric Power Plant

The dam and power plant at Lake Wood were also completed in 1931. The annual generating capacity is 2,400 kWh. Lake Wood is located approximately 5 miles west of Gonzales off Highway 90-A, on FM 2091 South and has a pond area of 488 acres and a storage capacity of 4,000 acre-feet.

This year's major projects at Lake Wood involved repairing the powerhouse roof and completing annual preventative maintenance inspections and tests.



*The Longhorn can thrive in country where no other breed can live; subsist on weeds, cactus, and brush; range days away from water and stay fit and fertile whether it's living in the scorching, parasite infested tropics or in subzero winters. Photo courtesy of Texas Parks & Wildlife - Glen Mills*

# DeWitt County

## Friar-Thomas Ranches, Cuero, Texas



*Mother and daughter team Anne (L) and Missi Thomas, own and operate the Friar-Thomas ranches, DeWitt Co., Texas*

Texas is known for its strong, independent men and women. Those who founded the Friar-Thomas ranches and endured the hardships necessary to keep them going -- including the mother/daughter team of Anna and Margaret (Missi) Thomas who currently own and operate the ranches -- are no exception. Missi's two daughters, Debra and Dinah also share an interest.

Anne's great, great grandfather, Daniel Boone Friar, was a prominent cattleman and landowner in DeWitt County. Dan came to Texas with Stephen F. Austin's second colony, settling on the Brazos River, moving to Washington on the Brazos and owning the DB Friar Store. Traveling "west" to a part of Gonzales County, now

DeWitt County, he built a home, store, meeting house and post office, where he was the first postmaster. The stage coach stop was located at the junction of LaGrange-La Bahia and Victoria-Gonzales roads.

Dan B. also played an important part in the military history of Texas. In 1835-36 he was in command of Rangers between the Brazos and Colorado Rivers. He was a scout at the Battle of San Jacinto and fought in the last battle of the Great Indian Wars -- the Battle of Plum Creek, near Lockhart. He was the father of ten children, most of whom were in the ranching business.

Daniel Boone Friar established the first Friar ranch business in Texas in 1832. His great grandson, Alfred Friar, married Anna Nagel and they had one daughter, Anne. Alfred inherited land from his father Sidney and bought a substantial amount of additional land. He spent his entire life operating the successful ranching business that he began in 1916. He truly loved the ranch.

In 1938, Alfred's daughter Anne Friar married J. Carter Thomas in Washington D.C. A year later their daughter Missi was born. That same year they moved back to Cuero to join Anne's father in the cattle business. Carter developed and maintained a herd of Supermarket Milkmasters which consists of one-half Brahman, three-eighths Jersey, and one-eighth Brown Swiss. But he was best known for his prize herd of registered American Brahmans, which were sold to foreign countries as well as in the U.S.

After Alfred's death in 1973, Anne and Carter took over the additional responsibility of the Friar commercial cattle herd, combining both operations into the Friar-Thomas Ranch. With Carter's death in 1986, Anne and Missi along with their ranch hands, added a new phase to the business by crossbreeding some of the Brahman cows with Hereford bulls, raising Braford's. Most of the ranch hands have been with the family for years. The late foreman, Charlie McMahan -- fondly known as, "Uncle Charlie" -- was employed with the ranch for 56 years. His son, Jimmy McMahan, still spends much of his free time on the ranch and is the ranch's "ambassador of good will." Other long-term hands are C. A. Clover (54 years), Emmitt Glover, Richard Filip, Raul Reyna, Ralph Stukes and current foreman Joe Adams, Jr.

The family continues to promote their interest and support of agriculture by giving the Friar AG Center to the City of Cuero. The intent and purpose of the building is to have a place where the youth in 4-H and FFA programs of DeWitt County can show and sell animals they have raised.

The ranches have survived many of the usual hardships including fever ticks, screw worms, army worms, snakes,



*The Friar AG Center, gift to the City of Cuero to benefit the the 4-H and FFA programs for the youth of DeWitt County.*

mosquitoes, flies, grasshoppers, fire ants, severe freezes and total droughts -- even bad markets. But through it all the ranch continues to be a progressive Agri-business.

In 1980, the ranch was listed with the Family Land and Heritage Program sponsored by the Texas Department of Agriculture. It had been owned and operated by Friar family members for over 100 years. Today it is 123 years old.

"Whether it's raising cattle, plowing crops, building barns or fences, digging tanks, or working cattle -- it keeps the cycle of life on the ranch ever changing, and that's what life's all about...change," said Missi.

According to Anne, "The many years of operation have been tough, but very satisfying. We feel our cattle and wildlife have contributed much profit and pleasure to DeWitt County and Texas -- beginning with Longhorns and ending with registered Brahmans." And so...Daniel Boone Friar's heritage, founded in 1832, continues to live on today.


## J. Carter Thomas Ranch



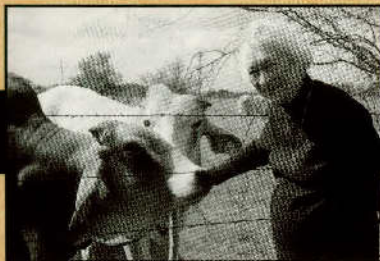
**GENTLE  
GRAY  
BRAHMANS**

**Family ranch operations  
in Texas since 1832**

Mrs. J. Carter Thomas 512/275-3264  
Joe Adams Jr., Herdsman 512/275-6326  
804 Terrell, Cuero, Texas 77954



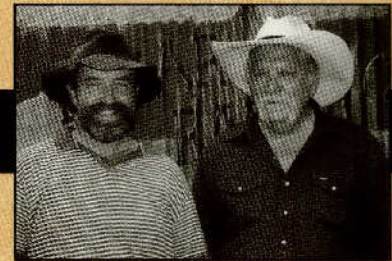
*Clipping of an ad placed in a nationally circulated cattlemen's magazine.*



*Anne with her beloved gray Brahman bulls.*



*Various brands used by the Friar-Thomas ranches in the inset of the chimney at the camp house.*



*Current ranch foreman, Joe Adams, Jr. (L) pictured with Jimmy McMahan.*

## DeWitt County, cont.



### Blackwell-Sheppard Ranch, Concrete, Texas

There is no limit to what a team of dedicated individuals is capable of doing, when they are committed to act as one. Joe and Rosemary Sheppard are an example of such teamwork when it comes to managing their ranch in Concrete, Texas.

Since the Sheppards inherited the ranch, they have worked it together. Rosemary insists on helping her husband care for their livestock. She believes in treating the cattle as pets and feeds them range cubes out of a bucket she carries with her. She calls the cattle by name, like children, as she approaches them. Rosemary firmly believes that "animals are not as dumb as people want them to be." She is especially fond of their Charolais bull

"Bubba" and a heifer named "Clown." Joe admits that he can't keep Rosemary from going to the ranch every week despite the injuries she has received over the years from her animals.

The Blackwell-Sheppard Ranch has been in Rosemary Sheppard's family for 157 years, and was founded by Rosemary's great, great grandfather, Joseph Stevens. Shortly after Texas became a state in 1846, Stevens uprooted his family from Mississippi and headed to Texas in search of land and a better life. After arriving in DeWitt County, Rosemary's English-Irish ancestors acquired 5,000 acres of land and 263 acres still remain in the family today.

Rosemary also told us about her admiration for her grandmother, Mitchie Goppedge Blackwell, who singlehandedly raised her children on the ranch. "A widow at age 35, my grandmother struggled to keep this place and raise six children. She fought to keep on." The land was eventually passed down to Rosemary's father, F.D. "Dick" Blackwell, who grew up on the ranch. Dick Blackwell knew every inch of the land and, to this day, Rosemary is convinced that she may never know the ranch as well as her father did.

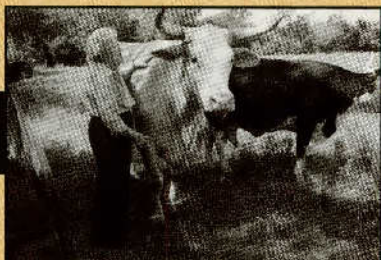
Rosemary and Joe sympathize with the hardships their ancestors encountered as landowners, farmers and ranchers. Two creeks on the property that run into the McCoy Creek -- and eventually the Guadalupe River -- are prone to flooding. "A flood would come along the creek and wash it all away. One flood could wash away a year's worth of work, it really could. I don't know how they had the courage to keep going, but they did," said Rosemary.

At one time the Blackwell farm produced corn, cotton, wheat and maize. Now, Coastal hay grows wild in sections of the ranch. A natural spring supplies water for many waterfowl and cattle. Huisache and Mesquite beans are plentiful for the cattle to feed on. Even though the natural grazing helps with maintenance of the land, the Sheppards practice other means of brush management as a conservation measure.

It's obvious that the ranch has a special place in Rosemary Sheppard's heart and she is proud of the heritage that she represents. She has many fond memories of the land and the small farmhouse that now sits dangerously close to the main road in Concrete. She says that it's just a matter of time before the Texas highway will encroach onto the property. But Rosemary won't let that stand in the way of preserving her family's land.

"My father struggled to keep this place during the Depression. He loved every inch of it. I'm rather emotional about it. I won't say Joe and I make a lot of money. We don't lose, but we don't gain a lot. But I can't think of selling it, I just can't think of it."

The Sheppards are committed to preserving the remaining 263 acres for their son and daughter. Their hope is that their children will continue to hold firm to the traditional values of their ancestors, and preserve the Blackwell-Sheppard Ranch for future generations.



*Rosemary Sheppard enjoys spending time with her pet bull, "Bubba."*



*Joe Sheppard spends a quiet moment enjoying the beauty of the ranch.*



*Two heifers are treated to a bucket of range cubes by Rosemary.*

# Victoria County

## The Womack Ranch, McFaddin, Texas

Normally the word "ranch" brings to mind cowboys, horses and cattle. However, livestock on the 8,400 acre Womack Ranch in McFaddin, Texas consists of crawfish, blue crab, and alligators and instead of riding horses, the ranch hands on this spread ride 4-wheelers.

Located at the confluence of the Guadalupe and San Antonio Rivers, the Womack Ranch forms a wetland with cypress swamps that are home to about 45,000 geese, an equal number of ducks, and a rookery--or nesting area--for other types of waterfowl. The easement benefits the entire state by preserving an important part of its landscape. "There is no other region in the state like this area. I felt an obligation to preserve that part of my property that would benefit future generations," said owner Jess Womack.

In the early 1920s, the Womack ranch began its farming production with the help of a levee system that was constructed to keep out water. However, in 1987, a flood caused three and one-half miles of levee to erode. Now, much of the ranch income comes from hunting leases for deer, bird and even alligators. 1999 was a record year for crawfish and blue crab, with approximately 40,000 pounds of crawfish and 35,000 pounds of blue crab caught and sold to market buyers.

The average hunted alligator length ranges between nine and ten feet long. The state average is only seven. The ranch obtains state permits on an annual basis for alligator hunting. Jess Womack stated that if the average alligator hunted on his ranch falls below eight or nine feet, he will no longer permit hunting alligators. Similar to deer hunting, this form of regulated harvesting is a benefit. The ranch has its own regulations for the hunters to follow, as well as Texas Parks and Wildlife's hunting regulations.

"The alligators are definitely carnivorous," said Jess. "Their favorite things to eat are fish, turtles and birds. We have two rookeries where you can always find alligators underneath the nesting areas in the trees, waiting for baby birds to drop out."

"We also started a wetland program in 1987. When this land was partitioned, we took the part of the ranch that no one else wanted," said Jess. "But I really wanted this part of the land because it has the most potential for improvement, and the most room to have fun on. I asked my children and my wife and that's what we all decided to do."

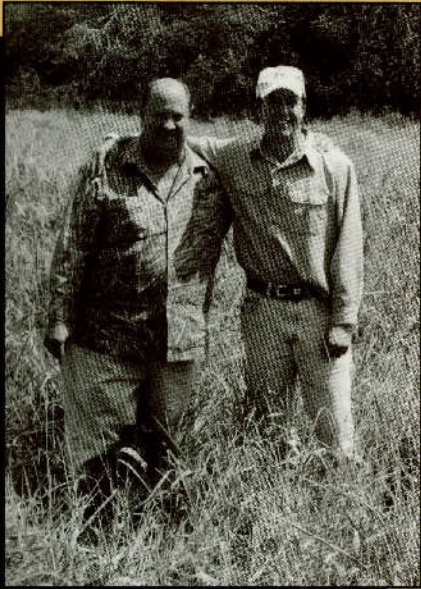
Running the family ranch involves Jess and Lou Womack and their four grown children. Each Womack contributes their own area of expertise to keep the ranch moving forward and meet the challenges associated with land management.

Jesse Womack is the ranch foreman. A graduate of Colgate University and TCU Ranch Management School, Jess says his son's education choice was a beneficial one. "Jesse's decisions about our land since he took over have paid for his education in one year!" William Womack is studying wildlife management at Louisiana State University. Louisa Mayfield is a teacher and helps with the bookkeeping part of the ranch, and the Womack's other daughter, Virginia Nell Duncan is a veterinarian and helps with animal health and reproduction matters on the ranch. "It really is a family affair," said Jess.

Jesse recently helped his father reintroduce several native grasses to the ranch. Although Eastern Gamma grass is not a local variety, the fact that it is native makes it very beneficial for cattle grazing. The Womacks productive cattle operations include Lou Womack's herd of Longhorns on the ranch and Jess and Jesse Womack also raise cross-bred cattle.

"We are in the ranching business and as ranchers we feel strongly that we have to act as stewards of the land, protecting it as well as making money off it," said Jess Womack. "The part of the ranch that we bought and inherited was the hardest to raise cattle on, and the primary thrust of this ranch before was to raise cattle with very little regard to wildlife. It had really been kind of run down, overgrazed and not taken care of, and we found that by taking care of it were helping wildlife as well as cattle."

Earlier this year, the Womacks were presented the Lone Star Land Steward Award by the Texas Parks and Wildlife Department. Their successful environmental approach to wildlife management ranked the ranch as the only "statewide" recipient.



Jess Womack and son Jesse stand in a field of Eastern Gamma grass introduced on the ranch as part of a program to reinstate native grasses.

The Womack family made a long-term decision to protect their land by conveying it to a trust through a conservation easement. Today, the Womack ranch has the largest conservation easement in Texas, and the third largest in the United States. This includes 4,500 acres of wetlands under the supervision of two land trusts -- the federal Wetland Reserve Program and the Texas Prairie Wetlands Association.

Jess Womack never forgets his hometown roots. He travels every week from his home in San Antonio to his McFaddin ranch. Until the mid-1980's, McFaddin was a small but lively town, with its own school district and even a ranch league baseball team. Eventually many residents of the town followed their fortunes to big cities and opportunity. Now the only businesses that remain in McFaddin are a U.S. Post Office and a historic mercantile store that serves lunch to the local residents.

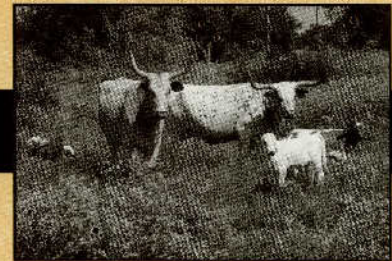
The Womacks know it's important not to lose sight of preserving the land while, at the same time, making it productive. They plan for the ranch to grow and thrive for the future of their family and the wildlife that share it with them.



*Once productive farmland, this part of the Womack Ranch is now a protected wetlands area.*



*Alligator hunting is a large part of the ranch business.*



*Longhorn cows and their calves are a part of Lou Womack's herd.*

# Victoria County Operations

## Coletto Creek Division

Coletto Creek Reservoir - this system operates the main dam and spillway, two baffle dikes, the discharge flume, pump station and pipeline, and the monitoring system. The 3,100-acre reservoir provides the AEP Texas Central Company's coal-fired generating plant near Fannin with condenser cooling water and other facility requirements, and helps dissipate waste heat generated from the production of electricity.

This year, plans were completed to convert the existing reservoir monitoring system to SCADA monitoring. The division contracted with the National Weather Service to designate Coletto Creek as an official Cooperative Weather Observation Station; contracted with URS Engineers to conduct the bi-annual walkover inspection of the Coletto Creek Dam & Main Spillway, perform inspection of the main spillgate cathodic protection system and evaluate the steel structural members and trunion boxes on the main spillgates.

Reservoir staff completed construction of a new equipment storage building inside the headquarters complex. With the assistance of Coletto Creek Park and Hydro Division staff, damage from Hurricane Claudette was cleaned up and the Park restored to normal operations. Despite the loss of more than 50 trees, some structural damage and the loss of electricity for 7 days, the Park was only closed for 4 days. Bi-annual inspection of the dam and main spillway and a structural evaluation of the flood gates were completed.

Coletto Creek Recreation - employees manage this park system located on US Highway 59 South midway between Victoria and Goliad. The park includes a 200-foot lighted pier, RV and tent campsites, camping cabins, a four-lane boat ramp, picnic and swimming areas, nature trail, playground, volleyball courts and a group pavilion. For reservations and information call (361) 575-6366 or visit [www.gbra.org](http://www.gbra.org).

This year Coletto employees manned promotional booths featuring GBRA's Coletto Creek and Lake Wood park facilities at the Houston International Boat & Travel Show, the McAllen International Travel Show, the Texas Parks and Wildlife Department (TPWD) EXPO, the Ft. Bend County Outdoors Show, the Victoria Jaycees' Livestock Show, the Houston Fishing Show, and the Wildlife Days Celebrations at the Aransas Refuge.

An annual bowhunt in which 80 hunters participated was held from September 2002 through January 2003. Other special events included the annual Youth Hunt, the 1st Annual Bowfishing Tournament, and the 10th Annual Kids' Fishing Tournament with 113 participants. The park also hosted the DeLeon District BSA Webelos Weekend, with 200 boys and adults in attendance, and conducted monthly TPWD Boating Safety Classes and two Boating Safety Instructor classes. Construction was also completed on two more camping cabins to help handle the increasing demand for these facilities.

## Victoria Regional Wastewater Reclamation Division

Since 1972, this division has operated two wastewater plants under contract for the City of Victoria. The process at both plants includes the City's enforcement of an EPA-approved pre-treatment program that includes technically-based local limits.

The Regional WWT Plant is permitted to process an average of 9.6 mgd, and the Willow Street WWT Plant is permitted to process an average of 2.5 mgd.

This year, division employees completed extensive pump rebuilds and valve repairs, as well as a welding shop expansion and equipment storage project. HydroChem and Miller Environmental were contracted to clean out settled grit and sand from the raw sewage wet well, and HDR Engineering developed specifications for repair and cleaning of the Willow Street digester. Staff also worked with the City of Victoria Pretreatment personnel to complete the City of Victoria / GBRA Industrial Local Limits revision, mandated by the TCEQ.

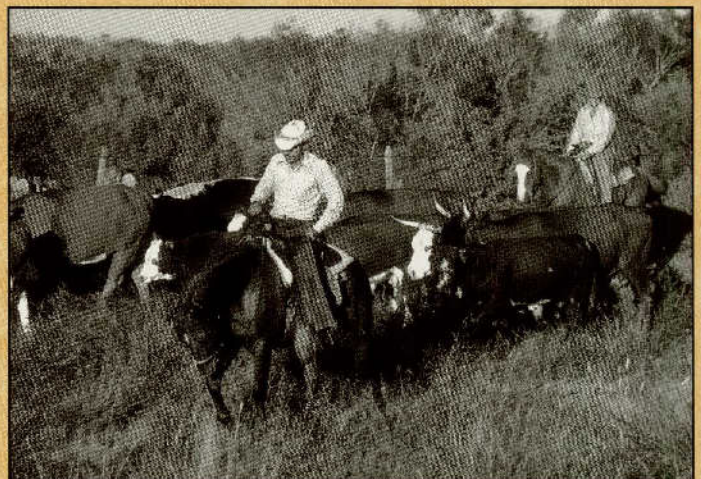
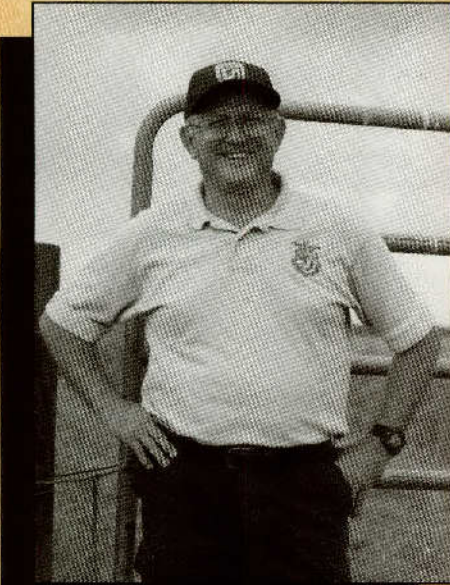


Photo courtesy of Texas Parks & Wildlife - Martin T. Fuller



# Calhoun County

## Myrtle Foester Whitmire Preserve



*"We provide for the freshwater birds here. Through water manipulation we can provide for their habitat." Charles Holbrook*

In the early 1900s, Indianola was a colossal port town where European immigrants flocked in search of a new life. It was equivalent in size to the port of Galveston, until two massive hurricanes wiped out nearly all commerce in the town. Today, the Myrtle Foester Whitmire Unit of the Aransas National Wildlife Refuge (ANWR) exists on a portion of the same lands used by these early Texas settlers.

The Refuge is managed by the U.S. Department of Interior-U.S. Fish and Wildlife Service. This unit is part of a larger Refuge complex along the Texas Gulf Coast that provides critical habitat for migratory birds, indigenous wildlife and endangered species. At the Myrtle Foester Whitmire Unit, many migratory birds nest and raise their young. Other wildlife including alligators, snakes, bats, and deer also make this place their home.

"When normal migration starts in mid-October, it's possible to see as many as 10,000 migrating waterfowl on any given day," said Charles Holbrook, Project Leader of the Aransas National Wildlife Refuge Complex.

The Refuge is frequently asked why the federal government is involved in work that appears to be a duplication of work already done by the Texas Parks and Wildlife Department. Holbrook's answer is that "because migratory birds don't

respect state boundaries, there is also a need for a federal fish and wildlife service. That's why we exist."

The Myrtle Foester Whitmire Unit is comprised of 3,440 acres that provides food, water, shelter, and space for approximately 20% of the Central Flyway waterfowl migrating to the Texas Gulf Coast -- which extends from Louisiana to the Mexico border.

Holbrook believes that "this percentage is significant when you consider that 98% of all lands in the state of Texas are in private ownership. When you consider Texas has only a fraction of public lands under management for fish and wildlife compared to other states, that's a large number of birds for such a small area."

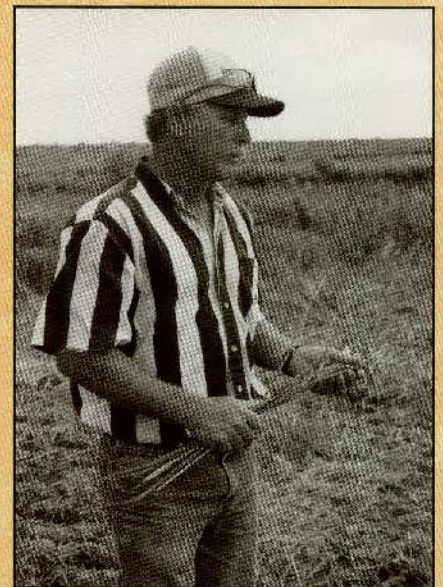
According to Holbrook, the ultimate goal of the ANWR is to provide a safe place for fish and wildlife to reproduce. "We take wildlife management very seriously for many reasons. Besides the fact that wildlife has an economic and scientific benefit, it is also a vital link in the food chain. Wildlife still has a research benefit, a physical utility, and is part of a multi-billion dollar hunting industry. However, the taking of wildlife in the United State is strictly regulated, because we want to prevent the rapid decline of many species."

Channeled by levees, water purchased from the Guadalupe-Blanco River Authority travels to designated areas of the Refuge to be filtered through 3,440 acres of moist soils, wetlands, and native grasses. The river water is also used to irrigate organic rice farming on the Refuge.

The organic rice fields on the Refuge are farmed by James Brown, who sharecrops the rice fields in partnership with the ANWR. Both Brown and ANWR strive to keep the crops as a beneficial source for everyone involved. This environmentally-friendly practice has become a huge success, since Brown is one of only three organic rice farmers in Texas who supply this product to food wholesalers.

By the start of Brown's second year of organic farming, he expected to find his unplowed field inundated with many invasive weeds. But he was happily surprised when he actually found fewer than before he started farming organically. According to Brown, his 2003 crop required no fertilizer, and this year's crop should only need organically-approved chicken manure for productivity purposes.

"The nice thing about rice farming here on the Refuge is that it keeps the water for wildlife to use after the rice production season," said Holbrook. "After James Brown



*"The incredible thing organic farming showed me is that I can do this without chemicals. I assumed my crops were going to be weed fields, but they're not. I have just as many clean organic fields as I do with my conventional rice fields." James Brown*

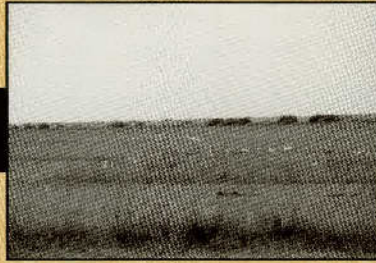
harvests his rice crop, we also gain the added benefit for freshwater-dependent waterfowl, wading birds, song birds, and shore birds from the organic rice farming operation."

The ANWR is pleased with the partnership with James Brown because of its ability to continually serve the bays and estuaries, as well as support the ecosystem of the Gulf Coast Prairies and Marshes.

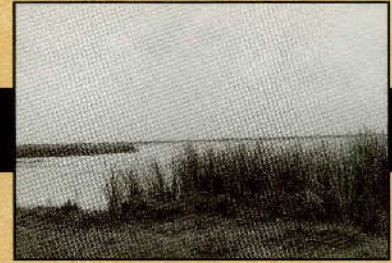
The Myrtle Foester Whitmire Unit of the Aransas National Wildlife Refuge Complex has proven to be an effective help to mother nature, as the migratory birds and wildlife continue to return, grow, and thrive through a special partnership with rice farming, refuge habitat manipulation practices, and the GBRA.



*The 3,440-acre Whitmire Refuge is managed by the U.S. Department of Interior - U.S. Fish and Wildlife Service.*



*The same land that was once a welcoming port to European immigrants, now serves as a sanctuary to thousands of migratory birds every year.*



*Wetlands provide a protected site for a wide variety of wildlife on the Refuge.*

# *Calhoun County Operations*

## **Port Lavaca Water Treatment Plant Division**

### Port Lavaca Water Treatment Plant

This 6 mgd plant has been providing treated drinking water to the City of Port Lavaca since 1970, the Calhoun County Rural Water Supply System since 1971, and the Port O'Connor Municipal Utility District since 2000. Water is diverted from the Guadalupe River under a TCEQ permit and directed through 20 miles of delivery canals to the plant for treatment.

This year, the eye of Hurricane Claudette passed over the GBRA Port Lavaca Water Treatment Plant on July 15 at approximately noon. Damage was minimal, although commercial power was out until Saturday evening, July 19. The generator carried the plant throughout the storm and after, providing uninterrupted service.

The total organic carbon (TOC) reduction, a Safe Drinking Water monitoring requirement, was well within guidelines throughout the year. The annual state inspection was successful. A consultant tracked down programming problems and greatly increased the reliability of SCADA, a remote monitoring and control system. The vulnerability assessment, a new federal requirement, was also initiated.

The City of Port Lavaca rehabilitated the George Street elevated tower, which was out of service for five months to be welded, sandblasted, and painted. Service was provided from the Austin Street elevated tower, along with round-the-clock shifts at the GBRA Port Lavaca Water Treatment Plant.

The GBRA Port Lavaca Water Treatment Plant finished the fourth and final phase of security fencing around the entire plant grounds, added windbreak fencing on the southeast sections of the settling basin to reduce wave action.

A second clearwell preliminary engineering study was conducted by Black and Veatch. This study described feasibility of constructing the second clearwell to increase storage capacity and enhance flexibility in operations.

## **Calhoun County Rural Water Supply Division**

### Rural Water Supply System

The System purchases treated water from GBRA's Port Lavaca plant and delivers it through approximately 60 miles of pipeline and pumping facilities to customers of the Calhoun County Rural Water Supply Corporation in Six-Mile Community, Indianola, Magnolia Beach and the Highway 35 area.

A computer-image map of the rural water distribution system was completed, which will improve the efficiency of new customer processing and map archiving. A hydraulic modeling program was also conducted to analyze the capacity for customer additions on Highway 35 and Long Mott Road. A new meter size for smaller commercial businesses was initiated. Fire plugs were installed for the Magnolia Beach Volunteer Fire Department. Training on excavation around gas pipelines was presented by the DOW Pipeline Company and attended by division employees.

### Crestview Subdivision Wastewater Treatment Plant

The Crestview plant serves 43 customers in the Crestview subdivision and was constructed by grant funding from the Golden Crescent regional planning office to the Calhoun County Commissioners Court, to improve the health and living conditions for the residents and the environmental condition for Chocolate bayou, the receiving stream. GBRA agreed to accept the role of owner-operator and the facility began operating in 1999. A high quality effluent has been consistently produced since that time.

In fiscal year 2003, Hurricane Claudette caused a power outage. However, the microbiological process survived and no violations occurred. The plant structure was improved with additional handrails and grating.

## **Water Resources Division**

### Calhoun Canal System

The System is composed of the Lower Guadalupe Diversion Dam and Salt Water Barrier, two salt water barriers on Hog and Goff Bayous, a pump station operated jointly by Union Carbide and GBRA, a separate GBRA-operated pump station for area refineries, and approximately 80 miles of delivery canals and eight miles of water supply pipeline.

System customers include BP Chemicals Company, Seadrift Coke, Union Carbide Corporation, the GBRA Port Lavaca WTP and Calhoun County RWSS, Aransas Wildlife Refuge, several rice, pasture and row crop producers, waterfowl operations and aquaculture ventures.

A commercial seed company contracted with several farmers for the production of seed rice. This provided a significant boost to the irrigated acreage for GBRA. Also, two farmers began catfish farming ventures. More water-use projects are being attempted, including crawfish, waterfowl, catfish farming and seed rice irrigation. An experimental reclamation project with a local farmer was begun, to leach salts from the soil on his farm and promote healthier plant growth. Results to date have been promising. Seadrift Coke reorganized as Seadrift Coke LLC and commenced operations. GBRA is again pumping to this raw water customer. An extensive rehabilitation project was completed on the Main canal crossing at West Coloma Creek.

### **Diversion Dam and Salt Water Barrier**

This structure was built in 1965 under a permit from the Texas Water Commission (now a part of TCEQ). Most of the time, the Guadalupe River flows freely through an open concrete framework. However, when the elevation of the Guadalupe River at Tivoli falls to 2 feet or less due to low river flows or drought, two underwater fabric bags, or "Fabridams," are inflated. Concrete "stop logs" can also be inserted into special channels in the Barrier to maintain the Fabridams. This prevents salt water from moving upriver and contaminating the freshwater intake that supplies the City of Port Lavaca and other agricultural, industrial and municipal customers.

Even with the Fabridams and stop logs in place, its construction allows some water to flow through and maintain a constant fresh water supply to the bays and estuaries at the coast.

A major effort was made to remove logs and debris that accumulated in the San Antonio river near the Elms bayou confluence. Logs were also removed from the Guadalupe and the log stacks burned. This year, an extensive project was initiated to model flood flows in the river delta region. The GBRA engineering department and the canal staff installed and monitored gauges for this purpose at numerous locations. Congressman Ron Paul discussed flooding issues in the delta area at a meeting in Victoria.



*Photo courtesy of Texas Parks & Wildlife - Glen Mills*

# Refugio County

## Fennessey Ranch, Bayside, Texas



*"Our whole mission is -- you can act right and you can conserve habitat, and you can do it for profit. Profit is not a sin. We don't think you can save habitat if it doesn't sustain itself." Sally Crofutt*

Passion for the land and the wild creatures who inhabit it describes Fennessey Ranch owner Brien O'Connor Dunn and his General Manager Sally Crofutt. The ranch, located in Refugio County, was established in 1834 and is still owned by a member of the original family. It is approximately 4,000 acres in size and bordered on three sides by the Mission River, which floods parts of the ranch in rainy seasons recharging the wetlands and making it a haven for waterfowl.

In addition to the river frontage, the ranch has natural lakes and meadows. Senderos have also been cut to attract wildlife. It is home to more than 400 species of birds, 16 plant communities, 50 kinds of amphibians and reptiles, 70 types of moths and butterflies and numerous other insects.

The Fennessey, like many other large ranches, faces encroachment from population moving near coastal metropolitan areas bringing with them subdivisions, development and loss of natural habitat and wetlands. For years, the ranch thrived on oil and gas production and raising cattle. But in 1991, Dunn decided to find a way to preserve the natural beauty and ecology of the ranch and make it self-supporting as well. He has implemented an aggressive management plan that includes wildlife habitat, a rotational grazing system for cattle and ongoing oil production.

The ranch now focuses on eco-tourism and has become a top birdwatcher destination. Located in the Central Flyway zone, the Fennessey is one of the best places for Canvas Back Ducks in Texas. Between the fresh water marshes, the Mission River, and wooded uplands, one may see over 100 different species of birds in their natural habitat.

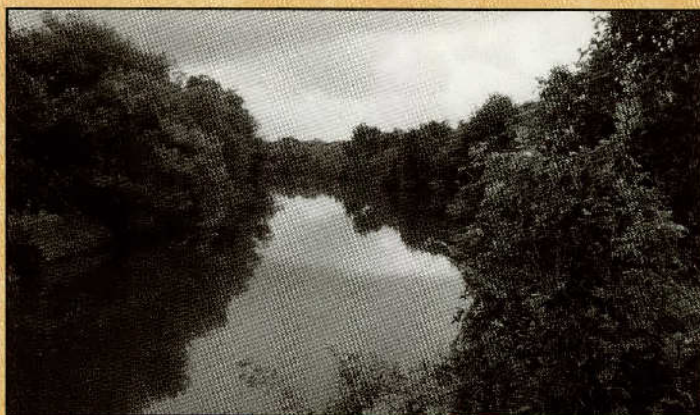
The ranch offers Spring migration tours that provide a quality outdoor experience and opportunities to view not only birds, but also feral hogs, deer and baby alligators. There is also an annual Fall Hummingbird Hayride, which is a rare opportunity to witness a kaleidoscope of hummingbirds including Rufous and buff-bellied feeding on native Turk's Cap and Scarlet Sage flowers growing wild on the Mission River. The birds roost in seclusion on the Fennessey Ranch, as they have for thousands of years.

The Hawk Watch Field Day starts when the hawks take off by the thousands from the river bottom and continue all day as kettle after kettle produce an incredible species count, including the American swallow-tailed kite. The ranch also provides wetland educational tours, fishing, and limited hunting opportunities such as wild Russian boar, quail, and trophy whitetail deer to maintain balance on the ranch.

The ranch also offers a unique opportunity for photographers. Photo safaris conducted by naturalist guides feature well-placed blinds that enable photographers to shoot up-close pictures of a wide variety of wildlife. At times during the year, Texas Conservation Passport Wildlife Photography Workshops are also scheduled, and are a joint project between Dunn and the Texas Parks and Wildlife Department.

The Fennessey has been the subject of several environmental studies. Agencies such as the Environmental Protection Agency and the Texas Commission on Environmental Quality have conducted research on its diverse habitat.

In 2002, the University of Houston (UH) entered into a collaborative research agreement with the Fennessey to



*The Mission River is formed by the confluence of Blanco and Medio creeks in central Refugio County and runs southeast, past Refugio, for twenty-four miles to its mouth on Mission Bay, an inlet of Copano Bay.*

establish the University of Houston Fennessey Conservation Center. "The University of Houston and the University of Houston System are increasing their research and educational activities associated with several environmental areas, including air and water quality, ecology and environmental law," said Arthur Vailas, vice chancellor for research and intellectual property management for the University of Houston System. "This partnership with the Fennessey Ranch gives us an opportunity to expand our field-based studies on coastal ecosystems, providing our faculty and students with a living laboratory."

The University will set up a research station at the ranch, which is five miles from Mission and Copano bays. University faculty will be responsible for applying for research grants and carrying out grant terms. This partnership is a win/win for all concerned. It provides a research center for UH faculty and students researching the development of techniques to safeguard the fragile natural resources on the coast. The research efforts will in turn be used to help preserve the natural habitat on the Fennessey for future generations.

The University is also expanding the outreach to the general public through Fennessey-based educational programs. These educational efforts began in the fall of 2002 with Earth Day activities and will continue to expand.

To contact the Fennessey, visit their website at [www.fennesseyranch.com](http://www.fennesseyranch.com).



Anhinga and Lily, courtesy of Sean Fitzgerald



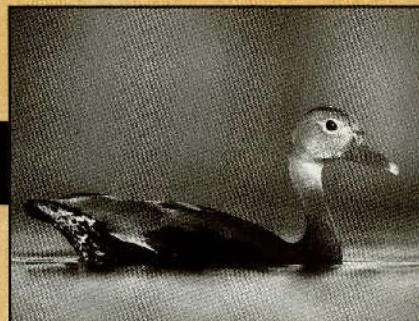
Great Egret, Courtesy of Sean Fitzgerald



Bittern, courtesy of Sean Fitzgerald



Flight Pattern, courtesy of Sean Fitzgerald



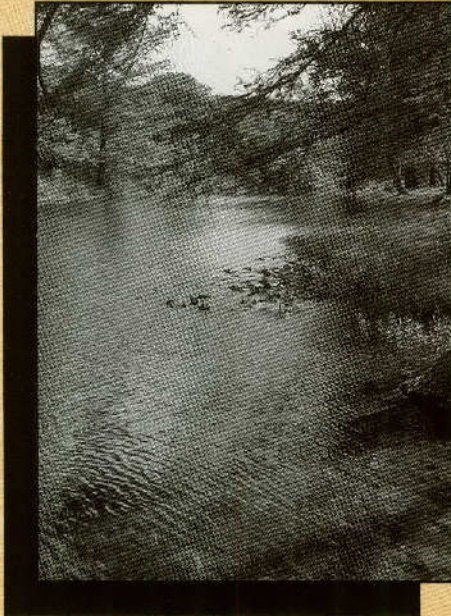
Whistling Duck, courtesy of Sean Fitzgerald



Bee in Wildflowers, courtesy of Sean Fitzgerald

# The Guadalupe-Blanco River Trust

## Conserving a Texas Treasure



**T**hroughout this Annual Report, we have featured individuals, families and organizations who appreciate the uniqueness of their heritage and are committed to protecting and preserving it for future generations.

GBRA's commitment is equally resolute, but our focus must encompass the entire Guadalupe River system -- one of the most biologically diverse in Texas and the nation. This unique system is experiencing tremendous pressure as a result of increased population growth and development. The U.S. Department of Agriculture reports that from 1982 to 1997, more than 2.6 million acres of Texas rural land was converted to urban uses. About 97% of Texas land is privately owned and 80% of Texas farms and ranches are now less than 500 acres. These farms and ranches between 500 and 2,000 acres in size are declining at an alarming rate. Amazingly, in Texas where land is so plentiful, we are losing vast amounts of rural land more rapidly than any other state! As these open lands shrink, we face the dilemma of how to maintain the very land that sustains our rivers, lakes, aquifers and springs.

Recognizing the immediate and critical need to help conserve the natural resources in the Guadalupe River system for their natural, recreational, scenic, historic and productive values, GBRA's Board of Directors created the Guadalupe-

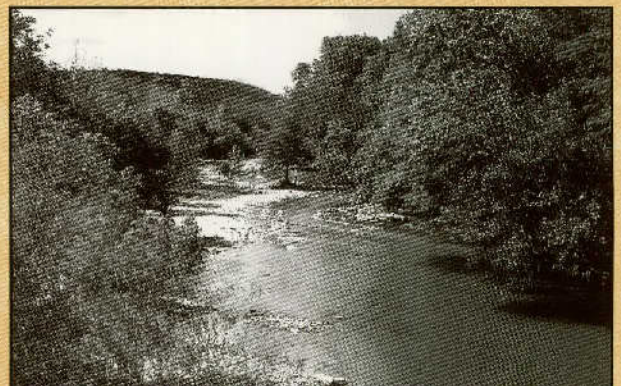
Blanco River Trust (GBRT) in 2001. Its mission is to promote and encourage the conservation, stewardship and enjoyment of the land and water, while maintaining its unique and irreplaceable natural heritage. The GBRT has a Board of Trustees and staff to help landowners identify programs to conserve and enhance their property. The Trust complies with, and has adopted, the Land Trust Alliance's standards and practices and is a member of the Texas Land Trust Council.

A land trust, such as the GBRT, provides several creative answers to today's land conservation challenges. One tool is a conservation easement, which permanently restricts a property's uses in order to limit development and ensures that an individual landowner, corporation or organization can protect farm and ranch land, wildlife habitat, scenic areas and historic buildings. It can qualify as an income tax or estate tax deductible charitable donation.

Purchased conservation easements are another tool through which a land trust pays property owners for the right and responsibility to monitor and enforce the terms of an easement (the restrictions placed on the use of the land). All other rights of ownership are retained by the landowner.

A third tool -- land management programs -- are available through state, federal and private sources to help landowners maintain, improve or create grazing land, wildlife and fish habitat, wetlands and recreational resources.

GBRA is excited about the GBRT's potential to achieve lasting benefits to the Guadalupe River system. We look forward to developing cooperative relationships with individuals, corporate sponsors and charitable foundations as we work together to be good stewards of our historic resources. We invite you to join us -- by visiting the Trust website at [www.gbra.org](http://www.gbra.org) -- or by exploring one of the conservation tools above with a member of our Trust staff. Together, we can make 'stewardship' a way of life for everyone.



*From the Texas Hill Country to the San Antonio Bay, the Guadalupe River is one of the most biologically diverse rivers in the United States.*





*Accountability...results in detail*



Comprehensive Annual Financial Report  
Fiscal Year Ended August 31, 2003

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, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



GUADALUPE-BLANCO RIVER AUTHORITY

December 1, 2003

The Honorable John P. Schneider Jr., Chairman  
and Members of the Board of Directors

Dear Chairman Schneider and Directors,

The Comprehensive Annual Financial Report (CAFR) of the Guadalupe-Blanco River Authority (GBRA) for the fiscal year ended August 31, 2003, 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. To the best of our knowledge and belief, 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 been included.

This CAFR is presented in three sections: introductory, financial and statistical. A single audit section is not included; however, GBRA did receive federal assistance during the year. Instead of including a single audit section in this report, a single audit report is provided as a separate document. The introductory section includes this transmittal letter and the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting as well as descriptions of GBRA's operations, Board of Directors, and management. The financial section includes the independent auditors' report, management discussion and analysis, combined financial statements, notes to the combined financial statements and more detailed combining and individual statements and schedules. The notes to the combined financial statements are an essential part of this comprehensive annual financial report and should be read for an enhanced understanding of the statements and information presented within. The statistical section includes selected financial and operating information, generally presented on a ten-(10) year basis. The report includes all funds and account groups of GBRA.

GBRA provides a variety of services including hydroelectric generation, water and wastewater treatment, municipal, industrial and agricultural raw water supply, and recreation operations. These operations are accounted for in the following divisions.

The *General Division*, located in the general business office in Seguin, consists of technical, accounting, administrative and support staff working under the direction of the General Manager. Revenues are derived from interest earnings on investments as well as administrative and general charges that are paid by GBRA's operating divisions.

The *Guadalupe Valley Hydroelectric Division* operates six hydroelectric plants in Guadalupe and Gonzales counties. All electricity produced by the division is delivered to the Guadalupe Valley Electric Cooperative. 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 five wastewater treatment plants in Comal and Guadalupe counties. These small plants serve housing subdivisions in areas where septic tanks do not provide proper or safe wastewater disposal and the extension of municipal services is not cost effective. Financing for these facilities was provided by private developers, Environmental Protection Agency (EPA) grants, and a community development block grant from the Department of Housing and Urban Development (HUD).

The development and operation of water supply sources and raw water delivery systems is the responsibility of the *Water Resource Division*. The division contracts with municipal, industrial and agricultural users throughout the river basin to provide a dependable supply of surface water. This division is anchored in the upper reaches of the river basin by Canyon Reservoir and in the lower reaches of the basin by the Guadalupe River Diversion Dam and Salt Water Barrier. This division is also responsible for GBRA's water quality program as well as the operation of a regional water quality laboratory located at the general office in Seguin. The regional water quality laboratory provides services to GBRA's other operations in addition to individuals, municipalities and private entities. Additional operations recognized within the Water Resource Division are the Calhoun Canal System, the City of San Marcos Water Treatment Plant, the City of Buda Wastewater Treatment Plant, and the Canyon Regional Water Authority Hays-Caldwell Water Treatment Plant. Each of these treatment plants are owned by their respective municipal organizations but GBRA operates them pursuant to various contractual agreements.

GBRA also operates and maintains a water treatment plant for the benefit of the City of Port Lavaca, the Calhoun County Rural Water Supply System, and the Port O'Connor Municipal Utility District (MUD) through its *Port Lavaca Water Treatment Plant Division*. The division receives raw water from the Guadalupe River delivered through 20 miles of canals. It then treats and disinfects the water to drinking water standards before delivering it to the City, Rural Water System, and MUD.

The *Calhoun County Rural Water Supply Division* operates and maintains a treated water distribution system to supply most of the unincorporated areas of Calhoun County.

GBRA contracted with the City of Victoria in 1970 to provide wastewater treatment services through its *Victoria Regional Wastewater Reclamation Division*. The division operates and maintains two plants with a combined treatment capacity of 11.6 million gallons per day (MGD). The Regional Plant uses a complete mix activated sludge process while the Willow Street plant utilizes a conventional trickling filter process. The waste sludge from both plants is dewatered and disposed of in the City's sanitary landfill.

The *Coletto Creek Division* operates and maintains the Coletto Creek Reservoir located thirteen miles southwest of Victoria just off State Highway 59. The reservoir serves as a cooling pond for a coal-fired electric generating plant owned by American Electric Power Texas Central Company. 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 for distribution. The plant was constructed in 1978 and has a treatment capacity of 2.5 MGD.

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

GBRA added the *Lockhart Division* to its list of operations on October 1, 1994. After signing a contract with the City of Lockhart during 1994, GBRA assumed the operation of the City's 1.1 million-gallon per day (MGD) wastewater treatment plant and began construction of a new 1.5 MGD plant. The new plant was completed and fully operational in February 1999. On October 1, 2000, the Lockhart Division was expanded further when GBRA also assumed operation of the City's water well system and 4.0 MGD water treatment plant.

## ECONOMIC CONDITION AND OUTLOOK

*The Texas Economy.* According to the latest "Texas Economic Update", published by the Texas Comptroller of Public Accounts, the Texas economy is poised for "renewed growth". However, the Update goes on to project that "it will not happen overnight". The Comptroller projects that during the later part of 2003 and early 2004, economic growth in Texas will be greater than the immediate past years. The Comptroller further projected that during the remainder of 2003 and beyond, the Texas economy should rebound at a relatively robust 4.2%. The Comptroller further stated that despite a mixed performance over the last few years, the Texas economy did "eke out at least some job growth since July 2002" while the United States economy during that same time saw a third year of employment contraction. The Comptroller stated that the reasons for this are a Sunbelt location, low business costs, low housing costs, and a flood of new residents to the state. Statistically during the last year, nonfarm employment increased 0.6%, industrial production increased 0.7%, and retail sales increased 0.1%. The outlook for the Texas economy over the next year remains positive in the opinion of the State Comptroller due to continued population gains, low interest rates, an improved dollar exchange rate worldwide, federal tax cuts and stimulative federal spending in response to fighting terrorism.

*The Local Economy.* GBRA's service area is geographically part of south central Texas. It stretches from the Hill Country through the IH-35 Corridor and onto the Gulf Coast. This geographic diversity in turn provides economic diversity with a unique combination of agriculture, oil and gas, defense, high tech, 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 State Comptroller divides the GBRA service area into two principal areas for reporting purposes. These include the Alamo Region being the counties surrounding the City of San Antonio and the Coastal Bend Region being the counties surrounding the Cities of Corpus Christi and Victoria. The Comptroller continues to project strong economic growth for the Alamo Region particularly now that the Toyota Corporation has announced the construction of a new truck manufacturing plant near San Antonio. The Comptroller's projection for the Coastal Bend Region is one of stable economic growth during the next two years. The challenge for both reporting regions according to the Comptroller will be providing the educational skills needed to train the work force of the future. The Comptroller also sees a challenge for the Coastal Bend Region during the new millennium in replacing the slowly declining oil and gas industry. Nevertheless, population and personal income growth in Texas and in particular GBRA's service area, should provide increased opportunities for GBRA to provide additional water and wastewater services to our constituents.

## MAJOR INITIATIVES

*For the Year.* GBRA's major initiative for Fiscal Year 2003 was the continuation of an effort to resolve all legal challenges to the amendment of the water right associated with Canyon Reservoir. Previously, GBRA could deliver an average of 50,000 acre-feet of water each year from the reservoir. However during the last several years, GBRA has worked with the Texas Commission on Environmental Quality (TCEQ) to amend this water right to allow an average of 90,000 acre-feet of water to be delivered each year. This amendment was granted by the TCEQ on August 9, 2001 and later reaffirmed following an appeal by a citizens group. This citizens group subsequently filed lawsuits in State District Court, State Appeals Court, and the Texas Supreme Court against the TCEQ and GBRA seeking to rescind the new permit. GBRA and the TCEQ received positive outcomes in each of these court cases with the final Supreme Court action in GBRA's favor being rendered in March 2003. With the increased water availability, GBRA will be positioned to construct projects identified in the Texas State Water Plan and meet the growing water supply needs of the residents of the Guadalupe River Basin.

Following the successful defense of the water permit amendment, GBRA quicken the pace of development of two major, new water supply projects. These projects, which will initially deliver about 15,000 acre-feet of water per year, will provide treated water to portions of Comal, Kendall, Caldwell, Hays, and Bexar counties. The larger of the two projects, the Western Canyon Project, will include a new 10 MGD water treatment plant and 40 miles of transmission pipeline. These facilities will deliver up to 12,000 acre-feet of water per year to the cities of Boerne, Fair Oaks Ranch, and Bulverde. Water will also be provided to the San Antonio Water System, San Antonio River Authority, and several developments in unincorporated areas of Comal and Kendall counties. The second project, the Interstate 35 Project will require the construction of a pipeline along IH-35 emanating from the City of San Marcos water treatment plant and terminating in northern Hays County. Customers of this new project will include the Cities of Buda and Kyle, GoForth Water Supply Corporation, and other water purveyors in the area.

In addition to the effort focused on amending the Canyon Reservoir permit, GBRA also worked to insure existing water supplies are used efficiently and wisely. GBRA actively worked with water users and local governments located within the Guadalupe River basin to educate them on water conservation efforts. GBRA also worked closely with the Edwards Aquifer Authority to insure the aquifer was managed effectively and in accordance with state law thereby insuring adequate springflow into the Guadalupe and San Marcos Rivers.

Construction activity during fiscal year 2003 was very limited. Instead, GBRA planned and prepared for several major construction projects that should commence during fiscal year 2004. The two largest construction projects that should commence during 2004 are the Western Canyon Project and IH-35 Project mentioned above. An additional project that should commence during FY 2004 is a treated water pipeline from the City of Luling water treatment plant to the City of Lockhart. This pipeline will provide the City of Lockhart a supplemental water source to improve water quality within the City as well as provide additional water to meet the demands of a rapidly growing population. One construction project that did commence in fiscal year 2003 is the expansion of the Seguin headquarters office. Throughout FY 2002, GBRA staff worked with an architectural firm to design the office expansion. Starting in FY 2003, phase one of the project was completed while phases two and three are scheduled to be completed in FY 2004 and FY 2005 respectively. These expansions will provide much needed office and storage space and better position GBRA to meet the needs of GBRA's existing operations as well as projects being developed to meet the Texas Water Plan.

GBRA's operating divisions experienced relatively normal conditions throughout fiscal year 2003. One exception to this normalcy was the ongoing flood repairs due to the damage caused by the July 3-6, 2002 flood on the Guadalupe River. That flood was the result of a tropical depression stalling over the headwaters of the Guadalupe and Blanco rivers where it released between 30 and 50 inches of rainfall over a four-day period. The copious amount of rainfall caused Canyon Reservoir to completely fill and spill over its emergency spillway for the first time in its 40-year history. Downstream flooding inundated the Canyon Hydroelectric Plant and caused severe structural damage to the dam spillgates at GBRA's TP4 Hydroelectric Plant. Throughout FY 2003, GBRA crews worked to repair the damaged equipment, completing the repairs at the Canyon Plant in October, 2003 and expecting to complete the TP4 repairs early in calendar year 2004. Another exception to the normal conditions that prevailed during most of FY 2003 was the preparation for and recovery after Hurricane Claudette hit the Texas Gulf Coast near the community of Port O'Connor. The eye of Hurricane Claudette passed over or very near GBRA facilities near Port Lavaca, Tivoli, Victoria, and Coletto Creek. Each of these areas were subsequently declared a disaster area by the federal government but fortunately, GBRA's facilities suffered relatively minor damage and no interruption of water or wastewater service was experienced by GBRA customers.

*For the Future.* GBRA efforts to insure adequate water supplies have complemented the work of the Texas State Legislature. Emanating from the 1997 legislative session was a new State Water Policy

labeled Senate Bill One. One of the principal provisions of this new water plan was the establishment of regional water planning areas. GBRA has been actively involved in the South Central Texas Regional Water Planning Group that was charged with developing a water plan for this area of Texas. This new water plan has now been completed and approved by the Texas Water Development Board. The plan includes several major water supply projects within the Guadalupe River Basin that will require GBRA's future participation.

Perhaps the most significant of these projects is the Lower Guadalupe Water Supply Project. This project will divert water from a point very near the mouth of the Guadalupe River where it enters the Gulf of Mexico. GBRA has agreed with the San Antonio River Authority and the San Antonio Water System to jointly initiate the planning studies and permitting necessary for the project. Over the next several years, the three organizations will conjunctively study the economic, social, and environmental aspects of the project in addition to seeking all the necessary state and federal permits for the project's construction. After the study and permitting phase of the project, construction will begin on the infrastructure necessary to transmit and treat approximately 100,000 acre-feet of water for use within the San Antonio and Guadalupe River basins. Besides the water supply benefit of the project for the Guadalupe River basin, the project also provides substantial benefits by diversifying San Antonio's water source. This water supply diversification will reduce San Antonio's dependence on the Edwards Aquifer thereby better assuring stable springflow from Comal and San Marcos springs.

#### FINANCIAL INFORMATION

Management of GBRA is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of GBRA are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As demonstrated by the statements and schedules included in the financial section of this report as well as the management discussion and analysis also included herein, GBRA continues to meet its responsibility for sound financial management.

*Budgeting Controls.* 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. There are no legal requirements to include comparative budget to actual expenditure statements in this report. The staff prepares budget reports monthly that are used as management tools to measure GBRA's operations against the budgets adopted by the Board of Directors prior to the beginning of each year.

*Pension Plan Operations.* The operations of the Retirement Plan for Employees of GBRA was unfavorable as the actuarial value of the plan assets decreased from \$6,613,194 as of January 1, 2002 to \$6,366,054 as of January 1, 2003 or 3.74%. GBRA's annual contribution during fiscal year 2003 was \$423,589 nevertheless, the decline in value of the United States stock market caused an overall decrease in the value of plan assets. In addition, the market value decline also caused plan assets as a percentage of the actuarial accrued liability to decrease from 69% to 59% during the year. Also contributing to this decrease was a less than expected employee turnover and slightly higher than expected employee compensation.

*Debt Administration.* At August 31, 2003, GBRA had 10 bond issues outstanding. A schedule of these issues is included in Footnote B to the financial statements in this report. GBRA does not have the power of taxation nor does it derive any of its revenues from taxes; therefore, it issues no general

obligation bonds. Outstanding revenue bonds as of August 31, 2003 were \$121,160,601 while outstanding long-term loans were \$9,633,583. No state law nor GBRA's enabling act requires debt service coverage greater than 1:1, thus a schedule of the revenue bond coverage is not included in the statistical section of this report. Debt service coverage is however required by GBRA to be greater than 1:1 if the size and complexity of the project financed necessitates it. Debt service coverage is discussed further in Footnote I. Each revenue bond issue is insured or credit rated based on the financial strength of GBRA's service contracts. GBRA issued two new bond issues during fiscal year 2003. These include the \$4,390,000 General Improvement Revenue Bonds to expand the Seguin headquarters building and the \$79,450,000 Western Canyon Regional Water Supply Revenue Bonds to construct a new potable water supply project for Comal, Kendall, and Bexar County customers.

*Cash Management.* Cash not required for current operations, debt service payments or construction expenditures is invested in securities authorized by GBRA's investment policy that is approved annually by the Board of Directors. For the year, the average yield on restricted investments approximated 1.75% while the yield on unrestricted investments approximated 2.30%. These yields compare to an average one-year treasury yield of 1.50%. During most years, GBRA is able to equal or exceed the one-year treasury yield including this past year as short-term interest rates generally declined throughout the year. Interest earnings on investments were \$171,472 for the year.

GBRA's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits are either insured by federal depository insurance or collateralized with United States government securities. All collateral on deposits is held by GBRA, its agent, or the Federal Reserve Bank in GBRA's name. All investments held by GBRA at August 31, 2003 were classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board. The market value of all GBRA investments was 101.10% of their par value as of August 31, 2003. A complete disclosure of GBRA's investments is found in Footnote D in the notes to the financial statements.

*Risk Management.* GBRA has implemented an intensive loss control program to minimize risk exposures. Employees are well trained in safety practices and maintain a constant vigil to correct safety hazards. A safety committee coordinates the overall program under the direction of the Deputy General Manager while monthly safety meetings are held by each of the operating divisions. During the fiscal year, the safety manual was updated; employee health fairs were held in Seguin and Victoria; and GBRA's safety glasses and boots program continued. Part of the success of GBRA's excellent safety record can be attributed to the support it gets from the Texas Water Conservation Association Risk Management Fund. A schedule of insurance coverage is included in the statistical section of this report.

#### 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 Holtman, Wagner & Company, LLP was selected by the Board for the 2003 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, as well as with the county clerk of each county within the GBRA service area.

*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, 2002. 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.

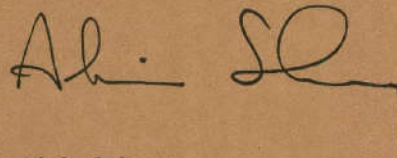
A Certificate of Achievement is valid for a period of one year only. GBRA has received a Certificate for the last 29 consecutive fiscal years (1973-2002). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

*Acknowledgments.* We congratulate our employees for another successful year of operation. Without their dedication and professionalism, we could not have provided the high level of service to the residents of the GBRA service area. The preparation of the CAFR on a timely basis was made possible by the dedicated efforts of the accounting department and public communications department. Each member has our sincere appreciation for the contributions made in the preparation of this report. In closing, we would be remiss to not recognize the leadership and support each GBRA Director has provided to the staff and this organization. Without that leadership, another successful year and the preparation of this report would not have been possible. We thank you for your dedicated public service.

Sincerely,



W. E. West, Jr.  
General Manager



Alvin Schuerg  
Executive Mgr of Finance and Administration

*Financial Section*

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# *Independent Auditors' Report*

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## **HOLTMAN, WAGNER & COMPANY, L.L.P.**

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Certified Public Accountants

876 Loop 337 Building 501  
New Braunfels, Texas 78130  
830-625-1182  
Fax 830-625-1498

### INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Guadalupe-Blanco River Authority

We have audited the accompanying combined balance sheet of the Guadalupe-Blanco River Authority ("GBRA") as of August 31, 2003, and the related combined statements of revenues, expenses, and changes in net assets and cash flows for the year then ended. These combined financial statements are the responsibility of GBRA's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of GBRA as of August 31, 2002 were audited by other auditors whose opinion dated October 7, 2002 on those statements was unqualified. As discussed in Note A to the financial statements, GBRA has restated its 2002 financial statements to reflect implementation of Governmental Accounting Standards Board Statement No. 34. The other auditors' reported on the 2002 financial statements before the restatement.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of GBRA as of August 31, 2003, and the respective statements of changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A, GBRA has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as of August 31, 2003.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise GBRA's basic financial statements. The introductory section, combining and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Holtman Wagner & Company LLP*

Holtman Wagner & Company, L.L.P.  
October 16, 2003

## *Management Discussion and Analysis*

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

The MD&A, as Required Supplemental Information, introduces the basic financial statements and provides an analytical overview of GBRA's financial activities. GBRA's fiscal year ending August 31, 2003 is the first year in which the provisions of the Government Accounting Standards Board Statement Number 34 have been implemented. Nevertheless, GBRA has restated fiscal year 2002 results consistent with Statement Number 34 and as a result, the MD&A that follows presents a comparison of each year.

### Overview of the Basic Financial Statements

GBRA was created in 1935 as a political subdivision of the State of Texas and structured as a conservation and reclamation district under Article 16, Section 59 of the Texas Constitution. GBRA's principal functions are to control, store, preserve, and distribute the waters of the Guadalupe River Basin for all useful purposes within the ten county district that GBRA serves. In meeting these principal functions, GBRA does not have the power of taxation and instead must rely upon user fees to provide these services.

GBRA's financial statements consist entirely of one enterprise fund because of the nature of GBRA's activities, the reliance upon user fees, and the fact that GBRA does not have any separate component units to report the activities of. The major features of this enterprise fund reporting are:

- **Scope** – All GBRA activities are included in the enterprise fund, the reporting format of which is similar to private businesses.
- **Required Financial Statements** – The financial statements prepared for the enterprise fund include a Balance Sheet; Statement of Revenues, Expenses and Changes in Net Assets; and Statement of Cash Flows.
- **Accounting Basis and Measurement Focus** – Accrual accounting and economic resources focus.
- **Type of Asset / Liability Information** – The enterprise fund reports all assets and liabilities, both financial and capital, and short-term and long-term.
- **Type of Inflow / Outflow Information** – The enterprise fund records all revenues and expenses during the year, regardless of when the cash is received from the revenue or when the cash is paid for the expense.

The remaining information that is included within GBRA's basic financial statements are the Notes to the Financial Statements. These Notes are included to provide additional information to assist the readers of the CAFR attain a more complete understanding of GBRA's financial position.

## Condensed Financial Information

The financial statements are designed to provide readers with a broad overview of GBRA's financial position. The Balance Sheet presents information on all of GBRA's assets and liabilities, with the difference between the two reported as Net Assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of GBRA is improving or deteriorating. In Fiscal Year 2003, assets exceeded liabilities by \$46,704,486 which is an increase of \$3,089,794 from last year. The most significant change in net assets is reflected in Restricted Assets and Long-Term Liabilities. GBRA issued revenue bonds of \$79,450,000 for the construction of the Western Canyon Regional Water Supply Project and \$4,390,000 for an expansion of GBRA's headquarters office located in Seguin, Texas. These produced a change in Investments in Capital Assets Net of Related Debt of \$4,096,584.

The following table presents a Condensed Balance Sheet for August 31, 2003 and 2002:

GUADALUPE-BLANCO RIVER AUTHORITY CONDENSED BALANCE SHEET		
AUGUST 31, 2003 AND 2002		
ASSETS	2003	2002
Current Assets	\$ 9,388,341	\$ 7,638,378
Restricted Assets	85,610,521	4,972,345
Fixed Assets	78,070,476	69,993,248
Other Assets	9,005,199	11,421,456
<b>Total Assets</b>	<b>\$ 182,074,537</b>	<b>\$ 94,025,427</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities (Payable from Current Assets)	\$ 2,940,944	\$ 3,132,660
Current Liabilities (Payable from Restricted Assets)	3,704,325	1,905,854
Long-Term Liabilities	128,262,823	44,820,120
Other Liabilities	461,959	552,101
<b>Total Liabilities</b>	<b>\$ 135,370,051</b>	<b>\$ 50,410,735</b>
<b>NET ASSETS</b>		
Investments in Capital Assets Net of Related Debt	\$ 28,544,428	\$ 24,447,844
Reserved for Construction	1,328,649	1,274,746
Reserved for Debt Service	1,197,066	1,009,049
Reserved for Insurance	1,207,006	1,143,183
Unrestricted	14,427,337	15,739,870
<b>Total Net Assets</b>	<b>\$ 46,704,486</b>	<b>\$ 43,614,692</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 182,074,537</b>	<b>\$ 94,025,427</b>

In addition to the Investments in Capital Assets Net of Related Debt component of Net Assets as shown above, GBRA maintains other reserves as part of the total amount of Net Assets. These include reserves for future expansions, debt service payments, bond reserve requirements and insurance reservations. These reserves remained relatively the same from the prior year.

The following table presents a Condensed Statement of Revenues, Expenses and Changes in Net Assets for August 31, 2003 and 2002:

GUADALUPE-BLANCO RIVER AUTHORITY		
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS		
FISCAL YEARS ENDED AUGUST 31, 2003 AND 2002		
	2003	2002
<b>REVENUE</b>		
Program Revenues:		
General Operating	\$ 1,736,623	\$ 1,557,469
Recreation and Land Use	1,121,211	1,020,276
Hydroelectric Generation	4,753,448	5,750,010
Water Treatment & Distribution	13,673,947	11,651,916
Waste Water Treatment	5,128,068	5,095,405
Interfund Eliminations	(1,701,384)	(1,543,741)
Investment Income	171,472	339,672
Total Revenues	<u>24,883,385</u>	<u>23,871,007</u>
<b>EXPENSES</b>		
General Operating	1,393,849	1,330,769
Recreation and Land Use	1,188,740	1,107,296
Hydroelectric Generation	4,490,125	3,552,241
Water Treatment & Distribution	11,647,922	10,377,666
Waste Water Treatment	5,072,417	5,129,068
Interfund Eliminations	(1,701,384)	(1,543,741)
Total Expenses	<u>22,091,669</u>	<u>19,953,299</u>
Income Before Recognition of Capital Contributions and Deferrals	2,791,716	3,917,708
Capital Contributions	422,599	11,496
Net Income Before Recognition of Deferrals	<u>3,214,315</u>	<u>3,929,204</u>
Revenue to be Recognized in Future Years	(124,521)	(1,773,636)
Change in Net Assets	3,089,794	2,155,568
Net Assets at August 31, 2002 and 2001	<u>43,614,692</u>	<u>41,459,124</u>
Net Assets at August 31, 2003 and 2002	<u>\$ 46,704,486</u>	<u>\$ 43,614,692</u>

As stated above, changes to GBRA's Net Assets is one measure of whether GBRA's financial position is improving or not. The Fiscal Year 2003 increase in Net Assets of \$3,089,794 is indicative of strong financial performance and an improved financial position. The components of Net Assets and the means in which it is calculated is apparent in the above Combined Statement of Revenues, Expenses and Changes in Net Assets.

Contributing to the increase in Net Assets was a growth in Total Revenue in the amount of \$1,012,378. The principal reason for this revenue growth was an increase in Water Treatment and Distribution program revenue. Also, contributing to this increase was higher raw water sales for water stored in Canyon Reservoir, larger water right reservation fees related to GBRA's

development of the Lower Guadalupe Water Supply Project, as well as normal budgetary increases at each of the five water treatment plants that GBRA operates.

Offsetting the increase in revenue described above was an even larger increase in Total Expenses. The principal reason for the increase in expenses was the cost of repairs incurred because of the July 2002 flood on the Guadalupe River. These non-recurring costs approximated \$1 million during Fiscal Year 2003 and were incurred to repair and replace the equipment inundated in the Canyon Hydroelectric Plant. The flood insurance coverage is expected to reimburse the majority of these costs. During Fiscal Year 2004, GBRA should incur substantially less flood repair cost since the Canyon Plant repairs were completed in October 2003.

### Capital Asset and Long-Term Debt Activity

As of August 31, 2003, GBRA's total investment in Capital Assets was \$78,070,476. These Capital Assets, shown as Fixed Assets on GBRA's Balance Sheet, are comprised of a number of different type 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 grew by 12% or \$8,077,228 during FY 2003. The principal reason for this asset growth was the completion of a raw water transmission pipeline during the year as well as costs associated with the ongoing Western Canyon Water Supply and General Office Expansion construction projects discussed above.

GBRA's long-term debt is comprised of outstanding revenue bond issues, bank loans, a loan from the United States related to the construction of Canyon Reservoir, and a loan from an electric generating company related to the construction of a water supply pipeline to that company. The total revenue bonds outstanding at August 31, 2003 were \$121,160,601 which is 236% more than the outstanding revenue bond total at the end of the previous year. The primary reason for this significant increase in bonded indebtedness was the issuance of \$79,450,000 in Western Canyon Regional Water Supply Project Bonds and \$4,390,000 of General Improvement Revenue Bonds. These two bond issues funded the Western Canyon and General Office Expansion construction projects discussed above. While the amount of outstanding revenue bonds increased significantly, the amount of long-term loans outstanding decreased by \$555,997. This decrease simply reflects the annual principle payments on the existing outstanding loans.

### Infrastructure

GBRA recognizes all equipment and infrastructure with an original cost greater than \$1,000 and with a life exceeding one year as Fixed Assets. Since all of GBRA's activity is accounted for in an enterprise fund similar to the accounting businesses have traditionally employed, GBRA has always recorded the historical cost of Fixed Assets and depreciated that cost over the estimated life of the asset.

The condition of GBRA's infrastructure and fixed assets is very good. GBRA believes in and practices an extensive preventive maintenance program at all of its facilities. Examples of this program were the repairs completed during the last ten years within the Guadalupe Valley Hydroelectric System. Repairs to the spillgates, turbines, and generators has insured that this System continues to produce cost effective, environmental friendly electricity despite the fact



that the dams and plants within this System were built in the 1920's. While the remaining equipment and infrastructure is generally less than 30 years old, with much of it being less than 10 years old, this equipment is subject to the ongoing preventive maintenance program.

#### Other Potentially Significant Matters

During Fiscal Year 2001, GBRA received an amended permit to increase the amount of water in Canyon Reservoir that can be annually committed to customers from 50,000 acre-feet to 90,000 acre-feet. A local citizens group opposed this amended permit and has recently filed suit in federal court against the United States Corps of Engineers (COE) seeking to stop GBRA's Western Canyon Water Supply Project which will use a portion of the increased water authorization in Canyon Reservoir. The citizens group, Friends of Canyon Lake (FOCL), seeks to require the COE to perform additional environmental studies before GBRA can construct a water intake on land owned by the COE. Both GBRA and the COE believe the suit is without merit and a court decision should be received in the near future. In the meantime, work on the project is ongoing and GBRA expects to complete the project in Fiscal Year 2005.

The GBRA Board of Directors has established a rate of \$84 per acre-foot per year for firm, raw water stored in Canyon Reservoir. Presently, GBRA contracts with about 100 customers throughout the GBRA district to commit approximately 61,600 acre-feet of Canyon Reservoir water. During Fiscal Year 2002, three customers challenged GBRA's firm water rate by petitioning the Texas Commission on Environmental Quality (TCEQ) to review and possibly set a new rate. Discussions are presently ongoing with these customers which would leave the \$84 rate in place and avoid a lengthy review by the TCEQ.



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**GUADALUPE-BLANCO RIVER AUTHORITY  
COMBINED BALANCE SHEET**

**AUGUST 31, 2003 AND 2002**

ASSETS	2003	2002
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents (Note D).....	\$1,061,375	\$1,266,757
Investments (Note D).....	5,361,222	4,745,658
Interest Receivable.....	37,496	45,421
Accounts Receivable-Operating (Note A5).....	2,579,761	1,370,362
Other Current Assets.....	348,487	210,180
<b>Total Current Assets.....</b>	<b>9,388,341</b>	<b>7,638,378</b>
<b>RESTRICTED ASSETS (Note A6)</b>		
Cash and Cash Equivalents (Note D).....	1,447,500	470,829
Investments (Note D).....	83,553,357	4,351,862
Interest Receivable.....	507,047	47,037
Accounts Receivable (Notes A5 and H).....	102,617	102,617
<b>Total Restricted Assets.....</b>	<b>85,610,521</b>	<b>4,972,345</b>
<b>FIXED ASSETS (Note A7 and Note E)</b>		
Land, Water and Storage Rights.....	20,959,447	18,881,635
Dams, Plants and Equipment.....	85,931,131	83,329,019
Construction In Progress (Note A15).....	6,489,516	514,802
Less Accumulated Depreciation.....	(35,309,618)	(32,732,208)
<b>Total Fixed Assets.....</b>	<b>78,070,476</b>	<b>69,993,248</b>
<b>OTHER ASSETS (Note A8)</b>		
Contract Development Costs (Net of Amortization).....	82,383	89,060
Debt Issuance Costs (Net of Amortization).....	2,511,592	1,124,727
Permits and Licenses (Net of Amortization).....	812,046	840,561
Project Development Costs.....	1,235,149	4,887,591
Long-term Loans Receivable.....	104,000	223,394
Deferred Costs and Expenses (Note A12 and Note A17).....	4,260,029	4,256,123
<b>Total Other Assets.....</b>	<b>9,005,199</b>	<b>11,421,456</b>
<b>Total Assets.....</b>	<b>\$182,074,537</b>	<b>\$94,025,427</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES (Payable from Current Assets)</b>		
Current Portion of Long-Term Loans Payable (Note B).....	\$576,361	\$555,997
Interest Payable.....	96,619	101,416
Accounts Payable-Operating.....	2,267,964	2,475,247
<b>Total.....</b>	<b>2,940,944</b>	<b>3,132,660</b>
<b>CURRENT LIABILITIES (Payable from Restricted Assets)</b>		
Current Portion of Revenue Bonds (Note B).....	1,955,000	1,565,000
Interest Payable.....	1,749,325	340,854
<b>Total.....</b>	<b>3,704,325</b>	<b>1,905,854</b>
<b>LONG-TERM LIABILITIES (Note B)</b>		
Revenue Bonds Payable.....	121,160,601	36,751,537
Long-Term Loans Payable.....	9,633,583	10,189,580
<b>Total.....</b>	<b>130,794,184</b>	<b>46,941,117</b>
Less Current Portion.....	(2,531,361)	(2,120,997)
<b>Total Long-Term Liabilities.....</b>	<b>128,262,823</b>	<b>44,820,120</b>
<b>OTHER LIABILITIES</b>		
Advances for Operations.....	461,959	552,101
<b>Total Other Liabilities.....</b>	<b>461,959</b>	<b>552,101</b>
<b>Total Liabilities.....</b>	<b>135,370,051</b>	<b>50,410,735</b>
<b>NET ASSETS</b>		
Investments in Capital Assets Net of Related Debt.....	28,544,428	24,447,844
Reserved for Construction (Note A6).....	1,328,649	1,274,746
Reserved for Debt Service (Note A6).....	1,197,066	1,009,049
Reserved for Insurance.....	1,207,006	1,143,183
Unrestricted.....	14,427,337	15,739,870
<b>Total Net Assets.....</b>	<b>46,704,486</b>	<b>43,614,692</b>
<b>Total Liabilities and Net Assets.....</b>	<b>\$182,074,537</b>	<b>\$94,025,427</b>

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

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FISCAL YEARS ENDED AUGUST 31, 2003 AND 2002**

	2003	2002
<b>REVENUE</b>		
Power Sales.....	\$3,291,811	\$5,564,628
Water Sales and Lake Operations.....	13,218,362	11,116,968
Recreation and Land Use.....	428,870	413,771
Waste Water Treatment Services.....	4,787,951	4,675,744
Laboratory Services.....	303,199	293,643
Rental.....	265,116	145,649
Pollution and Industrial Financing (Note F).....	341,600	307,850
Miscellaneous (Note H).....	2,079,008	1,088,404
Total Operating Revenue.....	24,715,917	23,606,657
<b>EXPENSES</b>		
Personnel Operating Costs.....	6,328,767	5,996,197
Operating Supplies and Services.....	7,876,099	5,889,469
Maintenance and Repairs (Note H).....	2,807,840	2,694,737
Depreciation and Amortization.....	2,757,775	2,767,931
Total Operating Expenses.....	19,570,481	17,348,334
Operating Income.....	5,145,436	6,258,323
<b>Nonoperating Revenues (Expenses)</b>		
Investment Income.....	171,472	339,672
Loss on the Disposal of Capital Assets.....	(4,004)	(75,322)
Interest Expense.....	(2,521,188)	(2,604,965)
Total Nonoperating Revenues.....	(2,353,720)	(2,340,615)
Income Before Recognition of Capital Contributions and Deferrals.....	2,791,716	3,917,708
Capital Contributions.....	422,599	11,496
Net Income Before Recognition of Deferrals.....	3,214,315	3,929,204
Costs to be Recovered (Revenue to be Recognized) in Future Years (Note A17).....	(124,521)	(1,773,636)
Change in Net Assets.....	3,089,794	2,155,568
Net Assets at August 31, 2002 and 2001.....	43,614,692	41,459,124
Net Assets at August 31, 2003 and 2002.....	\$46,704,486	\$43,614,692

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

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

**FISCAL YEARS ENDED AUGUST 31, 2003 AND 2002**

	2003	2002
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers.....	\$23,028,332	\$22,993,287
Cash Received from Interfund Administrative Charges.....	1,405,512	1,541,945
Cash Received from Administration of Industrial Revenue Bonds.....	33,750	-
Cash Received from Customer Operating Advances.....	23,154	64,830
Cash Paid for Personnel Operating Costs.....	(6,508,733)	(6,109,711)
Cash Paid for Other Operating and Maintenance Costs.....	(10,637,559)	(7,807,039)
Cash Paid for Interfund Administrative Charges.....	(1,521,418)	(1,430,227)
Cash Paid for Operational Project Development Costs.....	-	(2,001,074)
Net Cash Flows From Operating Activities.....	<u>5,823,038</u>	<u>7,252,011</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Net Cash Flows From Noncapital Financing Activities.....	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from Long-term Loans.....	-	1,750,000
Proceeds from Issuance of Revenue Bonds.....	84,458,109	9,621,789
Proceeds from Customer & Developer Capital Advances.....	422,599	11,496
Proceeds from Customer Loan Repayment.....	119,394	-
Proceeds from Sale of Fixed Assets.....	33,200	16,686
Purchase of Fixed Assets.....	(4,548,349)	(2,938,930)
Long-term Loan to Customer.....	-	(223,394)
Cash Paid for Construction in Progress.....	(1,519,133)	(55,611)
Interest Paid.....	(2,039,603)	(2,148,534)
Principal Payments on Revenue Bonds.....	(1,740,000)	(13,085,000)
Principal Payments on Loans.....	(555,997)	(377,653)
Net Cash Flows From (Used by) Capital and Related Financing Activities.....	<u>74,630,220</u>	<u>(7,379,151)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash Received from Net Investment Decrease.....	388,587	1,220,220
Investment Income Received.....	602,823	341,687
Cash Paid for Net Investment Increase.....	(80,673,379)	(784,553)
Net Cash Flows From (Used by) Investing Activities.....	<u>(79,681,969)</u>	<u>777,354</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b><u>\$771,289</u></b>	<b><u>\$650,214</u></b>
<b>CURRENT CASH AND CASH EQUIVALENTS:</b>		
At Beginning of Year.....	\$1,266,757	\$565,014
At End of Year.....	<u>1,061,375</u>	<u>1,266,757</u>
Net Increase (Decrease).....	<u>(205,382)</u>	<u>701,743</u>
<b>RESTRICTED CASH AND CASH EQUIVALENTS:</b>		
At Beginning of Year.....	470,829	522,358
At End of Year.....	<u>1,447,500</u>	<u>470,829</u>
Net Increase (Decrease).....	<u>976,671</u>	<u>(51,529)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b><u>\$771,289</u></b>	<b><u>\$650,214</u></b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating Income.....	\$5,145,436	\$6,258,323
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities:		
Depreciation and Amortization.....	2,757,775	2,767,931
Non-Cash Pollution and Industrial Financing Income.....	(307,850)	(307,850)
Net Change in Assets and Liabilities from Operating Activities:		
Operating Accounts Receivable.....	(1,790,859)	(143,378)
Other Current Assets.....	(138,307)	(4,843)
Deferred Costs and Expenses.....	(128,401)	(119,770)
Work in Progress.....	1,235	61,716
Project Development Costs.....	-	(1,984,331)
Operating Accounts Payable.....	374,151	688,250
Operating Advances.....	(90,142)	35,963
Total Adjustments.....	<u>677,602</u>	<u>993,688</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES.....</b>	<b><u>\$5,823,038</u></b>	<b><u>\$7,252,011</u></b>

**NON-CASH TRANSACTIONS SCHEDULE**

1. During each fiscal year 2003 and 2002, \$307,850 of interest expense on the \$4,700,000 of Floating Rate Monthly Demand Water Supply Refunding Revenue Bonds (Footnote B) was paid by SOHIO Chemical Company directly to the Trustee, Chemical Bank.
2. During fiscal year 2003 and 2002, an adjustment of (\$467,731) and (\$95,489) respectively, was made to decrease 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, 2003 AND 2002**

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

GBRA has implemented the Governmental Accounting Standard Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, this fiscal year. The statement established a comprehensive, integrated reporting model for state and local governments, which includes the Management's Discussion and Analysis, Balance Sheet, Statement of Revenues, Expenses and Changes in Net Assets, and Statement of Cash Flows.

GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus* and GASB Statement No. 38, *Certain Financial Statement Note Disclosures* were issued in June 2001. Statement No. 37 was issued to clarify certain provisions made in Statement No. 34, and Statement No. 38 was issued to modify, establish and rescind certain financial statement disclosures. The provisions set forth by these two statements have been implemented this fiscal year with GASB Statement No. 34. The statements for August 31, 2002 have been restated to comply with GASB 34.

1. **Reporting Entity.** Guadalupe-Blanco River Authority is a political subdivision of the State of Texas, created by the Texas Legislature in 1935 by Article 8280-106 Vernon's Texas Civil Statutes. GBRA is a separate self-supporting governmental unit serving a ten county area and is administered by a nine member board of directors who are appointed by the Governor of the State of Texas. The State of Texas does not have a financial accountability with GBRA; therefore, GBRA is not a part of the State's reporting entity. In evaluating the governmental activities and entities to be included in the Authority's financial statements, the management has considered all potential component units. According to the criteria as set forth by the Governmental Accounting Standards Board and based upon the significance of their operational or financial relationships with the Authority there are no separate component units included in the financial statements.
2. **Principles of Accounting.** The accompanying combined financial statements have been prepared on the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under GASB Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting* all proprietary funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 20, 1989. However, from that date forward, proprietary funds have the option of not applying future FASB pronouncements. GBRA has chosen to apply future FASB pronouncements unless they conflict with GASB guidance.
3. **Fund Reporting.** GBRA's accounting system consists solely of eleven (11) enterprise funds. These enterprise funds account for the acquisition, construction, operation and maintenance of GBRA's facilities and services which are entirely or predominately self-supporting through charges to customers.
4. **Budgets and Budgetary Accounting.** GBRA is not required under its enabling act to adopt a budget; therefore, comparative statements of actual expenses to budget expenses are not included within the combined financial statements.
5. **Accounts Receivable.** GBRA considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operating expenses when that determination is made.
6. **Restricted Assets.** Contractually restricted cash, investments, interest receivable and accounts receivable balances are reported in a separate restricted assets section of the balance sheet. Such amounts are physically segregated from other enterprise fund assets pursuant to provisions of the applicable bond indentures.
7. **Fixed Assets.** Land is not depreciated since it is considered to have an indefinite useful life. Land rights, storage rights and water rights were primarily acquired prior to November 1, 1970. Since these assets have no evident limited life, no amortization is recognized. Property, plant and equipment are recorded at their historical cost except for contributed assets which are recorded at their fair market value at the time donated. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives as follows:

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

8. **Other Assets.** Included within other assets are contract development costs, debt issuance costs, permits and licenses and project development costs. With the exception of project development costs, these assets are amortized on a straight-line basis over the life of the related contract, bond issue, or license.  
 Project development costs represent the capitalization of expenditures during the initial stage of a new project. These costs are accumulated until the viability of the new project is determined. If a project is determined to be viable, the costs are either transferred to fixed or intangible assets. If a project is determined not to be viable, the costs are expensed.
9. **Unbilled Revenue.** Revenue relating to unbilled rural water and waste water treatment services has not been recognized since the amounts are immaterial.
10. **Administrative and General Charges.** The operating divisions of GBRA pay administrative and general charges to the General Division for the administrative oversight the General Division provides. These interdivision charges and reveues have been eliminated in the combined statements.
11. **Vacation and Sick Leave.** GBRA allows employees to accumulate vacation and sick leave within certain limitations. Pursuant to Governmental Accounting Standards Board pronouncements, GBRA does not accrue nor record as an expense non-vested sick leave rights. GBRA does record as an expense and liability the value of vested vacation rights which as of August 31, 2003 and 2002 amounted to \$323,708 and \$293,766, respectively.
12. **Contingent Liabilities.** GBRA provides for contingent liabilities when it is probable a liability has been incurred and the amount of loss can be reasonably estimated. At August 31, 2003, GBRA had \$1,005,567 contractual commitments for construction of the Office Expansion project.

13. **Operating and Nonoperating Activities.** Proprietary funds, like GBRA, distinguish operating revenues and expenses from nonoperating revenues and expenses. Operating activities result from providing services in connection with GBRA's principal ongoing operations. GBRA's primary operating revenues include charges for water sales and lake operations, power sales, wastewater treatment services, and other services. Operating expenses include the costs of sales and services, general and administrative expenses, and depreciation expense. Nonoperating revenues and expenses are all other activities not meeting the above definitions.
14. **Management's Use of Estimates.** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, allowance for doubtful accounts, realization of project development costs, and other accounts. Actual results may differ from these estimates.
15. **Reserved Net Assets.** GBRA recognizes net assets reserved for future construction costs or debt service payments in divisions or funds in which restricted assets exceed the related liabilities.
16. **Capitalization of Interest.** In accordance with Financial Accounting Standards Board (FASB) Statement 62, GBRA's policy is to capitalize net interest costs on funds borrowed to finance the construction of fixed assets. GBRA recorded \$1,293,145 of interest expense and \$733,006 of interest income as construction in progress in 2003. GBRA recorded \$0 of interest expense and \$55,443 of interest income as construction in progress in 2002. The current construction projects, in which net interest costs were recognized, are the Office Expansion project, Western Canyon Construction project and the San Marcos Pipeline project.
17. **Deferred Expenses.** Certain utility expenses that do not require funds currently are deferred to such periods as they are intended to be recovered in rates charged to customers. Likewise, certain utility revenue is deferred to such periods in which the costs related to that revenue is recognized. Deferred expenses and revenue will be recognized in future years by setting rates sufficient to provide funds for the related debt service requirements. GBRA adopted the provisions of Statement of Financial Accounting Standards No. 71 "Accounting for the Effects of Certain Types of Regulation" in 1992.

#### NOTE B - LONG TERM LIABILITIES

GBRA currently has \$130,423,583 of debt outstanding from long-term loans and revenue bonds. This is exclusive of defeasance, discounts and premiums associated with these bonds.

The loans and revenue bonds outstanding at August 31, 2003 mature serially through 2033 as follows:

Year Ending August 31	LONG-TERM LOANS			Balance of Principal Outstanding	REVENUE BONDS			Balance of Principal Outstanding
	Total	Interest	Principal		Total	Interest	Principal	
				\$9,633,583				\$120,790,000
2004	989,609	413,248	576,361	9,057,222	7,782,322	5,827,322	1,955,000	118,835,000
2005	989,610	391,785	597,825	8,459,397	7,501,920	5,591,920	1,910,000	116,925,000
2006	989,609	369,481	620,128	7,839,269	8,951,119	5,516,119	3,435,000	113,490,000
2007	798,077	347,023	451,054	7,388,215	9,279,124	5,374,124	3,905,000	109,585,000
2008	606,541	333,704	272,837	7,115,378	9,286,676	5,221,676	4,065,000	105,520,000
2009	606,542	322,265	284,277	6,831,101	9,295,840	5,085,840	4,210,000	101,310,000
2010	606,541	310,157	296,384	6,534,717	9,359,489	4,924,489	4,435,000	96,875,000
2011	606,541	297,331	309,210	6,225,507	9,384,640	4,754,640	4,630,000	92,245,000
2012	606,541	283,735	322,806	5,902,701	8,602,926	4,582,926	4,020,000	88,225,000
2013	606,542	269,313	337,229	5,565,472	13,158,192	4,238,192	8,920,000	79,305,000
2014	606,541	254,002	352,539	5,212,933	8,291,116	3,901,116	4,390,000	74,915,000
2015	606,542	237,738	368,804	4,844,129	7,228,368	3,708,368	3,520,000	71,395,000
2016	606,541	220,448	386,093	4,458,036	7,244,834	3,539,834	3,705,000	67,690,000
2017	606,541	202,056	404,485	4,053,551	6,940,182	3,370,182	3,570,000	64,120,000
2018	606,542	182,481	424,061	3,629,490	6,271,844	3,206,844	3,065,000	61,055,000
2019	606,542	161,629	444,913	3,184,577	6,275,246	3,050,246	3,225,000	57,830,000
2020	606,542	139,405	467,137	2,717,440	6,275,273	2,885,273	3,390,000	54,440,000
2021	606,542	115,705	490,837	2,226,603	6,276,274	2,711,274	3,565,000	50,875,000
2022	606,541	90,414	516,127	1,710,476	6,277,949	2,527,949	3,750,000	47,125,000
2023	606,542	63,411	543,131	1,167,345	6,282,776	2,342,776	3,940,000	43,185,000
2024	606,544	34,562	571,982	595,363	6,278,750	2,148,750	4,130,000	39,055,000
2025	308,890	14,884	294,006	301,357	6,045,151	1,945,151	4,100,000	34,955,000
2026	308,890	7,533	301,357	--	5,626,313	1,746,313	3,880,000	31,075,000
2027					5,628,013	1,553,013	4,075,000	27,000,000
2028					5,320,000	1,350,000	3,970,000	23,030,000
2029					5,321,500	1,151,500	4,170,000	18,860,000
2030					5,318,000	943,000	4,375,000	14,485,000
2031					5,319,250	724,250	4,595,000	9,890,000
2032					5,319,500	494,500	4,825,000	5,065,000
2033					5,318,250	253,250	5,065,000	--
	<u>\$14,695,893</u>	<u>\$5,062,310</u>	<u>\$9,633,583</u>		<u>\$215,460,837</u>	<u>\$94,670,837</u>	<u>\$120,790,000</u>	

GUADALUPE-BLANCO RIVER AUTHORITY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
AUGUST 31, 2003 AND 2002

NOTE B - LONG TERM LIABILITIES

GBRA had the following changes in long-term liabilities for the fiscal years ended August 31, 2003 and 2002 (Exclusive of Interfund Loans Payable).

Series	Date of Issue	Final Maturity	Effective Interest Rate	Original Amount	Outstanding 8/31/2001	Retired During FY 2002	Outstanding 8/31/2002	Retired During FY 2003	Outstanding 8/31/2003	
<b>OBLIGATIONS PAYABLE DIRECTLY BY GBRA</b>										
<b>WATER RESOURCE DIVISION</b>										
U. S. Government Loan										
	01/01/1977	2026	2.5%	\$8,979,862	\$5,691,110	\$166,612	\$5,524,498	\$170,778	\$5,353,720	
First Lockhart National Bank Loan										
	12/31/2001	2007	3.5%	1,750,000	--	161,696	1,588,304	331,778	1,256,526	
<b>Total Obligations Payable Directly by GBRA</b>				<b>\$10,729,862</b>	<b>\$5,691,110</b>	<b>\$328,308</b>	<b>\$7,112,802</b>	<b>\$502,556</b>	<b>\$6,610,246</b>	
<b>CONTRACT REVENUE BONDS</b>										
<b>WATER RESOURCE DIVISION</b>										
Hays Energy Ltd. Loan										
	09/23/1999	2024	8.0%	\$3,200,000	\$3,126,123	\$49,345	\$3,076,778	\$53,441	\$3,023,337	
Regional Raw Wtr Delivery System Bonds, San Marcos										
	1998	10/31/1999	2024	4.50-6.0%	9,735,000	9,310,000	230,000	9,080,000	245,000	8,835,000
General Improvement Revenue Bonds										
	2002	09/15/2002	2027	3.35-4.75%	4,390,000	--	--	110,000	4,280,000	
Western Canyon Regional Water Supply Project Revenue Bonds										
	2003	04/01/2003	2033	3.0-5.25%	79,450,000	--	--	--	79,450,000	
<b>PORT LAVACA WATER TREATMENT PLANT DIVISION</b>										
Water Supply Revenue Refunding Bonds										
	2000	12/15/2000	2016	4.50-5.375%	3,265,000	3,265,000	140,000	3,125,000	150,000	2,975,000
<b>VICTORIA REGIONAL WASTE DISPOSAL DIVISION</b>										
Regional Waste Disposal Refunding and Improvement Revenue Bonds										
	1989	12/15/1989	2010	6.15-7.10%	5,520,000	2,610,000	--	2,610,000	--	2,610,000 (2)
Regional Waste Disposal Refunding Revenue Bonds										
	1993	11/15/1993	2004	2.75-4.60%	2,780,000	1,700,000	370,000	1,330,000	385,000	945,000 (3)
Regional Waste Disposal Revenue Bonds										
	1996	07/18/1996	2010	2.9-4.75%	3,750,000	2,875,000	240,000	2,635,000	245,000	2,390,000
<b>CANYON HYDROELECTRIC DIVISION</b>										
Hydroelectric Project Revenue Refunding Bonds										
	1991	12/01/1991	2016	3.5-6.30%	16,000,000	12,100,000	12,050,000	50,000	50,000	-- (4)
Hydroelectric Project Revenue Refunding Bonds										
	2002	04/15/2002	2014	3.5-4.75%	9,705,000	--	--	9,705,000	550,000	9,155,000 (4)
<b>LOCKHART WASTEWATER RECLAMATION DIVISION</b>										
Contract Revenue Bonds										
	1996	04/02/1996	2017	2.85%-4.55%	5,480,000	5,460,000	5,000	5,455,000	5,000	5,450,000
<b>Total Contract Revenue Bonds</b>				<b>\$143,275,000</b>	<b>\$40,446,123</b>	<b>\$13,084,345</b>	<b>\$37,066,778</b>	<b>\$1,793,441</b>	<b>\$119,113,337</b>	
<b>POLLUTION CONTROL BONDS</b>										
<b>WATER RESOURCE DIVISION</b>										
Water Supply Refunding Revenue Bonds (SOHIO Chemical Company Project)										
	1983	05/01/1983	2013	6.55%	\$4,700,000	\$4,700,000	\$--	\$4,700,000	\$--	\$4,700,000 (1)
<b>Total Pollution Control Bonds</b>				<b>\$4,700,000</b>	<b>\$4,700,000</b>	<b>\$--</b>	<b>\$4,700,000</b>	<b>\$--</b>	<b>\$4,700,000</b>	
<b>Total Revenue Bonds and Long-Term Loans Payable</b>					<b>\$50,837,233</b>		<b>\$48,879,580</b>		<b>\$130,423,583</b>	
Less Deferred Defeasance on Advance Refunding							(1,138,940)		(1,052,700)	
Less Revenue Bond Discounts							(799,523)		1,423,301 (2)(3)(4)	
<b>Net Revenue Bonds and Long-Term Loans Payable</b>							<b>46,941,117</b>		<b>130,794,184</b>	
Less Current Portion							(2,120,997)		(2,531,361)	
							<b>44,820,120</b>		<b>128,262,823</b>	
<b>Long-term loans payable to the General Division are as follows:</b>										
Guadalupe Valley Hydroelectric Division							--		449,000	
Rural Utilities Division							139,240		59,240	
Water Supply Division							9,008,743		7,739,037	
Port Lavaca Water Treatment Plant Division							--		8,000	
Coleta Creek Division							248,598		248,598	
Canyon Hydroelectric Division							30,500		603,500	
Lockhart Wastewater Reclamation Division							55,863		44,367	
<b>Total Long-term loans payable to the General Division</b>							<b>9,482,944</b>		<b>9,151,742</b>	
<b>TOTAL LONG-TERM LIABILITIES</b>							<b>\$54,303,064</b>		<b>\$137,414,565</b>	



#### NOTE B - LONG TERM LIABILITIES

1. Included in long-term debt is \$4,700,000 of Floating Rate Monthly Demand Water Supply Refunding Revenue Bonds. These bonds mature on May 1, 2013 and are guaranteed by Standard Oil Company of Ohio.

Issued in 1983, the proceeds of these bonds were used to refund and completely retire an earlier, short-term construction bond issue and to provide additional construction funds. The project financed consists of water supply facilities that carry cooling water to the British Petroleum Chemical (BP Chemical) plant located in Calhoun County, Texas.

Although GBRA owns the water supply facilities and the bond issue bears the GBRA's name, GBRA does not pledge its credit nor is it liable for any principal, premium, interest, or costs associated with the demand feature of the issue except to the extent of revenue collected on this project. Instead, British Petroleum Chemical Company and Standard Oil Company pledge their credit and bear sole responsibility for all debt service payments.

The demand and variable interest rate provisions of this issue were voided on November 2, 1992 pursuant to Section 4.06 of the bond indenture when British Petroleum Chemical Company elected to fix the interest rate. As of this date the bondholders no longer have the right to require purchase of bonds by the remarketing agent or the trustee, as escrow agent. Twenty days after the election of the fixed interest rate, the letter of credit was surrendered by the escrow agent to the bank and canceled. Due to the Guarantee Agreement with Standard Oil Company which guarantees the full payment of all principal and interest on the bonds, there is no financing agreement or debt service requirements for GBRA. Because the Guarantee Agreement preserves the long-term nature of the obligation it is recorded as a long term liability.

2. GBRA issued in Fiscal Year 1990 Regional Waste Disposal Refunding and Improvement Revenue Bonds. These bonds included both current interest bonds and capital appreciation or deep-discount bonds. The original combined discount on these bonds was in the amount of \$1,879,910. GBRA is amortizing the discount over the life of the bonds using the effective interest method. The August 31, 2003 and 2002 discount balance was \$699,802 and \$828,203 respectively.

Part of the proceeds from these bonds were used to purchase U.S. Government securities which were placed in a separate irrevocable trust fund in order to defease a 1982 bond issue which was subsequently called on October 1, 1992.

3. GBRA issued in Fiscal Year 1994 Regional Waste Disposal Refunding Revenue Bonds. The original discount on these bonds was in the amount of \$9,453. GBRA is amortizing the discount over the life of the bonds using the effective interest method. The August 31, 2003 and 2002 discount balance was \$880 and \$1,759 respectively.

The proceeds from these bonds were used to purchase U.S. Government securities which were placed in a separate irrevocable trust fund in order to defease and subsequently call a 1970 bond issue and partially defease a 1989 bond issue which was subsequently called on October 1, 1999.

4. GBRA issued in Fiscal Year 2002, Hydroelectric Project (City of New Braunfels, Texas) Revenue Refunding Bonds, Series 2002. These bonds were issued to retire the Series 1991 bonds, except for \$50,000 in principal and associated interest, which matured on December 1, 2002. The Series 2002 bonds were sold at a premium of \$33,774 which is being amortized over the life of the bond. The premium balance at August 31, 2003 and 2002 was \$30,416 and \$32,786 respectively. In addition to the refunding, New Braunfels Utilities contributed \$2,000,000 toward the reduction of the debt and reduced the term of the debt by two years. The refunding produced a net present value benefit (economic gain) of \$1,195,411. The combination of the refunding of the old bonds and the \$2,000,000 advance payment resulting in a net cash flow savings of \$2,972,819.

5. 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 combined 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.

None of the bond indentures of GBRA contain bond coverage requirement provisions, except the General Improvement Revenue Bonds; therefore, coverage data is not applicable for those issues. The General Improvement Revenue Bond required provisions are disclosed in footnote "Continuing Disclosure Requirements".

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2003 AND 2002**

**NOTE C - DEFINED BENEFIT PENSION PLAN**

**1. PLAN DESCRIPTION**

GBRA contributes to the Retirement Plan for Employees of Guadalupe-Blanco River Authority which was established June 1, 1966, and restated effective January 1, 1997. 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 nor can it utilize assets of the Trust.

All full-time GBRA employees who have completed one (1) year of service are eligible to participate in the Plan. Employees are 100% vested in the accrued benefit upon completion of five (5) years of service. Employees with less than five (5) years of service are not vested. Normal retirement age is 65. The Plan also provides benefits for early and late retirement, death, and disability. The retirement benefit at normal retirement is equal to 1.3% of final average earnings times the number of years of credited service. The normal form of payment is a ten (10) year certain and lifetime monthly benefit.

Wells Fargo Bank is the trustee of the plan. There is no stand-alone pension plan report available but a copy of the actuarial report is available from Rudd and Wisdom, Inc. at 9500 Arboretum Boulevard, Suite 200, Austin, Texas 78759.

**2. FUNDING POLICY**

The GBRA Board of Directors has sole authority to establish or amend the obligations to contribute to the plan by participants or the employer.

Employees are not required to contribute to the plan. GBRA makes contributions which are actuarially determined to pay the plan's total cost. GBRA contributes an amount annually (usually in December) for each plan year (ending December 31) that equals the sum of the normal cost using the entry age actuarial cost method plus an amount that will amortize the unfunded actuarial liability over an open period that varies from year to year but that is usually in the range of 3 to 30 years. The employer contributions were 7.7% of total participant payroll for 2002 and are expected to be 8.8% for the 2003 plan year. All of the costs of administering the plan are paid by GBRA and are not considered in the determination of the employer contribution.

**3. ANNUAL PENSION COST AND NET PENSION OBLIGATION**

For the GBRA fiscal year commencing September 1, 2002 and ending August 31, 2003, the Annual Pension Cost for GBRA of \$423,589 was equal to the employer's required and actual contribution. There is no existing net pension obligation since GBRA has historically contributed the required annual contribution.

**THREE-YEAR TREND INFORMATION**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
August 31, 2001	\$350,082	100%	\$ --
August 31, 2002	\$380,646	100%	\$ --
August 31, 2003	\$423,589	100%	\$ --

The required contribution for the fiscal year ending August 31, 2003 was based on the results of the actuarial valuation as of January 1, 2002 using the entry age actuarial cost method and was determined in compliance with the GASB Statement No. 27 parameters. The actuarial assumptions used for the three most recent valuations are shown below:

Actuarial Valuation Date:	January 1, 2001	January 1, 2002	January 1, 2003
Actuarial Cost Method:	Entry age	Entry age	Entry age
Amortization Method:	Level % of payroll, open	Level % of payroll, open	Level % of payroll, open
Amortization Period:	30 years	30 years	30 years
Asset Valuation Method:	5-yr adjusted market value	5-yr adjusted market value	5-yr adjusted market value
Annual Actuarial Assumptions:			
Investment return*	8.25%	8.25%	8.25%
Projected salary increases*	4.0% plus merit	4.0% plus merit	4.0% plus merit
Inflation	4.0%	4.0%	4.0%
Cost-of-living increases	0.0%	0.0%	0.0%

\* includes inflation at the stated rate

**4. REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	January 1, 2001	January 1, 2002	January 1, 2003
Actuarial Value of Assets	\$6,040,155	\$6,613,194	\$6,366,054
Actuarial Accrued Liability (AAL)	\$8,688,221	\$9,550,335	\$10,754,778
Unfunded AAL (UAAL)	\$2,648,066	\$2,937,141	\$4,388,724
Funded Ratio	70%	69%	59%
Covered Payroll	\$5,014,674	\$5,513,092	\$6,109,780
UAAL as a Percentage of Covered Payroll	53%	53%	72%

## NOTE D - CASH, CASH EQUIVALENTS AND INVESTMENTS

The monetary assets of GBRA are held in various forms and accounts. These assets are described and presented in the combined financial statements in two groups. One group is described as "Cash and Cash Equivalents". This group is characterized as having high liquidity with little market risk and includes cash, checking accounts, money market accounts and bank time deposits with an original maturity of less than three months. The second group of monetary assets is presented in the combined financial statements as "Investments". Investments are recorded at their fair value as based upon quoted market prices with the exception of bank certificates of deposit which are recorded at their historical cost which approximates fair value. Investments which may be purchased pursuant to Texas state law and GBRA's investment policy are direct or indirect obligations of the United States of America, any "A" rated obligation of a state of the United States or political subdivision thereof, investment grade repurchase agreements, prime commercial paper rated P-1, obligations of the Federal National Mortgage Association and Government National Mortgage Association, and bank time deposits to the extent collateral is pledged on the amount exceeding Federal Deposit Insurance Corporation (FDIC) coverage.

### 1. CASH AND DEPOSITS

At August 31, 2003, GBRA held \$2,508,875 of restricted and unrestricted cash and cash equivalents. Included in this amount was \$1,700 of cash on hand and the remainder was on deposit at various banks in demand accounts and certificates of deposit with terms less than three months. Also on deposit at banks was \$1,093,893 held as certificates of deposit with terms exceeding three months. These latter time deposits are recognized in the combined financial statements as investments.

Deposits as of August 31, 2003 are categorized below as an indicator of credit risk. Category 1 includes deposits that are insured by the FDIC or collateralized with securities held by GBRA or its agent and listing GBRA as owner. Category 2 includes deposits that are collateralized with securities held by the pledging financial institutions' trust departments or its agent but listing GBRA as owner. Category 3 includes deposits that are either collateralized with securities not listing GBRA as owner or uncollateralized completely. At August 31, 2003 and 2002 bank deposits were entirely insured or collateralized with securities held by GBRA's agent in GBRA's name.

### 2. INVESTMENTS

GBRA customarily invests its funds in certificates of deposit, direct and indirect 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.

GBRA investments less the bank time deposits listed above are categorized below as an indicator of credit and market risk. Category 1 includes investments that are insured by the Securities Investor Protection Corporation or held by GBRA or its agent and listing GBRA as owner. Category 2 includes uninsured investments held by the counterparty's agent but listing GBRA as owner. Category 3 includes uninsured investments held by the counterparty in their own name.

	Category			Fair
	1	2	3	Value
U. S. Treasury	\$4,798,124	--	--	\$4,798,124
Federal National Mortgage Association	23,467,487	--	--	23,467,487
Federal Home Loan Mortgage Corporation	38,611,031	--	--	38,611,031
Federal Farm Credit	203,925	--	--	203,925
Total Categorized Investments	\$67,080,567	--	--	\$67,080,567
Money Market Investment Fund-				
Texas State Treasury - TexPool				20,209,475
Texas CLASS				530,644
TOTAL INVESTMENTS				\$87,820,686

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 Chase Bank of Texas National Association, Inc., under an agreement with the Comptroller, acting on behalf of the Trust Company. The Comptroller maintains oversight of the services provided to TexPool by Chase Bank and First Southwest Asset Management, Inc. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy and approves any fee increases.

Texas CLASS is rated 'AAA/V1+'. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. The pool invests in a high-quality portfolio of investments legally permissible for Texas local government entities pursuant to the Texas Public Funds Investment Act. MBIA Municipal Investors Service Corporation, which manages the Texas CLASS, is an Securities and Exchange Commission registered investment advisor and provides investment management services specifically for the public sector.

The above investment pools seek to maintain a net asset value of \$1.00 and is 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, 2003 AND 2002

NOTE E - CAPITAL ASSETS

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

Classification	ASSETS			
	Balance	Additions	Removals	Balance
	August 31, 2002			August 31, 2003
Water & Storage Rights	\$ 12,637,226	\$ --	\$ --	\$ 12,637,226
Land & Land Rights	6,244,409	2,077,812	--	8,322,221
Total Land, Water and Storage Rights	\$ 18,881,635	\$ 2,077,812	\$ --	\$ 20,959,447
Structures & Improvements	\$ 69,686,550	\$ 2,136,716	\$ --	\$ 71,823,266
Specialized Equipment	6,802,679	1,791	--	6,804,470
Office Buildings & Communications	2,272,403	--	--	2,272,403
Shops & Storerooms	92,494	--	--	92,494
Auto & Heavy Equipment	2,233,559	402,739	87,429	2,548,869
Office Furniture & Equipment	819,075	93,149	1,662	910,562
Miscellaneous Equipment	1,422,259	59,952	3,144	1,479,067
Total Dams, Plants and Equipment	\$ 83,329,019	\$ 2,694,347	\$ 92,235	\$ 85,931,131
Construction in Progress-Operating	\$ 287,780	\$ --	\$ --	\$ 287,780
Construction in Progress-Construction	219,312	12,909,024	6,934,310	6,194,026
Construction in Progress-Other	7,710	--	--	7,710
Total Construction in Progress	\$ 514,802	\$ 12,909,024	\$ 6,934,310	\$ 6,489,516
Total Fixed Assets	\$ 102,725,456	\$ 17,681,183	\$ 7,026,545	\$ 113,380,094

Classification	DEPRECIATION			
	Balance	Additions	Removals	Balance
	August 31, 2002			August 31, 2003
Structures & Improvements	\$ (24,144,886)	\$ (2,050,161)	\$ --	\$ (26,195,047)
Specialized Equipment	(4,834,391)	(140,815)	--	(4,975,206)
Office Buildings & Communications	(1,201,098)	(49,631)	--	(1,250,729)
Shops & Storerooms	(66,333)	(1,920)	--	(68,253)
Auto & Heavy Equipment	(1,358,183)	(208,713)	(50,225)	(1,516,671)
Office Furniture & Equipment	(404,696)	(116,538)	(1,662)	(519,572)
Miscellaneous Equipment	(722,621)	(64,663)	(3,144)	(784,140)
Total Accumulated Depreciation	\$ (32,732,208)	\$ (2,632,441)	\$ (55,031)	\$ (35,309,618)

NET FIXED ASSETS	\$ 69,993,248	\$ 15,048,742	\$ 6,971,514	\$ 78,070,476
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## NOTE F - POLLUTION CONTROL AND INDUSTRIAL DEVELOPMENT BONDS

GBRA has assisted industries within the GBRA service area by providing tax-exempt financing for pollution control facilities and private industrial development. GBRA receives annual fees to administer this debt and these fees are recognized as pollution and industrial financing income. Additionally, GBRA owns certain facilities which supply raw water to the BP Chemical Company. BP Chemical pays all the debt service related to these water supply facilities. The amount of debt service that BP Chemical pays is recognized by GBRA as pollution and industrial financing income as well as interest expense.

For each of the remaining pollution control and industrial development bonds listed below, GBRA acted as an issuing conduit so that the user of the bond proceeds benefited from reduced debt service requirements. In each case, the user of the bond proceeds pledge their credit, bear sole responsibility for all debt service, make all payments directly to the trustee, and completely indemnify GBRA for any costs incurred. Due to the character of these bonds, GBRA considers them debts of the third party users rather than debts of GBRA. Therefore, these bonds and the related receivables have been excluded from the combined financial statements in order to avoid misrepresenting the nature of the bonds and distorting GBRA's financial statements. This exclusion is in conformity with the Texas State Auditor's Report dated October 6, 1986 for Water Districts and River Authorities reporting third party conduit financings. The Pollution Control and Industrial Development Bonds outstanding at August 31, 2003 total \$104,390,000 and are as follows:

Series	Date of		Interest Rate	Original Amount	Outstanding 8/31/03	Outstanding 8/31/02
	Issue	Maturity				
Pollution Control Revenue Bonds (Central Power and Light Company Project)						
1996	10/1/95	2015	4.75%	40,890,000	40,890,000	40,890,000
Floating Rate Monthly Demand Pollution Control Revenue Bonds (E. I. duPont Co. Project)						
1982A	7/1/82	2022	6.35%	13,500,000	13,500,000	13,500,000
Sewage and Solid Waste Disposal Facility Bonds (E. I. duPont Co. Project)						
1996	4/1/96	2026	Variable	25,000,000	25,000,000	25,000,000
Sewage and Solid Waste Disposal Facility Bonds (E. I. duPont Co. Project)						
1999	5/1/99	2029	5.5%	25,000,000	25,000,000	25,000,000

## NOTE G - RISK MANAGEMENT

GBRA is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, natural disasters, and job-related injuries or illnesses to employees for which GBRA carries commercial insurance or participates in the Texas Water Conservation Association Risk Management Fund (Fund). GBRA's relationship with the Fund parallels that with a commercial insurance company. The Fund has the responsibility to defend any suit seeking damages on account of any liability up to the applicable limits of the agreement. GBRA on the other hand has the responsibility to notify the Fund of all potential claims and to reimburse the Fund for amounts paid within the agreement's deductible. GBRA does not have the responsibility to reimburse the Fund for amounts related to the claims of other Fund participants. On January 1, 1994, GBRA changed its medical insurance coverage from a fully-insured plan to a partially self-insured plan. The purpose of the change was to reduce total medical costs for both the employees and GBRA. Medical claims exceeding \$698,301 for the group and \$40,000 per covered individual are insured through Combined Insurance Company of America. The plan is administered by Benesight.

Liabilities are reported when a contingency risk exists that may exceed reasonable cost projections. Annual costs have not exceeded the plan year budget over the past three fiscal years.

## NOTE H - FLOOD RECOVERY PROCESS

Beginning on July 4, 2002, communities and businesses throughout the Guadalupe River Basin experienced flooding conditions, which exceeded the 100-year flood plain in some areas. Since the creation of the Canyon Dam and Reservoir in 1964, this is the first time the reservoir reached its maximum capacity of 943.0 ft. (MSL) causing water to flow over the emergency spillway. The flow crested at 7.4 ft. (950.32 ft. MSL) above the emergency spillway on July 6, 2002.

GBRA suffered damage to several structural and operating facilities as a result of the flood. The most affected was the Canyon Hydroelectric Plant which was inundated with over 10 ft. of water in the plant. The repair of GBRA facilities is expected to cost approximately \$2,700,000. GBRA employees have worked diligently over the past year restoring facilities, maintaining operations, and working with the Federal Emergency Management Administration (FEMA), Natural Resource Conservation Service (NRCS) and the current flood insurance provider.

The flood insurance coverage is expected to reimburse the majority of the costs, approximately \$2,200,000, associated with the Canyon Hydroelectric Plant. All other structural and operating facility costs, uninsurable through the flood insurance policy, are being submitted to FEMA, who provides funding to state and local governments for the cost of debris removal from structures as well as repairs, up to the maximum 75% of eligible costs. The financial statements reflect a receivable of \$585,181 and \$130,659 at August 31, 2003 and 2002, respectively, from FEMA and insurance.

The removal process of hazardous flood debris from the Guadalupe River for public safety was completed in August 2003 at a cost of \$1,220,018. NRCS reimbursed these expenditures at 100% for in-kind services and 75% of debris removal costs. The financial statements reflect a receivable at August 31, 2003 and 2002 of \$0 and \$7,424, respectively, from NRCS.

Since GBRA had Federal grant expenditures in excess of \$300,000 in fiscal year 2003, a single audit was performed in compliance with OMB Circular A-133. A separate report is issued in 2003 for the single audit which was not required in fiscal year 2002.

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2003 AND 2002**

**NOTE I - CONTINUING DISCLOSURE REQUIRMENTS**

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 are being used for the expansion and construction of the GBRA headquarters, board room and office facilities, and an operations warehouse.

Moody's Investors Service, Inc. assigned an underlying rating on the Bonds of "A1" and an additional rating on the Bonds of "Aaa" based upon a municipal bond insurance policy issued by Ambac Assurance Corporation.

The bonds constitute special obligations of GBRA, both principal and interest, payable from and secured by an irrevocable lien on and pledge of the "Pledged Revenues" and the Pledged Revenues are further pledged to the establishment and maintenance of certain funds created in the Resolution authorizing the Bonds. "Pledged Revenues" generally consist of the gross revenues received by GBRA from the sale or commitment of raw water currently stored in Canyon Reservoir and from other sources of firm, dependable supplies of stored water as they are acquired and developed in the "Water Supply System" of GBRA's Water Resources Division.

Under the agreement of these bonds, GBRA is obligated to provide certain updated financial information and operating data annually. The required information is identified below.

**1. DEBT SERVICE REQUIREMENTS**

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

**2. FUND BALANCES AND COVERAGE**

Interest and Sinking Fund Balances as of August 31, 2003	\$	27,956
Reserve Fund Balance as of August 31, 2003	\$	-- (1)
Pledged Revenues for the Fiscal Year Ended August 31, 2003	\$	5,395,420 (2)
Net Revenues for the Fiscal Year Ended August 31, 2003	\$	2,125,257 (3)
Average Annual Debt Service Requirements (2003-2027)	\$	295,625
Coverage Factor based on Pledged Revenues		18.25 x
Coverage Factor based on Net Revenues		7.19 x

- (1) The reserve fund requirements are funded through Ambac Assurance Corporation.  
(2) See "Water Sales" under "Raw Water Sales" table.  
(3) See "Net Revenues" under "Raw Water Sales" table.

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

	Fiscal Year Ended August 31				
	2003	2002	2001	2000	1999
<b>Revenue</b>					
Water Sales (1)	\$ 5,395,420	\$ 4,112,175	\$ 4,142,438	\$ 3,245,912	\$ 3,308,538
Reservation Fees (2)	504,750	504,750	809,625	--	--
Recreation and Land Use	81,920	82,209	90,100	103,316	--
Pollution & Industrial Financing	--	--	--	--	135,000
Rental Income	145,439	19,860	20,570	17,442	--
Miscellaneous	37,519	105,896	39,672	86,045	758,377
Total Operating Revenue	\$ 6,165,048	\$ 4,824,890	\$ 5,102,405	\$ 3,452,715	\$ 4,201,915
<b>Expense</b>					
Operating Expenses	\$ 3,377,812	\$ 3,073,064	\$ 2,417,752	\$ 2,085,261	\$ 1,728,528
Maintenance and Repairs	321,898	334,652	231,316	244,535	576,202
Administrative and General	340,081	314,105	303,186	216,369	122,144
Total Operating Expense	\$ 4,039,791	\$ 3,721,821	\$ 2,952,254	\$ 2,546,165	\$ 2,426,874
<b>Net Revenue</b>	\$ 2,125,257	\$ 1,103,069	\$ 2,150,151	\$ 906,550	\$ 1,775,041

- (1) Pledged Revenues.  
(2) Annual fee paid by the San Antonio Water System and the San Antonio River Authority to preserve 70,000 acre-feet of run-of-the-river water rights currently held by GBRA and Union Carbide in the anticipation of the construction of a water supply delivery project from Refugio County to Bexar County, Texas.

#### 4. 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 stored raw water contracted with each type of customer is shown below:

	As of May 17, 2000		As of May 31, 2002		As of August 31, 2003	
	Acre-Feet	% of Total	Acre-Feet	% of Total	Acre-Feet	% of Total
Municipal	37,666	63.79%	42,868	66.42%	44,823	72.78%
Domestic	24	0.04%	25	0.04%	25	0.04%
Industrial	20,671	35.01%	20,739	32.13%	15,833	25.71%
Irrigation	685	1.16%	906	1.40%	909	1.48%
Total contracted acre-feet	59,046	100.00%	64,538	100.00%	61,590	100.00%

#### 5. MAJOR STORED 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 over 88% of the total acre-feet currently under contract. For this reason, major stored water customers have been identified as those with contracts for the sale or commitment of raw water in the amount of 1,000 or more acre-feet per year. Major stored water customers for the fiscal year ended August 31, 2003 are shown below:

Customer	Type	Total AF/YR	Revenue	Contract Information		
				Contract Date	Expiration Date	Renewal Option
<b>Municipal</b>						
Canyon Regional Water Authority	Regional Water Authority	7,900	\$ 765,535	10/31/1998	12/31/2039	(1)
New Braunfels Utilities	City	6,720	531,440	01/26/1989	01/25/2009	20 Yrs
City of Seguin	City	3,000	237,250	07/11/1995	12/31/2037	(1)
Canyon Lake WSC	Water Supply Corporation	2,000	158,167	10/01/1994	12/31/2044	(1)
Canyon Lake WSC II	Water Supply Corporation	2,000	158,166			(1)
SHWSC I	Water Supply Corporation	1,000	79,084	06/26/1967	12/31/2050	(1)
SHWSC II	Water Supply Corporation	1,000	79,083	06/01/2000	12/31/2050	(1)
San Marcos WTP Project						
City of San Marcos	City	5,000	395,417	10/01/1989	07/01/2047	(1)
CRWA --Hays Project	Regional Water Authority	2,038	109,624	06/16/1999	12/31/2039	(1)
Buda -- Hays Project	City	1,120	88,573	04/09/2002	12/31/1942	(1)
GBRA Western Canyon						
SAWS	City	4,000	301,736	03/17/2000	12/31/2037	40 Yrs (2x20 Yrs)
Boerne	City	1,861	147,174	02/22/2000	12/31/2037	40 Yrs (2x20 Yrs)
Fair Oaks Ranch	City	1,400	110,717	02/10/2000	12/31/2037	40 Yrs (2x20 Yrs)
Cordillera Ranch	City	1,000	79,083	10/11/2001	12/31/2037	40 Yrs (2x20 Yrs)
Total Major Municipal Customers		40,039	\$ 3,241,049			
<b>Industrial</b>						
Guadalupe Power Partners	Electric Generation	6,840	\$ 533,202	03/17/1999	12/31/2021	30 Yrs (6x5 Yrs)
American Electric Power TCC	Electric Generation	4,000	355,875	09/01/1975	09/01/2025	(1)
Hays Energy Limited Partners	Electric Generation	2,464	194,861	06/25/1999	12/31/2025	(1)
BP Chemical	Chemical Company	1,100	86,992	02/11/1980	02/21/2005	40 Yrs (15 Yrs = (5x5 Yrs))
Total Major Industrial Customers		14,404	\$ 1,170,930			
<b>Total Major Customers</b>		<b>54,443</b>	<b>\$ 4,411,979</b>			
<b>Total Stored Water Sales</b>		<b>61,590</b>	<b>5,395,420</b>			
<b>Major Customers as a Percentage of Total</b>		<b>88.40%</b>	<b>81.77%</b>			

(1) Contract does not provide for specific renewal options

GUADALUPE-BLANCO RIVER AUTHORITY  
 NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
 AUGUST 31, 2003 AND 2002

6. STORED 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

(1) Excludes out-of-district charges.

7. OTHER OBLIGATIONS

**Obligations Payable Directly by GBRA**

The long-term obligations payable directly by GBRA are disclosed in "Note B - Long Term Liabilities" in the "Notes to Combined Financial Statements" section of this report.

**Contract Revenue Bonds**

The contract revenue bonds which are payable from revenue derived from contracts between GBRA and the various parties securing payment to GBRA for debt service payments on the bonds are disclosed in "Note B - Long Term Liabilities" in the "Notes to Combined Financial Statements" section of this report.

**Pollution Control and Industrial Development Bonds**

GBRA has assisted industries within the GBRA service area by providing tax-exempt financing for pollution control facilities and private industrial development which are disclosed in "Note B - Long Term Liabilities" and in "Note E - Pollution Control and Industrial Development Bonds" in the "Notes to Combined Financial Statements" section of this report.

8. CASH, CASH EQUIVALENTS AND INVESTMENTS OF GBRA

The following percentages of GBRA's investable funds were invested in the following categories of investments:

Description	Purchase Price	% of Portfolio
Government Securities	\$ 66,267,188	72.48%
Certificates of Deposit	1,093,893	1.20%
Cash and Cash Equivalents	2,508,875	2.74%
Bank Trust Funds	813,379	0.89%
Public Funds Investment Pool	20,740,119	22.69%
Total	<u>\$ 91,423,454</u>	<u>100.00%</u>



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

GBRA is comprised of eleven (11) enterprise funds. These funds provide various services including raw and treated water supply, wastewater treatment and disposal, water quality monitoring, cooling reservoir operation, parks and recreational opportunities, as well as, hydroelectric generation. Governments that use enterprise funds accounting and reporting standards to report their activities are required to present segment information. A segment is an identifiable activity reported as or within an enterprise fund or an other stand-alone entity that has one or more bonds outstanding with a revenue stream pledged in support of that debt.

Segment information at August 31, 2003 is as follows:

	Water Sales	Calhoun Canal	Port Lavaca Water Plant	Victoria Waste Disposal	Canyon Hydroelectric	Lockhart WWTP	Total
<b>REVENUES, EXPENSES AND CHANGES IN NET ASSETS</b>							
Operating Revenue	\$ 7,674,677	\$ 1,213,253	\$ 1,211,150	\$ 3,139,484	\$ 2,283,249	\$ 871,862	\$ 16,393,675
Operating Expenses	(4,301,317)	(869,683)	(886,138)	(2,016,531)	(1,201,630)	(629,782)	(9,905,081)
Depreciation and Amortization Expense	(489,637)	(194,859)	(202,553)	(422,783)	(354,680)	(199,517)	(1,864,029)
Operating Income	2,883,723	148,711	122,459	700,170	726,939	42,563	4,624,565
Nonoperating Revenue (Expenses)	(1,001,132)	(304,904)	(146,197)	(279,959)	(509,632)	(235,826)	(2,477,650)
Capital Contributions	411,103	--	--	--	--	11,496	422,599
Costs to be Recovered (Deferred Revenue)	28,431	134,400	12,509	(312,895)	(173,485)	186,545	(124,495)
Change in Net Assets	2,322,125	(21,793)	(11,229)	107,316	43,822	4,778	2,445,019
Beginning Net Assets	5,034,792	1,546,612	1,170,766	2,338,205	474,083	139,967	10,704,425
Residual Equity Transfer	5,659,371	--	--	--	--	--	5,659,371
Ending Net Assets	\$ 13,016,288	\$ 1,524,819	\$ 1,159,537	\$ 2,445,521	\$ 517,905	\$ 144,745	\$ 18,808,815
<b>BALANCE SHEET ACTIVITIES</b>							
Total Assets	\$ 125,717,024	\$ 7,582,809	\$ 4,366,978	\$ 8,154,752	\$ 9,859,702	\$ 5,802,924	\$ 161,484,189
Total Liabilities	(112,700,734)	(6,057,990)	(3,207,441)	(5,709,231)	(9,341,797)	(5,658,180)	(142,675,373)
Total Net Assets	\$ 13,016,290	\$ 1,524,819	\$ 1,159,537	\$ 2,445,521	\$ 517,905	\$ 144,744	\$ 18,808,816
Revenue Bonds Payable	\$ 94,658,832	\$ 4,700,000	\$ 2,975,000	\$ 5,244,052	\$ 8,132,717	\$ 5,450,000	\$ 121,160,601
Loans Payable	9,633,583	--	--	--	--	--	9,633,583
Interfund Balances:							
Accounts Receivable	451,992	111,983	124,295	243,156	38,000	55,000	1,024,426
Accounts Payable	351,454	115,956	134,979	129,974	223,313	40,678	996,354
Notes Payable	5,690,022	1,048,139	8,000	--	603,500	44,367	7,394,028
<b>CASH FLOW ACTIVITIES</b>							
<b>Cash Flows</b>							
Operating Activities	\$ 2,251,122	\$ (15,095)	\$ 309,393	\$ 964,876	\$ 644,487	\$ 176,821	\$ 4,331,604
Noncapital Financing Activities	(1,310,707)	41,000	8,000	--	573,000	(11,496)	(700,203)
Capital and Related Financing Activities	78,880,351	(50,291)	(324,971)	(869,117)	(1,073,781)	(231,640)	76,330,551
Investing Activities	(79,443,466)	348	592	7,794	4,904	32,311	(79,397,517)
	\$ 377,300	\$ (24,038)	\$ (6,986)	\$ 103,553	\$ 148,610	\$ (34,004)	\$ 564,435
<b>Current Cash and Cash Equivalents</b>							
At Beginning of Year	\$ 95,103	\$ 34,328	\$ 20,562	\$ 69,835	\$ 10,204	\$ 86,833	\$ 316,865
At End of Year	88,751	10,290	13,576	112,948	106,937	52,829	385,331
Net Increase (Decrease)	\$ (6,352)	\$ (24,038)	\$ (6,986)	\$ 43,113	\$ 96,733	\$ (34,004)	\$ 68,466
<b>Restricted Cash and Cash Equivalents</b>							
At Beginning of Year	\$ 26,227	\$ --	\$ 5,044	\$ 5,913	\$ 200,359	\$ --	\$ 237,543
At End of Year	409,879	--	5,044	66,353	252,236	--	733,512
Net Increase (Decrease)	\$ 383,652	\$ --	\$ --	\$ 60,440	\$ 51,877	\$ --	\$ 495,969
	\$ 377,300	\$ (24,038)	\$ (6,986)	\$ 103,553	\$ 148,610	\$ (34,004)	\$ 564,435



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*Other Supplemental Information*

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**GUADALUPE-BLANCO RIVER AUTHORITY  
COMBINING BALANCE SHEET**

**AUGUST 31, 2003**

	General Division	Guadalupe Valley Hydroelectric Division	Rural Utilities Division	Water Resource Division	Port Lavaca Water Treatment Plant Division
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents.....	\$ 470,745	\$ 17,442	\$ 57,927	\$ 133,966	\$ 13,576
Investments.....	4,340,770	560	--	453,282	10,605
Interest Receivable.....	34,448	9	--	82	90
Accounts Receivable-Operating.....	896	257,471	50,555	1,020,666	105,837
Interfund.....	2,002,987	192,800	91,085	667,596	124,295
Other Current Assets.....	11,984	53,646	8,441	194,999	15,230
Total Current Assets.....	<u>6,861,830</u>	<u>521,928</u>	<u>208,008</u>	<u>2,470,591</u>	<u>269,633</u>
<b>RESTRICTED ASSETS</b>					
Cash and Cash Equivalents.....	335,574	--	113,280	675,013	5,044
Investments.....	871,431	--	926,693	80,593,123	156,524
Interest Receivable.....	3,270	--	8,366	490,560	730
Accounts Receivable.....	--	--	--	102,617	--
Total Restricted Assets.....	<u>1,210,275</u>	<u>--</u>	<u>1,048,339</u>	<u>81,861,313</u>	<u>162,298</u>
<b>FIXED ASSETS</b>					
Land, Water and Storage Rights.....	511,854	2,196,916	84,199	16,907,124	41,424
Dams, Plants and Equipment.....	1,778,187	9,814,400	3,685,755	26,796,849	5,415,632
Construction In Progress.....	--	24,171	27,737	6,418,499	--
Less Accumulated Depreciation.....	(1,010,956)	(4,813,037)	(2,243,038)	(7,060,867)	(2,564,415)
Total Fixed Assets.....	<u>1,279,085</u>	<u>7,222,450</u>	<u>1,554,653</u>	<u>43,061,605</u>	<u>2,892,641</u>
<b>OTHER ASSETS</b>					
Contract Development Costs (Net of Amortization).....	--	--	--	2,352	--
Debt Issuance Costs (Net of Amortization).....	--	--	--	1,684,158	151,334
Permits and Licenses (Net of Amortization).....	--	--	--	--	--
Project Development Costs.....	--	--	--	1,235,149	--
Interfund Loans Receivable.....	9,151,742	--	--	--	--
Long-term Loans Receivable.....	104,900	--	--	--	--
Deferred Costs and Expenses.....	--	--	--	3,396,801	891,072
Total Other Assets.....	<u>9,255,742</u>	<u>--</u>	<u>--</u>	<u>6,318,460</u>	<u>1,042,406</u>
Total Assets.....	<u>\$ 18,606,932</u>	<u>\$ 7,744,378</u>	<u>\$ 2,811,000</u>	<u>\$ 133,711,969</u>	<u>\$ 4,366,978</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES (Payable from Current Assets)</b>					
Current Portion of Long-Term Loans Payable.....	\$ --	\$ --	\$ --	\$ 576,361	\$ --
Interest Payable.....	--	--	--	96,619	--
Accounts Payable-Operating.....	429,779	143,612	53,636	936,567	36,912
Interfund.....	1,599,788	479,592	81,994	668,027	134,979
Total.....	<u>2,029,567</u>	<u>623,204</u>	<u>135,630</u>	<u>2,277,574</u>	<u>171,891</u>
<b>CURRENT LIABILITIES (Payable from Restricted Assets)</b>					
Current Portion of Revenue Bonds.....	--	--	--	340,000	155,000
Interest Payable.....	--	--	--	1,546,504	24,300
Total.....	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,886,504</u>	<u>179,300</u>
<b>LONG-TERM LIABILITIES</b>					
Revenue Bonds Payable.....	--	--	--	99,358,832	2,975,000
Long-Term Loans Payable.....	--	--	--	9,633,583	--
Interfund Loans Payable.....	--	449,000	59,240	7,739,037	8,000
Less Current Portion.....	--	449,000	59,240	116,731,452	2,983,000
Total Long-Term Liabilities.....	<u>--</u>	<u>449,000</u>	<u>59,240</u>	<u>115,815,091</u>	<u>2,828,000</u>
<b>OTHER LIABILITIES</b>					
Advances for Operations.....	--	--	13,975	87,984	28,250
Total Other Liabilities.....	<u>--</u>	<u>--</u>	<u>13,975</u>	<u>87,984</u>	<u>28,250</u>
Total Liabilities.....	<u>2,029,567</u>	<u>1,072,204</u>	<u>208,845</u>	<u>120,067,153</u>	<u>3,207,441</u>
<b>NET ASSETS</b>					
Investments in Capital Assets Net of Related Debt.....	1,279,085	6,773,450	1,495,413	7,598,289	(90,359)
Reserved for Construction.....	--	--	1,039,973	--	30,180
Reserved for Debt Service.....	--	--	--	--	131,388
Reserved for Insurance.....	1,207,006	--	--	--	--
Unrestricted.....	14,091,274	(101,276)	66,769	6,046,527	1,088,328
Total Net Assets.....	<u>16,577,365</u>	<u>6,672,174</u>	<u>2,602,155</u>	<u>13,644,816</u>	<u>1,159,537</u>
Total Liabilities and Net Assets.....	<u>\$ 18,606,932</u>	<u>\$ 7,744,378</u>	<u>\$ 2,811,000</u>	<u>\$ 133,711,969</u>	<u>\$ 4,366,978</u>

See accompanying independent auditors' report.

Calhoun County Rural Water Supply Division	Victoria Regional Wastewater Reclamation Division	Coletto Creek Division	Luling Water Treatment Plant Division	Canyon Hydroelectric Division	Lockhart Division	Eliminations	Total
\$ 109,599	\$ 112,948	\$ 12,441	\$ 22,027	\$ 106,937	\$ 3,767	\$ -	\$ 1,061,375
292,888	82,377	--	130,164	50,198	378	--	5,361,222
1,813	110	--	521	423	--	--	37,496
53,383	15,595	814	--	852,636	221,908	--	2,579,761
69,000	243,156	92,795	35,000	38,000	55,000	(3,611,714)	--
5,912	20,519	7,296	3,143	10,769	16,548	--	348,487
<u>532,595</u>	<u>474,705</u>	<u>113,346</u>	<u>190,855</u>	<u>1,058,963</u>	<u>297,601</u>	<u>(3,611,714)</u>	<u>9,388,341</u>
--	66,953	--	--	252,236	--	--	1,447,500
--	850,602	--	26,422	105,785	22,777	--	83,553,357
--	567	--	221	3,280	53	--	507,047
--	--	--	--	--	--	--	102,617
--	<u>917,522</u>	--	<u>26,643</u>	<u>361,301</u>	<u>22,830</u>	--	<u>85,610,521</u>
51,396	1,003,391	--	14,075	12,187	136,881	--	20,959,447
2,076,077	14,222,690	1,780,892	1,768,898	12,428,829	6,162,922	--	85,931,131
5,436	--	--	--	13,673	--	--	6,489,516
(1,083,199)	(8,846,786)	(1,172,269)	(1,408,004)	(4,320,485)	(786,562)	--	(35,309,618)
<u>1,049,710</u>	<u>6,379,295</u>	<u>608,623</u>	<u>374,969</u>	<u>8,134,204</u>	<u>5,513,241</u>	--	<u>78,070,476</u>
--	--	--	--	61,774	18,257	--	82,383
--	157,064	--	--	425,332	93,704	--	2,511,592
--	--	--	--	812,046	--	--	812,046
--	--	--	--	--	--	--	1,235,149
--	--	--	--	--	--	(9,151,742)	--
--	--	--	--	--	--	--	104,000
--	<u>226,166</u>	--	--	<u>(993,918)</u>	<u>739,908</u>	--	<u>4,260,029</u>
--	383,230	--	--	305,234	851,869	(9,151,742)	9,005,199
<u>\$ 1,582,305</u>	<u>\$ 8,154,752</u>	<u>\$ 721,969</u>	<u>\$ 592,467</u>	<u>\$ 9,859,702</u>	<u>\$ 6,685,541</u>	<u>\$ (12,763,456)</u>	<u>\$ 182,074,537</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 576,361
--	--	--	--	--	--	--	96,619
34,745	190,605	111,454	58,383	101,546	170,725	--	2,267,964
99,885	129,974	61,855	18,571	223,313	113,736	(3,611,714)	--
<u>134,630</u>	<u>320,579</u>	<u>173,309</u>	<u>76,954</u>	<u>324,859</u>	<u>284,461</u>	<u>(3,611,714)</u>	<u>2,940,944</u>
--	785,000	--	--	670,000	5,000	--	1,955,000
--	61,927	--	--	96,861	19,733	--	1,749,325
--	<u>846,927</u>	--	--	<u>766,861</u>	<u>24,733</u>	--	<u>3,704,325</u>
--	5,244,052	--	--	8,132,717	5,450,000	--	121,160,601
--	--	--	--	--	--	--	9,633,583
--	--	248,598	--	603,500	44,367	(9,151,742)	--
--	<u>5,244,052</u>	<u>248,598</u>	--	<u>8,736,217</u>	<u>5,494,367</u>	<u>(9,151,742)</u>	<u>130,794,184</u>
--	(785,000)	--	--	(670,000)	(5,000)	--	(2,531,361)
--	<u>4,459,052</u>	<u>248,598</u>	--	<u>8,066,217</u>	<u>5,489,367</u>	<u>(9,151,742)</u>	<u>128,262,823</u>
--	82,673	--	34,805	183,860	30,412	--	461,959
--	<u>82,673</u>	--	<u>34,805</u>	<u>183,860</u>	<u>30,412</u>	--	<u>461,959</u>
<u>134,630</u>	<u>5,709,231</u>	<u>421,907</u>	<u>111,759</u>	<u>9,341,797</u>	<u>5,828,973</u>	<u>(12,763,456)</u>	<u>135,370,051</u>
1,049,710	1,135,243	360,025	374,969	(602,013)	18,874	9,151,742	28,544,428
--	126,353	--	26,422	105,721	--	--	1,328,649
--	790,601	--	--	252,300	22,777	--	1,197,066
--	--	--	--	--	--	--	1,207,006
397,965	393,324	(59,963)	79,317	761,897	814,917	(9,151,742)	14,427,337
<u>1,447,675</u>	<u>2,445,521</u>	<u>300,062</u>	<u>480,708</u>	<u>517,905</u>	<u>856,568</u>	--	<u>46,704,486</u>
<u>\$ 1,582,305</u>	<u>\$ 8,154,752</u>	<u>\$ 721,969</u>	<u>\$ 592,467</u>	<u>\$ 9,859,702</u>	<u>\$ 6,685,541</u>	<u>\$ (12,763,456)</u>	<u>\$ 182,074,537</u>

**GUADALUPE-BLANCO RIVER AUTHORITY  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS**

**FISCAL YEAR ENDED AUGUST 31, 2003**

	General Division	Guadalupe Valley Hydroelectric Division	Rural Utilities Division	Water Resource Division	Port Lavaca Water Treatment Plant Division
<b>REVENUE</b>					
Power Sales.....	\$ --	\$ 2,074,143	\$ --	\$ --	\$ --
Water Sales and Lake Operations.....	--	--	--	9,303,930	1,210,350
Recreation and Land Use.....	--	--	--	81,920	--
Waste Water Treatment Services.....	--	--	721,851	331,051	--
Laboratory Services.....	--	--	--	298,985	--
Rental.....	--	2,585	--	145,439	--
Administrative and General.....	1,701,384	--	--	--	--
Pollution and Industrial Financing.....	33,750	--	--	307,850	--
Miscellaneous.....	1,489	393,471	65,014	177,587	800
Total Operating Revenue.....	<u>1,736,623</u>	<u>2,470,199</u>	<u>786,865</u>	<u>10,641,762</u>	<u>1,211,150</u>
<b>EXPENSES</b>					
Personnel Operating Costs.....	303,995	1,062,091	234,592	2,484,074	369,846
Operating Supplies and Services.....	827,620	348,428	173,500	3,180,161	316,693
Maintenance and Repairs.....	123,549	539,599	173,465	682,668	105,535
Administrative and General.....	--	287,743	57,328	578,804	94,064
Depreciation and Amortization.....	138,685	180,206	316,675	701,345	202,553
Total Operating Expenses.....	<u>1,393,849</u>	<u>2,418,067</u>	<u>955,560</u>	<u>7,627,052</u>	<u>1,088,691</u>
Operating Income (Loss).....	342,774	52,132	(168,695)	3,014,710	122,459
<b>Nonoperating Revenues (Expenses)</b>					
Investment Income.....	93,946	501	19,149	30,079	2,289
Loss on the Disposal of Capital Assets.....	--	--	--	(2,212)	--
Interest Expense.....	--	--	--	(1,333,903)	(148,486)
Total Nonoperating Revenues (Expenses).....	<u>93,946</u>	<u>501</u>	<u>19,149</u>	<u>(1,306,036)</u>	<u>(146,197)</u>
Income (Loss) Before Recognition of Capital Contributions and Deferrals.....	436,720	52,633	(149,546)	1,708,674	(23,738)
Capital Contributions.....	--	--	--	411,103	--
Income (Loss) Before Recognition of Deferrals.....	436,720	52,633	(149,546)	2,119,777	(23,738)
Costs to be Recovered (Revenue to be Recognized) in Future Years.....	--	--	--	162,831	12,509
Change in Net Assets.....	436,720	52,633	(149,546)	2,282,608	(11,229)
Net Assets at September 1, 2002.....	<u>16,140,645</u>	<u>6,619,541</u>	<u>8,411,072</u>	<u>5,702,837</u>	<u>1,170,766</u>
Residual Equity Transfer.....	--	--	(5,659,371)	5,659,371	--
Net Assets at August 31, 2003.....	<u>\$ 16,577,365</u>	<u>\$ 6,672,174</u>	<u>\$ 2,602,155</u>	<u>\$ 13,644,816</u>	<u>\$ 1,159,537</u>

See accompanying independent auditors' report.

Calhoun County Rural Water Supply Division	Victoria Regional Wastewater Reclamation Division	Coleto Creek Division	Luling Water Treatment Plant Division	Canyon Hydroelectric Division	Lockhart Division	Eliminations	Total
\$ --	\$ --	\$ --	\$ --	\$ 1,217,668	\$ --	\$ --	\$ 3,291,811
496,869	--	646,114	375,182	--	1,185,917	--	13,218,362
--	--	346,950	--	--	--	--	428,870
29,879	2,964,726	--	2,400	--	738,044	--	4,787,951
--	9,214	--	--	--	--	--	303,199
--	--	117,092	--	--	--	--	265,116
--	--	--	--	--	--	(1,701,384)	--
--	--	--	--	--	--	--	341,600
63,879	165,544	11,055	770	1,065,581	133,818	--	2,079,008
<u>590,627</u>	<u>3,139,484</u>	<u>1,121,211</u>	<u>378,352</u>	<u>2,283,249</u>	<u>2,057,779</u>	<u>(1,701,384)</u>	<u>24,715,917</u>
236,414	759,710	479,438	153,965	53,306	371,302	(179,966)	6,328,767
240,788	625,804	252,248	169,912	1,097,588	443,357	--	7,676,099
39,183	427,213	282,383	62,006	37,276	334,963	--	2,807,840
56,881	203,804	93,001	41,214	13,460	95,119	(1,521,418)	--
77,993	422,783	81,670	64,234	354,680	216,951	--	2,757,775
651,259	2,439,314	1,188,740	491,331	1,556,310	1,461,692	(1,701,384)	19,570,481
(60,632)	700,170	(67,529)	(112,979)	726,939	596,087	--	5,145,436
6,605	7,419	465	3,862	6,116	1,041	--	171,472
(598)	(1,194)	--	--	--	--	--	(4,004)
--	(286,184)	--	--	(515,748)	(236,867)	--	(2,521,188)
6,007	(279,959)	465	3,862	(509,632)	(235,826)	--	(2,353,720)
(54,625)	420,211	(67,064)	(109,117)	217,307	360,261	--	2,791,716
--	--	--	--	--	11,496	--	422,599
(54,625)	420,211	(67,064)	(109,117)	217,307	371,757	--	3,214,315
--	(312,895)	(26)	--	(173,485)	186,545	--	(124,521)
(54,625)	107,316	(67,090)	(109,117)	43,822	558,302	--	3,089,794
1,502,300	2,338,205	367,152	589,825	474,083	298,266	--	43,614,692
--	--	--	--	--	--	--	--
<u>\$ 1,447,675</u>	<u>\$ 2,445,521</u>	<u>\$ 300,062</u>	<u>\$ 480,708</u>	<u>\$ 517,905</u>	<u>\$ 856,568</u>	<u>\$ --</u>	<u>\$ 46,704,486</u>

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

**FISCAL YEAR ENDED AUGUST 31, 2003**

	General Division	Guadalupe Valley Hydroelectric Division	Rural Utilities Division	Water Resource Division
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Received from Customers.....	\$ 1,489	\$ 2,435,028	\$ 782,056	\$ 9,800,896
Cash Received from Interfund Administrative Charges.....	1,495,512	--	--	--
Cash Received from Administration of Industrial Revenue Bonds.....	33,750	--	--	--
Cash Received from Customer Operating Advances.....	--	--	--	23,154
Cash Paid for Personnel Operating Costs.....	(303,995)	(1,062,091)	(234,592)	(2,484,074)
Cash Paid for Other Operating and Maintenance Costs.....	(651,964)	(792,480)	(334,302)	(4,423,517)
Cash Paid for Interfund Administrative Charges.....	--	(287,743)	(57,328)	(578,804)
Cash Paid for Operational Project Development Costs.....	--	--	--	--
Net Cash Flows From (Used by) Operating Activities.....	484,792	292,714	155,834	2,337,655
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Interfund Operating Loans Received.....	--	449,000	--	1,648,203
Interfund Operating Loans Made.....	(2,808,203)	--	--	--
Principal Payments Made on Interfund Operating Loans.....	--	--	(80,000)	(2,917,909)
Principal Payments Received on Interfund Operating Loans.....	3,139,405	--	--	--
Net Cash Flows From (Used by) Noncapital Financing Activities.....	331,202	449,000	(80,000)	(1,269,706)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceeds from Long-term Loans.....	--	--	--	--
Proceeds from Issuance of Revenue Bonds.....	--	--	--	84,458,109
Proceeds from Customer & Developer Capital Advances.....	--	--	--	411,103
Proceeds from Customer Loan Repayment.....	--	--	--	--
Proceeds from Sale of Fixed Assets.....	--	--	--	32,700
Purchase of Fixed Assets.....	(115,774)	(955,817)	(55,350)	(2,624,242)
Cash Paid for Construction in Progress.....	--	--	--	(1,519,133)
Interest Paid.....	--	--	--	(1,030,850)
Principal Payments on Revenue Bonds.....	--	--	--	(355,000)
Principal Payments on Loans.....	--	--	--	(555,997)
Net Cash Flows Used by Capital and Related Financing Activities.....	(115,774)	(955,817)	(55,350)	78,816,690
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Cash Received from Net Investment Decrease.....	102,252	--	--	54,964
Investment Income Received.....	155,208	492	32,075	367,649
Cash Paid for Net Investment Increase.....	(956,428)	(8)	(25,393)	(79,610,872)
Net Cash Flows From (Used by) Investing Activities.....	(698,968)	484	6,682	(79,188,259)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....</b>	<b>\$ 1,252</b>	<b>\$ (213,619)</b>	<b>\$ 27,166</b>	<b>\$ 696,380</b>
<b>CURRENT CASH AND CASH EQUIVALENTS:</b>				
At Beginning of Year.....	\$ 648,502	\$ 231,061	\$ 67,320	\$ 86,372
At End of Year.....	470,745	17,442	57,927	133,966
Net Increase (Decrease).....	(177,757)	(213,619)	(9,393)	47,594
<b>RESTRICTED CASH AND CASH EQUIVALENTS:</b>				
At Beginning of Year.....	156,565	--	76,721	26,227
At End of Year.....	335,574	--	113,280	675,013
Net Increase (Decrease).....	179,009	--	36,559	648,786
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....</b>	<b>\$ 1,252</b>	<b>\$ (213,619)</b>	<b>\$ 27,166</b>	<b>\$ 696,380</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS</b>				
<b>FROM OPERATING ACTIVITIES:</b>				
Operating Income (Loss).....	\$ 342,774	\$ 52,132	\$ (168,695)	\$ 3,014,710
Adjustments to Reconcile Operating Income to Net Cash Flows				
From Operating Activities:				
Depreciation and Amortization.....	138,685	180,206	316,675	701,345
Non-Cash Pollution and Industrial Financing Income.....	--	--	--	(307,850)
Net Change in Assets and Liabilities from Operating Activities:				
Operating Accounts Receivable.....	(292,767)	(37,971)	(39,790)	(723,033)
Other Current Assets.....	(5,961)	(21,760)	(1,911)	(85,872)
Deferred Costs and Expenses.....	--	--	--	--
Work in Progress.....	--	--	1,235	--
Project Development Costs.....	--	--	--	--
Operating Accounts Payable.....	302,061	120,107	53,339	(284,799)
Operating Advances.....	--	--	(5,019)	23,154
Total Adjustments.....	142,018	240,582	324,529	(677,055)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES.....</b>	<b>\$ 484,792</b>	<b>\$ 292,714</b>	<b>\$ 155,834</b>	<b>\$ 2,337,655</b>
<b>NON-CASH TRANSACTIONS SCHEDULE</b>				
1. During each fiscal year 2003 and 2002, \$307,850 of interest expense on the \$4,700,00 of Floating Rate Monthly Demand Water Supply Refunding Revenue Bonds (Footnote B) was paid by SOHIO Chemical Company directly to the Trustee, Chemical Bank.				
2. During fiscal year 2003 and 2002, an adjustment of (\$467,731) and (\$35,489), respectively, was made to decrease investments to fair value.				
<i>See accompanying independent auditors' report.</i>				



Port Lavaca Water Treatment Plant Division	Calhoun County Rural Water Supply Division	Victoria Wastewater Reclamation Division	Coleta Creek Division	Luling Water Treatment Plant Division	Canyon Hydroelectric Division	Lockhart Division	Eliminations	Total
\$ 1,206,737	\$ 575,869	\$ 3,051,579	\$ 1,121,144	\$ 378,352	\$ 1,755,179	\$ 1,920,003	\$ --	\$ 23,028,332
--	--	--	--	--	--	--	--	1,405,512
--	--	--	--	--	--	--	--	33,750
--	--	--	--	--	--	--	--	23,154
(369,846)	(236,414)	(759,710)	(479,438)	(153,965)	(53,306)	(371,302)	--	(6,508,733)
(433,434)	(242,789)	(1,123,189)	(538,628)	(240,646)	(1,043,926)	(812,684)	--	(10,637,559)
(94,064)	(56,881)	(203,804)	(93,001)	(41,214)	(13,460)	(95,119)	--	(1,521,418)
--	--	--	--	--	--	--	--	--
309,393	39,785	964,876	10,077	(57,473)	644,487	640,898	--	5,823,038
8,000	--	--	--	--	573,000	130,000	(2,808,203)	--
--	--	--	--	--	--	--	2,808,203	--
--	--	--	--	--	--	(141,496)	3,139,405	--
--	--	--	--	--	--	--	(3,139,405)	--
8,000	--	--	--	--	573,000	(11,496)	--	--
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	84,458,109
--	--	--	--	--	--	11,496	--	422,599
--	--	--	--	--	--	119,394	--	119,394
--	--	500	--	--	--	--	--	33,200
(25,141)	(80,063)	(77,683)	(27,136)	(1,256)	(13,673)	(572,214)	--	(4,548,349)
--	--	--	--	--	--	--	--	(1,519,133)
(149,830)	--	(161,934)	--	--	(460,108)	(236,881)	--	(2,039,603)
(150,000)	--	(630,000)	--	--	(600,000)	(5,000)	--	(1,740,000)
--	--	--	--	--	--	--	--	(555,997)
(324,971)	(80,063)	(869,117)	(27,136)	(1,256)	(1,073,781)	(683,205)	--	74,630,220
--	104,148	73,813	--	31,552	--	21,858	--	388,587
4,460	13,774	8,249	465	10,217	7,446	2,788	--	602,823
(3,868)	--	(74,268)	--	--	(2,542)	--	--	(80,673,379)
592	117,922	7,794	465	41,769	4,904	24,646	--	(79,681,969)
\$ (6,986)	\$ 77,644	\$ 103,553	\$ (16,594)	\$ (16,960)	\$ 148,610	\$ (29,157)	\$ --	\$ 771,289
\$ 20,562	\$ 31,955	\$ 69,835	\$ 29,035	\$ 38,987	\$ 10,204	\$ 32,924	\$ --	\$ 1,266,757
13,576	109,599	112,948	12,441	22,027	106,937	3,767	--	1,061,375
(6,986)	77,644	43,113	(16,594)	(16,960)	96,733	(29,157)	--	(205,382)
5,044	--	5,913	--	--	200,359	--	--	470,829
5,044	--	66,353	--	--	252,236	--	--	1,447,500
--	--	60,440	--	--	51,877	--	--	976,671
(6,986)	\$ 77,644	\$ 103,553	\$ (16,594)	\$ (16,960)	\$ 148,610	\$ (29,157)	\$ --	\$ 771,289
\$ 122,459	\$ (60,632)	\$ 700,170	\$ (67,529)	\$ (112,979)	\$ 726,939	\$ 596,087	\$ --	\$ 5,145,436
202,553	77,993	422,783	81,670	64,234	354,680	216,951	--	2,757,775
--	--	--	--	--	--	--	--	(307,850)
(30,824)	(11,733)	20,476	594	35	(538,070)	(137,776)	--	(1,790,859)
(2,083)	5,219	(3,525)	(1,704)	(711)	(9,302)	(10,697)	--	(138,307)
--	--	(128,401)	--	--	--	--	--	(128,401)
--	--	--	--	--	--	--	--	1,235
--	--	--	--	--	--	--	--	--
17,288	28,938	(46,627)	(2,954)	(8,052)	218,517	(23,667)	--	374,151
--	--	--	--	--	(108,277)	--	--	(90,142)
186,934	100,417	264,706	77,606	55,506	(82,452)	44,811	--	677,602
\$ 309,393	\$ 39,785	\$ 964,876	\$ 10,077	\$ (57,473)	\$ 644,487	\$ 640,898	\$ --	\$ 5,823,038

**CANYON DAM AND RESERVOIR SCHEDULE  
AMORTIZATION SCHEDULE FOR U.S. GOVERNMENT LOAN  
AUGUST 31, 2003**

YEAR ENDING AUGUST 31	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2004	\$ 175,047	\$ 133,843	\$ 308,890
2005	179,423	129,467	308,890
2006	183,909	124,981	308,890
2007	188,507	120,383	308,890
2008	193,219	115,671	308,890
2009	198,050	110,840	308,890
2010	203,001	105,889	308,890
2011	208,076	100,814	308,890
2012	213,278	95,612	308,890
2013	218,610	90,280	308,890
2014	224,075	84,815	308,890
2015	229,677	79,213	308,890
2016	235,419	73,471	308,890
2017	241,305	67,585	308,890
2018	247,337	61,553	308,890
2019	253,521	55,369	308,890
2020	259,859	49,031	308,890
2021	266,355	42,535	308,890
2022	273,014	35,876	308,890
2023	279,839	29,051	308,890
2024	286,835	22,055	308,890
2025	294,006	14,884	308,890
2026	301,357	7,533	308,890
	<u>\$ 5,353,719</u>	<u>\$ 1,750,751</u>	<u>\$ 7,104,470</u>

**SAN MARCOS RAW WATER DELIVERY SYSTEM  
AMORTIZATION SCHEDULE FOR  
HAYS ENERGY LIMITED PARTNERSHIP LOAN  
AUGUST 31, 2003**

YEAR ENDING AUGUST 31	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2004	\$ 57,876	\$ 239,775	\$ 297,651
2005	62,680	234,972	297,652
2006	67,882	229,769	297,651
2007	73,517	224,135	297,652
2008	79,618	218,033	297,651
2009	86,227	211,425	297,652
2010	93,383	204,268	297,651
2011	101,134	196,517	297,651
2012	109,528	188,123	297,651
2013	118,619	179,033	297,652
2014	128,464	169,187	297,651
2015	139,127	158,525	297,652
2016	150,674	146,977	297,651
2017	163,180	134,471	297,651
2018	176,724	120,928	297,652
2019	191,392	106,260	297,652
2020	207,278	90,374	297,652
2021	224,482	73,170	297,652
2022	243,113	54,538	297,651
2023	263,292	34,360	297,652
2024	285,147	12,507	297,654
	<u>\$ 3,023,337</u>	<u>\$ 3,227,347</u>	<u>\$ 6,250,684</u>

**WATER RESOURCE WATER RIGHT AMORTIZATION SCHEDULE  
FOR FIRST LOCKHART NATIONAL BANK LOAN  
AUGUST 31, 2003**

YEAR ENDING AUGUST 31	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2004	\$ 343,438	\$ 39,630	\$ 383,068
2005	355,722	27,346	383,068
2006	368,337	14,731	383,068
2007	189,030	2,505	191,535
	<u>\$ 1,256,527</u>	<u>\$ 84,212</u>	<u>\$ 1,340,739</u>

**GENERAL IMPROVEMENT REVENUE BONDS  
SERIES 2002  
AMORTIZATION SCHEDULE  
AUGUST 31, 2003**

YEAR ENDING AUGUST 31	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2004	\$ 95,000	\$ 187,000	\$ 282,000
2005	100,000	182,725	282,725
2006	105,000	178,225	283,225
2007	110,000	173,500	283,500
2008	115,000	168,275	283,275
2009	125,000	162,698	287,698
2010	130,000	156,635	286,635
2011	135,000	152,280	287,280
2012	145,000	147,623	292,623
2013	150,000	142,475	292,475
2014	155,000	137,000	292,000
2015	165,000	131,188	296,188
2016	175,000	124,753	299,753
2017	180,000	117,753	297,753
2018	190,000	110,283	300,283
2019	200,000	102,208	302,208
2020	210,000	93,608	303,608
2021	220,000	84,368	304,368
2022	230,000	74,468	304,468
2023	245,000	63,888	308,888
2024	255,000	52,250	307,250
2025	270,000	40,138	310,138
2026	280,000	27,313	307,313
2027	295,000	14,013	309,013
	<u>\$ 4,280,000</u>	<u>\$ 2,824,667</u>	<u>\$ 7,104,667</u>

**FLOATING RATE MONTHLY DEMAND WATER SUPPLY  
REFUNDING REVENUE BONDS, SERIES 1983  
(SOHIO CHEMICAL COMPANY PROJECT)  
AMORTIZATION SCHEDULE  
AUGUST 31, 2003**

YEAR ENDING AUGUST 31	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2004	\$ --	\$ 307,850	\$ 307,850
2005	--	307,850	307,850
2006	--	307,850	307,850
2007	--	307,850	307,850
2008	--	307,850	307,850
2009	--	307,850	307,850
2010	--	307,850	307,850
2011	--	307,850	307,850
2012	--	307,850	307,850
2013	4,700,000	153,925	4,853,925
	<u>\$ 4,700,000</u>	<u>\$ 2,924,575</u>	<u>\$ 7,624,575</u>

**REGIONAL RAW WATER DELIVERY SYSTEM CONTRACT REVENUE BONDS  
SERIES 1998 (CITY OF SAN MARCOS, TEXAS PORTION)  
AMORTIZATION SCHEDULE  
AUGUST 31, 2003**

YEAR ENDING AUGUST 31	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2004	\$ 245,000 *	\$ 413,933 *	\$ 658,933
2005	255,000	398,933	653,933
2006	270,000	383,183	653,183
2007	285,000	368,100	653,100
2008	300,000	354,818	654,818
2009	310,000	341,930	651,930
2010	325,000	328,518	653,518
2011	340,000	314,383	654,383
2012	355,000	299,440	654,440
2013	370,000	283,668	653,668
2014	385,000	266,865	651,865
2015	405,000	249,090	654,090
2016	420,000	230,528	650,528
2017	440,000	211,178	651,178
2018	460,000	190,698	650,698
2019	485,000	168,963	653,963
2020	505,000	145,940	650,940
2021	530,000	121,618	651,618
2022	555,000	95,981	650,981
2023	585,000	69,638	654,638
2024	610,000	42,750	652,750
2025	645,000	14,513	659,513
	<u>\$ 9,080,000</u>	<u>\$ 5,294,668</u>	<u>\$ 14,374,668</u>

\* The principal and related interest were due on September 1, 2003 but were paid in fiscal year ending August 31, 2003.

**CONTRACT REVENUE BONDS, SERIES 2003  
WESTERN CANYON REGIONAL WATER SUPPLY PROJECT  
AMORTIZATION SCHEDULE  
AUGUST 31, 2003**

YEAR ENDING AUGUST 31	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2004	\$ --	\$ 4,029,954	\$ 4,029,954
2005	--	3,879,100	3,879,100
2006	1,440,000	3,879,100	5,319,100
2007	1,505,000	3,814,300	5,319,300
2008	1,575,000	3,746,575	5,321,575
2009	1,620,000	3,699,325	5,319,325
2010	1,685,000	3,634,525	5,319,525
2011	1,755,000	3,567,125	5,322,125
2012	1,825,000	3,496,925	5,321,925
2013	1,915,000	3,405,675	5,320,675
2014	1,990,000	3,329,075	5,319,075
2015	2,070,000	3,249,475	5,319,475
2016	2,180,000	3,140,800	5,320,800
2017	2,295,000	3,026,350	5,321,350
2018	2,415,000	2,905,863	5,320,863
2019	2,540,000	2,779,075	5,319,075
2020	2,675,000	2,645,725	5,320,725
2021	2,815,000	2,505,288	5,320,288
2022	2,965,000	2,357,500	5,322,500
2023	3,110,000	2,209,250	5,319,250
2024	3,265,000	2,053,750	5,318,750
2025	3,430,000	1,890,500	5,320,500
2026	3,600,000	1,719,000	5,319,000
2027	3,780,000	1,539,000	5,319,000
2028	3,970,000	1,350,000	5,320,000
2029	4,170,000	1,151,500	5,321,500
2030	4,375,000	943,000	5,318,000
2031	4,595,000	724,250	5,319,250
2032	4,825,000	494,500	5,319,500
2033	5,065,000	253,250	5,318,250
	<u>\$ 79,450,000</u>	<u>\$ 77,419,755</u>	<u>\$ 156,869,755</u>

**WATER SUPPLY REVENUE BONDS  
(CITY OF PORT LAVACA, TEXAS) SERIES 2000  
AMORTIZATION SCHEDULE  
AUGUST 31, 2003**

YEAR ENDING AUGUST 31	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2004	\$ 155,000	\$ 132,899	\$ 287,899
2005	170,000	123,493	293,493
2006	180,000	113,549	293,549
2007	190,000	103,943	293,943
2008	200,000	94,551	294,551
2009	215,000	84,370	299,370
2010	230,000	73,500	303,500
2011	240,000	62,045	302,045
2012	250,000	49,810	299,810
2013	265,000	36,850	301,850
2014	275,000	22,875	297,875
2015	295,000	7,750	302,750
2016	310,000	--	310,000
	<u>\$ 2,975,000</u>	<u>\$ 905,635</u>	<u>\$ 3,880,635</u>

**REGIONAL WASTE DISPOSAL REVENUE BONDS AND  
REFUNDING AND IMPROVEMENT REVENUE BONDS  
(CITY OF VICTORIA, TEXAS) SERIES 1989, 1993 AND 1996  
AMORTIZATION SCHEDULE  
AUGUST 31, 2003**

YEAR ENDING AUGUST 31	1989 SERIES		1993 SERIES		1996 SERIES		TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2004	\$ --	\$ --	\$ 530,000	\$ 31,015	\$ 255,000	\$ 100,522	\$ 916,537
2005	--	--	415,000	9,545	270,000	89,755	784,300
2006	435,000	--	--	--	280,000	78,203	793,203
2007	435,000	--	--	--	290,000	65,945	790,945
2008	435,000	--	--	--	305,000	52,851	792,851
2009	435,000	--	--	--	315,000	38,899	788,899
2010	435,000	--	--	--	330,000	24,060	789,060
2011	435,000	--	--	--	345,000	8,194	788,194
	<u>\$ 2,610,000</u>	<u>\$ --</u>	<u>\$ 945,000</u>	<u>\$ 40,560</u>	<u>\$ 2,390,000</u>	<u>\$ 458,429</u>	<u>\$ 6,443,989</u>

*The 1989 series bonds maturing during fiscal years 2006 through 2011 are capital appreciation bonds which were sold at a deep discount and with no stated interest rate. These bonds do not pay interest but rather mature at their face value which exceeds their original discounted sales price.*

**HYDROELECTRIC PROJECT (CITY OF NEW BRAUNFELS, TEXAS)  
REVENUE REFUNDING BONDS, SERIES 2002  
AMORTIZATION SCHEDULE  
AUGUST 31, 2003**

<b>YEAR ENDING AUGUST 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL REQUIREMENTS</b>
2004	\$ 670,000	\$ 387,443	\$ 1,057,443
2005	695,000	363,993	1,058,993
2006	720,000	339,668	1,059,668
2007	750,000	310,868	1,060,868
2008	780,000	280,868	1,060,868
2009	815,000	249,668	1,064,668
2010	850,000	215,438	1,065,438
2011	905,000	178,463	1,083,463
2012	945,000	138,190	1,083,190
2013	995,000	95,193	1,090,193
2014	1,030,000	48,925	1,078,925
	<u>\$ 9,155,000</u>	<u>\$ 2,608,717</u>	<u>\$ 11,763,717</u>

**CONTRACT REVENUE BONDS, SERIES 1996  
(CITY OF LOCKHART PROJECT)  
AMORTIZATION SCHEDULE  
AUGUST 31, 2003**

<b>YEAR ENDING AUGUST 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL REQUIREMENTS</b>
2004	\$ 5,000	\$ 236,706	\$ 241,706
2005	5,000	236,526	241,526
2006	5,000	236,341	241,341
2007	340,000	229,618	569,618
2008	355,000	215,888	570,888
2009	375,000	201,100	576,100
2010	450,000	183,963	633,963
2011	475,000	164,300	639,300
2012	500,000	143,088	643,088
2013	525,000	120,406	645,406
2014	555,000	96,376	651,376
2015	585,000	70,865	655,865
2016	620,000	43,753	663,753
2017	655,000	14,901	669,901
	<u>\$ 5,450,000</u>	<u>\$ 2,193,831</u>	<u>\$ 7,643,831</u>

*Statistical Section*

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**GUADALUPE-BLANCO RIVER AUTHORITY  
SCHEDULE OF INSURANCE IN FORCE**

**AUGUST 31, 2003**

<b>Name of Company</b>	<b>Policy Number</b>	<b>Policy Period</b>	<b>Details of Coverage</b>	<b>Liability Limits</b>
TWCA Risk Management Fund	Contract 024	7/01/03 to 7/01/04	Workmans Compensation	Statutory
TWCA Risk Management Fund	Contract 024	7/01/03 to 7/01/04	Commercial General Liability	\$1,000,000
TWCA Risk Management Fund	Contract 024	7/01/03 to 7/01/04	Business Automobile Liability	\$1,000,000
TWCA Risk Management Fund	Contract 024	7/01/03 to 7/01/04	Automobile Physical Damage	\$1,168,573
TWCA Risk Management Fund	Contract 024	7/01/03 to 7/01/04	Errors and Omissions Liability	\$1,000,000
TWCA Risk Management Fund	Contract 024	7/01/03 to 7/01/04	Commercial Property Inland Marine	\$32,705,712
Fidelity Deposit Company of Maryland	CCP135585009	6/01/03 to 6/01/04	Employee Dishonesty Coverage	\$100,000
Hartford Life Insurance Company	ETB-101146	3/17/03 to 3/17/04	Group Travel Accident Policy	\$1,250,000
Hartford Casualty Insurance Company	65BSBCP2866	3/09/03 to 3/09/04	Faithful Performance Bonds	\$90,000
Texas Windstorm Insurance Association	31765901	8/30/03 to 8/30/04	Windstorm & Hail in Wind Counties	\$2,115,994
Delta Lloyds Insurance Company	Various	8/01/03 to 8/01/04 8/30/03 to 8/30/04 9/06/06 to 9/06/04	Flood	\$1,000,000 \$7,619,800 \$121,100
American International Group - Environmental	6190401	5/01/01 to 5/01/04	Pollution Legal Liability	\$1,000,000

NOTE: All current and past insurance premiums relating to the above listed policies have been paid.

**SCHEDULE OF REVENUE**

**LAST TEN FISCAL YEARS**

Year	Guadalupe				Port Lavaca	Calhoun	Victoria	Luling			Lockhart	Total
	General	Valley	Rural	Water	Water	County	Regional	Coleta	Water	Canyon		
	Division	Hydro	Utilities	Resource	Treatment	Rural Water	Wastewater	Creek	Treatment	Hydro		
		Division	Division	Division	Plant	Supply	Reclamation	Division	Plant	Plant	Division	
1994	\$ 1,070,408	\$ 1,950,703	\$ 539,860	\$ 2,652,378	\$ 1,016,948	\$ 674,579	\$ 2,131,518	\$ 988,056	\$ 451,961	\$ 1,481,847	\$ --	\$ 12,958,258
1995	1,047,539	2,073,977	575,027	4,295,631	1,033,439	699,559	2,138,445	1,025,002	469,465	1,478,745	308,404	15,145,233
1996	1,201,600	1,567,455	611,568	4,061,778	1,082,484	814,878	2,158,481	1,275,036	368,226	1,489,618	469,568	15,100,692
1997	1,269,607	1,988,417	625,126	3,263,022	1,097,924	758,500	2,513,197	1,049,630	345,106	1,459,746	622,153	14,992,428
1998	1,376,435	2,376,300	949,947	3,727,704	1,173,523	813,990	2,656,578	919,249	359,812	1,465,209	679,812	16,498,559
1999	1,353,743	2,738,125	914,087	5,567,104	1,120,689	800,263	4,944,190	1,011,135	335,344	1,407,819	690,286	20,882,785
2000	1,458,014	1,984,571	1,021,682	6,659,578	1,171,726	1,486,264	3,742,496	1,034,418	374,338	1,442,073	757,107	21,132,247
2001	1,696,819	2,260,884	825,266	8,699,366	1,168,174	655,717	3,092,305	1,052,803	410,982	1,472,567	1,323,931	22,658,814
2002	1,786,543	2,306,153	788,994	8,761,465	1,502,353	545,898	3,286,971	1,020,687	392,338	3,458,402	1,564,944	25,414,748
2003	1,830,569	2,470,700	806,014	10,669,629	1,213,439	596,634	3,145,709	1,121,676	382,214	2,289,365	2,058,819	26,584,768

Note: Table includes operating and non-operating revenues and interfund transfers.

Source: Comprehensive Annual Financial Reports of the Guadalupe-Blanco River Authority.

**SCHEDULE OF EXPENSES**

**LAST TEN FISCAL YEARS**

Year	Guadalupe				Port Lavaca	Calhoun	Victoria	Luling			Lockhart	Total
	General	Valley	Rural	Water	Water	County	Regional	Coleta	Water	Canyon		
	Division	Hydro	Utilities	Resource	Treatment	Rural Water	Wastewater	Creek	Treatment	Hydro		
		Division	Division	Division	Plant	Supply	Reclamation	Division	Plant	Plant	Division	
1994	\$ 1,293,685	\$ 2,029,708	\$ 679,756	\$ 2,419,579	\$ 937,895	\$ 651,959	\$ 2,082,084	\$ 1,001,651	\$ 383,428	\$ 1,464,678	\$ --	\$ 12,944,423
1995	1,119,171	1,913,589	583,204	2,418,335	929,993	626,361	2,095,182	1,000,588	384,461	1,465,742	294,323	12,833,949
1996	1,152,805	1,701,975	655,657	2,860,671	993,953	615,525	2,140,877	1,108,703	388,856	1,475,339	445,422	13,539,783
1997	1,218,921	1,771,045	658,226	2,668,039	999,143	639,933	2,480,965	1,064,858	382,882	1,451,130	621,547	13,956,689
1998	1,074,999	1,685,366	696,284	2,958,861	1,074,668	687,666	2,545,032	958,750	393,154	1,465,581	654,503	14,194,864
1999	1,231,453	1,980,938	875,455	3,903,922	1,098,525	676,350	5,255,882	1,020,217	375,314	1,408,162	674,348	18,500,566
2000	1,359,264	2,162,494	597,797	5,436,482	1,172,893	752,456	3,393,639	1,080,886	399,361	1,442,346	739,163	18,536,781
2001	1,084,890	1,968,597	632,473	6,534,870	1,200,560	624,267	2,849,578	1,105,174	434,561	1,474,749	1,341,835	19,251,554
2002	1,330,769	2,163,469	681,459	7,522,176	1,177,601	626,578	2,968,990	1,104,290	429,876	3,347,251	1,414,816	22,717,275
2003	1,393,849	2,418,067	955,560	8,387,020	1,224,668	651,259	3,038,393	1,188,766	491,331	2,245,543	1,500,518	23,494,974

Note: Table includes depreciation, amortization and interest expenses net of deferred costs; depreciation on contributions, and interfund transfers.

Source: Comprehensive Annual Financial Reports of the Guadalupe-Blanco River Authority.

**SCHEDULE OF ADDITIONS TO PLANTS AND EQUIPMENT**

**LAST TEN FISCAL YEARS**

Year	Guadalupe				Port Lavaca	Calhoun	Victoria	Luling			Lockhart	Total
	General	Valley	Rural	Water	Water	County	Regional	Coleta	Water	Canyon		
	Division	Hydro	Utilities	Resource	Treatment	Rural Water	Wastewater	Creek	Treatment	Hydro		
		Division	Division	Division	Plant	Supply	Reclamation	Division	Plant	Plant	Division	
1994	\$ 38,313	\$ 121,663	\$ 31,045	\$ 75,456	\$ 66,125	\$ 118,304	\$ 46,576	\$ 9,761	\$ 468	\$ 5,581	\$ --	\$ 513,292
1995	82,310	284,540	352,189	116,116	45,397	39,790	44,263	76,965	4,340	--	14,486	1,060,396
1996	82,237	16,507	596,284	238,074	18,140	51,537	52,196	37,857	19,223	--	27,859	1,139,914
1997	114,322	3,360	6,810	51,021	51,261	88,651	20,598	14,309	10,092	--	125,631	486,055
1998	161,831	45,397	161,627	51,324	42,556	23,948	75,332	8,723	9,816	--	24,548	605,102
1999	244,758	896,197	72,833	1,021,619	97,229	158,133	3,024,557	34,598	7,000	--	4,563,051	10,059,975
2000	121,374	235,631	6,508,494	12,024,435	34,420	85,282	356,723	24,831	50,459	--	15,900	19,457,549
2001	275,473	44,438	24,434	591,611	49,484	89,244	146,814	104,780	18,399	135,890	783,130	2,263,697
2002	172,390	1,020,586	8,688	2,000,658	25,257	115,088	142,369	95,154	8,763	99,193	150,057	3,838,203
2003	115,774	1,057,456	31,397	2,470,569	37,202	191,897	77,682	37,499	1,256	--	598,990	4,619,722

Source: Comprehensive Annual Financial Reports of the Guadalupe-Blanco River Authority.

**REVENUE BY SOURCES**

**LAST TEN FISCAL YEARS**

Year	Pollution and Industrial Financing	Power Sales	Water Sales and Lake Operations	Rental, Recreation and Land Use	Waste Water Treatment Services	Laboratory Services	A & G Income	Interest	Other	Total
1994	\$ 343,863	\$ 3,352,033	\$ 4,865,188	\$ 442,231	\$ 2,509,191	\$ 186,056	\$ 992,547	\$ 177,740	\$ 89,409	\$ 12,958,258
1995	344,611	3,382,223	5,163,818	479,030	2,827,562	199,131	921,862	281,927	1,545,069	15,145,233
1996	696,830	2,991,973	5,527,405	443,955	2,933,150	191,992	1,076,835	361,023	877,529	15,100,692
1997	343,108	3,342,844	5,492,742	455,476	3,502,900	218,554	1,090,320	327,246	219,238	14,992,428
1998	338,931	3,400,986	5,982,056	482,541	3,691,598	213,717	1,167,357	421,457	799,916	16,498,559
1999	473,689	3,251,819	6,852,807	470,544	3,708,004	238,356	1,219,690	285,802	4,382,074	20,882,785
2000	319,484	2,965,144	8,561,831	531,795	3,995,200	242,393	1,314,898	340,257	2,861,245	21,132,247
2001	342,850	3,546,680	11,150,387	546,084	4,279,142	242,157	1,450,843	451,859	648,812	22,658,814
2002	307,850	5,564,628	11,116,968	559,420	4,675,744	293,643	1,543,741	339,672	1,024,578	25,426,244
2003	341,600	3,291,811	13,218,362	693,986	4,787,951	303,199	1,701,384	171,472	2,497,603	27,007,368

Note: This table includes interfund transfers. Other Revenue includes Miscellaneous Income and Gain (Loss) on Sale of Capital Assets.

Contributed Capital is included as Other Revenue for FY 2002 and FY 2003 as restated for GASB 34.

Source: Comprehensive Annual Financial Reports of the Guadalupe-Blanco River Authority.

**EXPENSES BY FUNCTION**

**LAST TEN FISCAL YEARS**

Year	Personnel Operating Costs	Operating Supplies and Services	Maintenance and Repairs	Depreciation and Amortization	Interest Expense	A & G Expense	Total
1994	\$ 3,871,586	\$ 3,186,698	\$ 1,666,662	\$ 1,030,292	\$ 2,267,990	\$ 921,195	\$ 12,944,423
1995	3,811,004	3,092,742	1,792,795	1,049,777	2,208,274	879,357	12,833,949
1996	4,192,602	3,265,426	1,749,369	1,082,239	2,223,885	1,026,262	13,539,783
1997	4,382,347	3,181,721	1,643,605	1,304,971	2,420,440	1,023,605	13,956,689
1998	4,437,629	3,060,501	1,889,602	1,397,232	2,402,552	1,007,348	14,194,864
1999	4,599,864	3,772,662	5,306,739	1,477,227	2,367,259	976,815	18,500,566
2000	5,262,353	5,444,092	2,213,079	1,612,612	2,866,554	1,138,091	18,536,781
2001	5,698,017	4,785,074	2,619,838	1,987,409	2,815,158	1,346,058	19,251,554
2002	6,109,711	5,889,469	2,694,737	3,988,166	2,604,965	1,430,227	22,717,275
2003	6,508,733	7,676,099	2,807,840	2,882,296	2,521,188	1,521,418	23,917,574

Note: This table includes interfund transfers. Depreciation and amortization is net of costs to be recovered in future years and net of depreciation taken on contributions.

Source: Comprehensive Annual Financial Reports of the Guadalupe-Blanco River Authority.

**GUADALUPE-BLANCO RIVER AUTHORITY  
LIST OF PRINCIPAL CUSTOMERS**

**AUGUST 31, 2003**

Calhoun County Rural Water Corporation  
Canyon Regional Water Authority  
City of Kyle  
City of Lockhart  
City of Luling  
City of Port Lavaca  
City of San Marcos  
Port O'Connor Municipal Utility District

City of Buda  
City of Lockhart  
City of Schertz  
City of Victoria  
Texas Department of Transportation

**WATER TREATMENT  
CUSTOMERS**

**WASTE WATER  
TREATMENT CUSTOMERS**

**WATER SALES  
CUSTOMERS**

**POWER SALES & OTHER  
SERVICES**



American Electric Power Texas Central Co.  
B.P. Chemical Company  
Canyon Lake Water Supply Corporation  
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  
Cordillera Ranch  
Crystal Clear Water Supply Corporation  
Guadalupe Power Partners  
Hays Energy Limited Partnership  
New Braunfels Utilities  
San Antonio Water Systems  
Springs Hill Water Supply Corporation

Guadalupe Valley Electric Cooperative  
New Braunfels Utilities  
Coletto Creek Park Customers  
Lake Wood Recreational Park Customers  
Nolte Island Park Customers  
Regional Laboratory Customers  
Victoria Laboratory Customers

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**Operating Statistics:**

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
<b>Water Treatment Customers:</b>					
San Marcos Water Treatment Plant System					
Total Water Treated (Gal.)	--	946,459,000	1,498,437,000	1,401,515,000	1,656,000,000
CRWA-Hays/Caldwell Water Treatment Plant System					
Total Water Treated (Gal.)	--	--	--	--	331,000,000
Port Lavaca Water Treatment Plant Division					
Total Water Treated (Gal.)	653,726,000	723,545,000	798,749,000	755,453,000	642,047,000
Luling Water Treatment Plant Division					
Total Water Treated (Gal.)	302,674,000	315,290,000	321,077,000	306,271,000	286,951,000
Lockhart Water Treatment System					
Total Water Treated (Gal.)	--	--	519,389,102	614,466,054	560,814,000
Calhoun County Rural Water Supply Division					
Total Water Distributed (Gal.)	124,442,000	137,396,000	83,603,000	70,348,000	70,501,000
<b>Waste Water Treatment Customers:</b>					
Rural Utilities Division					
Total Wastewater Treated (Gal.)	148,256,246	130,715,651	148,990,000	152,410,000	147,100,000
Buda Wastewater Treatment Plant					
Total Wastewater Treated (Gal.)	--	--	--	102,900,000	125,300,000
Victoria Regional Wastewater Reclamation Division					
Total Wastewater Treated (Gal.)	2,951,400,000	2,827,000,000	2,687,800,000	2,155,900,000	2,741,000,000
Lockhart Wastewater Reclamation System					
Total Wastewater Treated (Gal.)	503,700,000	430,700,000	459,200,000	516,100,000	588,700,000
<b>Water Sales Customers:</b>					
Calhoun Canal System					
Rice Irrigation (Acres)	3,040	1,758	1,458	1,475	1,897
Guadalupe Power Partners					
Water Delivered (Gal.)	--	--	599,209,000	821,496,000	846,695,620
San Marcos Pipeline					
Water Delivered (Gal.)	--	952	1,525	1,445	1,965
<b>Power Sales &amp; Other Services:</b>					
Guadalupe Valley Hydroelectric Division					
Total Generation (kWh)	55,357,700	29,738,100	74,338,600	77,361,500	64,974,600
Canyon Hydroelectric Division					
Total Generation (kWh)	18,087,200	5,509,240	25,930,989	16,493,895	--
Lake Wood Recreation Area					
Annual Permits	41	66	59	45	34
Camping Permits	1,372	2,548	2,459	2,105	2,323
Day Use Permits	2,114	3,248	3,127	2,501	2,671
Coletto Creek Regional Park					
Annual Permits	271	229	211	241	246
Camping Permits	11,839	12,051	11,255	12,326	11,856
Day Use Permits	18,408	17,055	15,455	15,056	15,052
Camping Cabins	--	--	--	425	568

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## MISCELLANEOUS STATISTICAL DATA

Authority Created Under .....	Vernon's Civil Statutes, Article 8280-106
Year Created .....	1935
Domicile.....	New Braunfels, Texas
Last Revision of Enabling Act.....	1975
Last Revision of Bylaws .....	1995
Population of District .....	471,774
Area of District.....	7,300 Sq. Mi.
Average Annual Rainfall of District .....	33.02 In.
Number of Employees.....	145
Offices:	
Administrative Office .....	Seguin, Texas
Operations Office .....	Buda, Texas
Operations Office.....	Fannin, Texas
Operations Office.....	Gonzales, Texas
Operations Office.....	Lockhart, Texas
Operations Office.....	Luling, Texas
Operations Office.....	Port Lavaca, Texas
Operations Office.....	San Marcos, Texas
Operations Office.....	Victoria, Texas
<b>Rivers:</b>	
Guadalupe	
Total River Miles .....	431.6
Average Discharge.....	1,240,000 acre feet/year
Blanco	
Total River Miles .....	89.8
Average Discharge.....	110,100 acre feet/year
San Marcos	
Total River Miles .....	74.2
Average Discharge.....	259,400 acre feet/year
Comal	
Total River Miles .....	2.0
Average Discharge.....	219,800 acre feet/year
<b>Dams and Reservoirs:</b>	
Canyon	
Conservation Pool	
Capacity .....	386,210 acre feet
Surface Area .....	8,240 acres
Elevation.....	909.0 ft. (MSL)
Flood Control Pool	
Capacity .....	346,000 acre feet
Surface Area .....	12,890 acres
Elevation.....	943.0 ft. (MSL)
Coletto Creek	
Capacity .....	35,084 acre feet
Surface Area .....	3,100 acres
Elevation.....	98.0 ft. (MSL)
Dunlap	
Capacity .....	5,900 acre feet
Surface Area .....	410 acres
McQueeney	
Capacity .....	5,050 acre feet
Surface Area .....	400 acres
TP-4	
Capacity .....	2,624 acre feet
Surface Area .....	248 acres
Nolte	
Capacity .....	1,550 acre feet
Surface Area .....	153 acres
H-4	
Capacity .....	6,500 acre feet
Surface Area .....	696 acres
H-5	
Capacity .....	4,000 acre feet
Surface Area .....	488 acres
Lower Guadalupe Diversion Dam and Salt Water Barrier	
Capacity .....	600 acre feet
Surface Area .....	100 acres

Source: *The Texas Almanac, Bureau of Census and GBRA*



General Office General Division,  
Canyon Hydroelectric Division,  
Guadalupe Valley Hydroelectric Division,  
Regional Laboratory, and  
Rural Utilities Division  
933 East Court Street  
Seguin, TX 78155  
TEL: (830) 379-5822 or (800) 413-5822  
FAX: (830) 379-9718  
Website and email form: <http://www.gbra.org>

Buda Wastewater Reclamation Plant  
P. O. Box 216575  
County Road 236  
Buda, TX 78610  
TEL and FAX: (512) 312-0526  
email: [darel.ball@verizon.net](mailto:darel.ball@verizon.net)

Coleto Creek Park and Reservoir  
P. O. Box 68  
Fannin, TX 77960 OR 365 Coleto Park Road  
Victoria, TX 77905  
TEL: (361) 575-6366  
FAX: (361) 575-2267  
email: [gbraccp@gbra.org](mailto:gbraccp@gbra.org)

Lake Wood Recreation Area  
Route 2, Box 158-A, OR 167 FM 2091  
Gonzales, TX 78629-9633  
TEL: (830) 672-2779 FAX: (830) 672-2035  
email: [lakewood@gvtc.com](mailto:lakewood@gvtc.com)

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

Lockhart Water Treatment Division  
547 Old McMahan Road  
Lockhart, TX 78644  
TEL: (512) 398-3528  
email: [gbra-lockhart-wtp@lockhart.net](mailto:gbra-lockhart-wtp@lockhart.net)

Luling Water Treatment Plant  
350 Memorial Drive  
Luling, TX 78648  
TEL and FAX: (830) 875-2132  
email: [gb2@bcsnet.net](mailto:gb2@bcsnet.net)

Port Lavaca Water Treatment Plant  
Calhoun County Rural Water Supply Division  
Calhoun Canal System  
P. O. Box 146 OR  
1064 State Highway 316  
Port Lavaca, TX 77979  
TEL: (361) 552-9751 FAX: (361) 552-6529  
email: [gbrapl@gbra.org](mailto:gbrapl@gbra.org)

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

Victoria Regional Wastewater Reclamation Division  
P. O. Box 2085  
Victoria, TX 77902 OR  
923 U. S. Highway 59 South  
Victoria, TX 77905  
TEL: (361) 578-2878 FAX: (361) 578-9039  
email: [gbravic@gbra.org](mailto:gbravic@gbra.org)



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