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GUADALUPE-BLANCO RIVER AUTHORITY OF TEXAS  
ANNUAL FINADICIAL REPORT  
Fiscal Year Ended August 31, 2010

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



FLOWING THROUGH CONGREGATIONS

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Comprehensive Annual Financial Report for Fiscal Year Ended August 31, 2010

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# GBRA BOARD OF DIRECTORS



Tilmon Lee "T.L." Walker, Chair  
Comal County  
Appointed: 2006, Gov. Rick Perry



Grace G. Kunde, Vice-Chair  
Guadalupe County  
Reappointed: 2009, Gov. Rick Perry



Oscar H. Fogle, Secretary-Treasurer  
Caldwell County  
Appointed: 2008, Gov. Rick Perry



Myrna P. McLeroy, Director  
Gonzales County  
Reappointed: 2009, Gov. Rick Perry



Clifton L. Thomas, Jr., Director  
Victoria County  
Reappointed: 2009, Gov. Rick Perry



Arlene N. Marshall, Director  
Calhoun County  
Appointed: 2008, Gov. Rick Perry



James L. Powers, Director  
Hays County  
Appointed: 2008, Gov. Rick Perry



Frank J. Pagel, Director  
Refugio County  
Reappointed: 2008, Gov. Rick Perry



Michael D. Schultz, Director  
Kendall County  
Appointed: 2009, Gov. Rick Perry

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

# GUADALUPE-BLANCO RIVER AUTHORITY

## **ESTABLISHED BY THE TEXAS LEGISLATURE**

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

## **SOUND MANAGEMENT AND ADMINISTRATION**

GBRA is governed by a board of nine directors who are appointed by the Governor and confirmed by the Texas Senate. Directors serve six-year terms, with three directors appointed or reappointed every two years. Board committees meet prior to each monthly meeting to recommend and review policies, programs and actions for consideration. Management and administrative duties are carried out by the general manager and staff in accordance with policies established by the board.

## **PLANNING FOR THE BASIN AND TEXAS**

GBRA's primary responsibilities are to develop, conserve and protect the water resources within its ten-county statutory district, which begins near the headwaters of the Guadalupe and Blanco Rivers, ends at San Antonio Bay, and includes Kendall, Comal, Hays, Caldwell, Guadalupe, Gonzales, DeWitt, Victoria, Calhoun and Refugio counties. Planning and resource development efforts for the Guadalupe River basin are carefully coordinated within the broader consideration of regional and statewide water needs.

## **SELF-SUPPORTING OPERATIONS**

GBRA cannot levy or collect taxes, assessments, or pledge the general credit of the State of Texas. Funding for special projects comes from state and federal grants. All other revenues for maintenance and operation are obtained from the products and services GBRA provides to customers throughout the basin.

## **VISION**

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

## **MISSION**

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

# BASIN MAP



1. Canyon Park Estates Wastewater Treatment Plant
2. Canyon Dam and Reservoir
3. Cordillera Ranch Water & Wastewater Retail System
4. Comal Trace Retail Water System
5. Wimberley Wastewater Treatment Plant
6. Western Canyon Regional Water Treatment Plant
7. Buda Wastewater Treatment Plant
8. Shadow Creek Wastewater Treatment Plant
9. San Marcos Water Treatment Plant
10. Northcliffe Wastewater Treatment Plant
11. Guadalupe Power Partners Pump Station
12. Dunlap Wastewater Treatment Plant
13. Lake Dunlap (TP-1) Hydroelectric Power Plant
14. Lake McQueeney (TP-3) Hydroelectric Power Plant
15. Lake Placid (TP-4) Hydroelectric Power Plant
16. GBRA Main Office and Regional Laboratory
17. Lake Nolte (TP-5) Hydroelectric Power Plant
18. Springs Hill Wastewater Treatment Plant
19. Lockhart Wastewater Treatment Plant #1
20. Lockhart Wastewater Treatment Plant #2
21. Lockhart Water Treatment Facility
22. Luling Water Treatment Plant
23. Lake Gonzales (H-4) Hydroelectric Power Plant
24. Lake Wood Park (H-5) Hydroelectric Power Plant
25. Coletto Creek Park and Reservoir
26. Diversion Dam and Salt Water Barrier
27. Victoria Regional Wastewater Treatment Plant
28. Crestview Subdivision Wastewater Treatment Plant
29. Port Lavaca Water Treatment Plant  
Calhoun County Rural Water  
Canal System Division

# GUADALUPE-BLANCO RIVER AUTHORITY OPERATIONAL CHART

Board of Directors

General Manager

*William E. West, Jr.*

General Counsel

*Bruce Wasinger*

Manager of  
Communications  
and Education  
*LaMarriol Smith*

Communication  
and Education

Executive Manager  
of Intergovernmental Relations  
and Policy  
*Todd Votteler*

Public Policy

Executive Manager  
of Water Resources and  
Utility Operations  
*James Murphy*

Executive Manager  
of Finance and  
Administration  
*Alvin Schuerg*

Executive Manager  
of Business Development  
and Resource Management  
*David Welsch*

Accounting  
and Finance

Information  
Technology

Human  
Resources

Operations Manager  
Upper Basin  
*John Smith*

Chief Engineer  
*Thomas Hill*

Manager of Project  
Engineering  
*Gary Asbury*

Operations Manager  
Lower Basin  
*Bryan Serold*

Human  
Resources Manager  
*Barbara Gunn*

Director of Water  
Quality Services  
*Debbie Magin*

Customer Representative  
and Economic  
Development Manager  
*Tommie S. Rhoad*

Director of Project  
Development  
*Vacant*

Hydrology

Engineering

Construction

Clean Rivers  
Program

Regional  
Laboratory

Watershed  
Management

Customer  
Relations

Community  
Affairs

Permit/  
Property  
Acquisition

Flood  
Response  
Coordination

San Marcos  
WTP

Luling  
WTP

Lockhart  
WTP

GPP  
RWDS

San Marcos  
RWDS

Wimberley  
WWTP

Victoria  
WWTP

Calhoun  
Canal

Port Lavaca  
WTP

Rural  
Water

Contact  
Development

Buda  
WWTP

Rural Utilities  
WWTP

Lockhart  
WWTP

Guadalupe  
Valley  
Recreation

Guadalupe  
Valley  
Hydroelectric

Canyon  
Hydroelectric

Coletto Creek  
Reservoir

Crestview  
WWTP

Coletto Creek  
Recreation

Lake Wood  
Recreation

# GBRA YEAR IN REVIEW

(September 1, 2009 – August 31, 2010)

## September 2009

• A host of local organizations pulled together with area citizens to participate in the Second Annual Lockhart Town Branch Cleanup on Sept. 19, at Lockhart City Park, Lions Park, Arredondo Park, Pecos Park, and Navarro Springs and Walkway. About 325 volunteers, mostly students representing area schools and scouting groups, worked to remove nearly 500 pounds of trash, 260 pounds of recyclable materials, and even some invasive plant species from the City Park grounds. The Plum Creek Watershed Partnership, Guadalupe-Blanco River Authority (GBRA), City of Lockhart Parks Department, and area citizens coordinated this year's cleanup event.



Photo by Nikki Dutton

- The KIDFISH Foundation stocked several hundred pounds of channel catfish in the Guadalupe-Blanco River Authority (GBRA) Lake Wood Recreation Area for children to catch on Sept. 26.
- During a ceremony of the National Conference on Geographic Education (NCGE) held in Puerto Rico in September 2009, the GBRA's Education Coordinator Cinde Thomas-Jimenez was recognized with the 2009 Outstanding Support for Geographic Education Award. The NCGE, which is comprised of thousands of members all over the United States, presents the annual award to those who have made extraordinary commitments to the teaching and learning of geography in support services or informal education.

## October 2009

- The Guadalupe-Blanco River Authority, in conjunction with H2O Partners, convened the first upper and lower basin meetings to begin updating its regional 5-year hazard mitigation plan for participating cities and counties.

## November 2009

- GBRA officials acquired a parcel of land in Comal County for future use. The 21-acre tract, which was purchased from the Casteel Family, is situated in front of Scarborough Road and adjacent to South Access Road and the Canyon Lake Gorge. The primary interest in the property is that it ultimately would be developed for an environmental learning facility for GBRA's upper basin region.

## December 2009

- At the December meeting in Seguin, the GBRA Board of Directors elected new officers for 2010. Tilmor Lee "T.L." Walker representing Comal County was tapped to serve a second consecutive term as chair, Grace G. Kunde of Guadalupe County was selected to serve as vice-chair and Oscar Fogle of Caldwell County was voted in as secretary/treasurer.

- Officials with Water Oriented Recreation District (WORD), GBRA, Comal County, and the United States Army Corps of Engineers formed a beneficial partnership and took the opportunity of the low water conditions on Canyon Lake to make major



Photo by Dr. JoBeth Oestreich

improvements to one of the existing Comal County boat ramps. This improved facility, Ramp #2 located in the Village West Subdivision, opened at Canyon Lake on Dec. 18. A partnership was formed, with WORD and GBRA each contributing \$30,000 towards the project with Comal County handling engineering, construction, and project oversight.



## January 2010

- About 50 acres of invasive waterhyacinths were killed when GBRA crews lowered the levels of Lake Gonzales (H-4) and Lake Wood (H-5) approximately 1.5 feet during a hard freeze in January. At the time, the National Weather Service forecasted a hard freeze across much of the State, including lows between 23 and 18 degrees in Gonzales County.
- GBRA sponsored a public kick-off meeting Jan. 11, at the Boerne Community Center to discuss Kendall County and the City of Fair Oaks water and wastewater issues. The objective of the meeting was to begin a planning study to identify water supplies needed for growth while protecting the surface and groundwater quality in the Kendall County area from adverse effects. The purpose of the planning



Photo by Steve Taylor

study was to evaluate existing and proposed water supplies and wastewater treatment facilities as to location, capacity and ability to expand and meet the needs of Kendall County.

- January marked the tenth anniversary of the start-up of the San Marcos Water Treatment Plant and the GBRA Regional Raw Water Delivery System's service to citizens in the Hays County area.

## February 2010

- More than 300 Kyle area volunteers devoted a Saturday morning in February to help clean up their local environment in the Kyle Parks and Plum Creek Watershed. Partners for the event were the City of Kyle Parks and Recreation Department, GBRA, the Plum Creek Watershed Partnership, and Hays Consolidated Independent School District, notably Lehman



Photo courtesy GBRA Archives

High and Fuentes Elementary. Participants removed more than 1,740 pounds of recyclable materials and 1,720 pounds of trash from around Plum Creek in Steeplechase Park and Lake Kyle in the Plum Creek Preserve and Nature Trail.

- GBRA officials honored the organization's Victoria Regional Wastewater Reclamation System employees at a banquet dinner Feb. 18, in Victoria. With the exception of employees eligible for retirement in 2010, the majority of those employees were expected to transition to the City of Victoria.

## March 2010

- An organization called The Aransas Project (TAP) sued the Texas Commission on Environmental Quality (TCEQ) on March 10, alleging that state management of the Guadalupe and San Antonio rivers has harmed the whooping cranes that winter at Aransas National Wildlife Refuge. GBRA attorneys immediately filed to intervene as defendants in the lawsuit, and on April 23, U.S. District Court Judge Janis Graham Jack issued an order granting GBRA's motion to intervene. A trial initially was scheduled for March 2011.



Photo courtesy GBRA Archives

# GBRA YEAR IN REVIEW, continued

## April 2010

- In partnership with Texas Parks and Wildlife Department, GBRA crews initiated the 2010 vegetation management program to control waterhyacinth at Lake Gonzales (H-4) and Lake Wood (H-5). The treatment was part of a program to control or remove excessive vegetation and improve navigation on those lakes.

## May 2010

- Hydroelectric crews performed routine maintenance to the dam at Lake Dunlap in May.
- About 45 GBRA employees and family members worked as volunteers in May to help bring the opening of Guadalupe County's first children's shelter to fruition. The Lodge Children's Shelter, located on FM 1117, ultimately will serve as a shelter for children who have been displaced from their homes by Child Protective Services due to violence, neglect, or other abuse.



Photo by Connie Rothe

## June 2010

- A rain event occurred on June 9, in Comal and Guadalupe counties with heavy showers over the Guadalupe River Watershed at New Braunfels, resulting in flooding in these areas and along the Hydro Lakes. Some rainfall totals in the New Braunfels area were reported as high as 10 inches. Officials reported flows at Lake Dunlap were 37,900

cubic feet per second (cfs) at noon Wednesday, June 9. The flow at Lake Dunlap peaked at 53,000 cfs around 10:05 a.m. Wednesday. The flow at Lake McQueeney reached 46,000 cfs at noon Wednesday, but had subsided to 44,800 cfs by 1 p.m. Also, Geronimo Creek at the Highway 123 Bridge had reached 14 feet, 6 inches. GBRA, Texas Parks and Wildlife and other officials, in cooperation with local lake associations, worked with lake residents over the next three months to ensure safety, to remove debris, and to seek funding for lake restoration.

- GBRA staff temporarily substituted chlorine as the disinfecting agent in the drinking water treatment process in place of its regularly used chlorine/ammonia

compound (chloramines) at its Port Lavaca Water Treatment Plant. The substitution of chlorine alone on a periodic basis is recommended by the TCEQ in order to provide more stability to the disinfecting process and to remove any excess ammonia that might accumulate in the distribution systems over time.

## July 2010

- GBRA crews successfully employed a chlorination treatment in July to correct a temporary taste and odor problem caused by an algae bloom in the back wash basin area of the Western Canyon Water Treatment Plant.
- An 80,000 gallon-per-day (gpd) expansion to the Canyon Park Estates Wastewater Treatment Plant, operated by GBRA, was completed and became operational in July. The full treatment capacity of the expanded plant, which primarily serves the Silverleaf Resort community, is 180,000 gpd.

## August 2010

- The Land Trust Accreditation Commission, an independent program of the Land Trust Alliance, announced in August that Guadalupe-Blanco River Trust was awarded accredited status, making GBR Trust the first accredited land trust in the state of Texas. Since the fall of 2008 only 93 of 1,700 land trusts from across the country had been awarded accreditation.



Photo by Teresa VanBooven



Photo by LaMarriol Smith

Waters of the Guadalupe River Basin

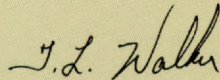
# FLOWING THROUGH CONGREGATIONS

The lives of our ancestors who flocked to fertile lands and flowing rivers are revealed in the following stories of 11 historic churches in GBRA territory. Members of these churches, sometimes descendants of the founders, tell poignant tales of 19th-century meetings under arbors and elm trees – before one nail was ever hammered. They tell of using cypress trees that grew by the river to build their historical structures, and they relate sagas of rescued bells, and of buildings moved and preserved for another use.

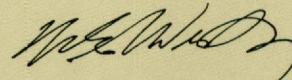
The stories of history are often funny – after they occur. One church was preparing for a baptism when members found the baptistry empty. Using the same ingenuity that had served their pioneer forebears, they asked firemen housed next door to use their giant hoses to quickly fill the baptismal font. The church and fire department nurture a strong relationship to this day.

These pioneers have learned that water can be as destructive as it is life-giving, and learned how to overcome devastation. “A church is more than just stones,” says a pastor on the Gulf Coast where hurricanes have repeatedly reduced stones and mortar to rubble, and members have repeatedly rebuilt.

The stories of early settlers show that although a river can flood and destroy, it also can give life and inspiration. We hope you enjoy reading about how some of the early settlers of Texas overcame hardships through their common beliefs, just as we all do today.



Tilmon Lee “T.L.” Walker  
Chair, Board of Directors



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



838  
11E  
915  
723

Our Lady of Refuge  
1008 South Alamo  
Refugio, Texas

Year founded: 1791

Architectural style:  
Victorian/Romanesque

Priest: Philip Panackal



Photo by Barbara Elmore

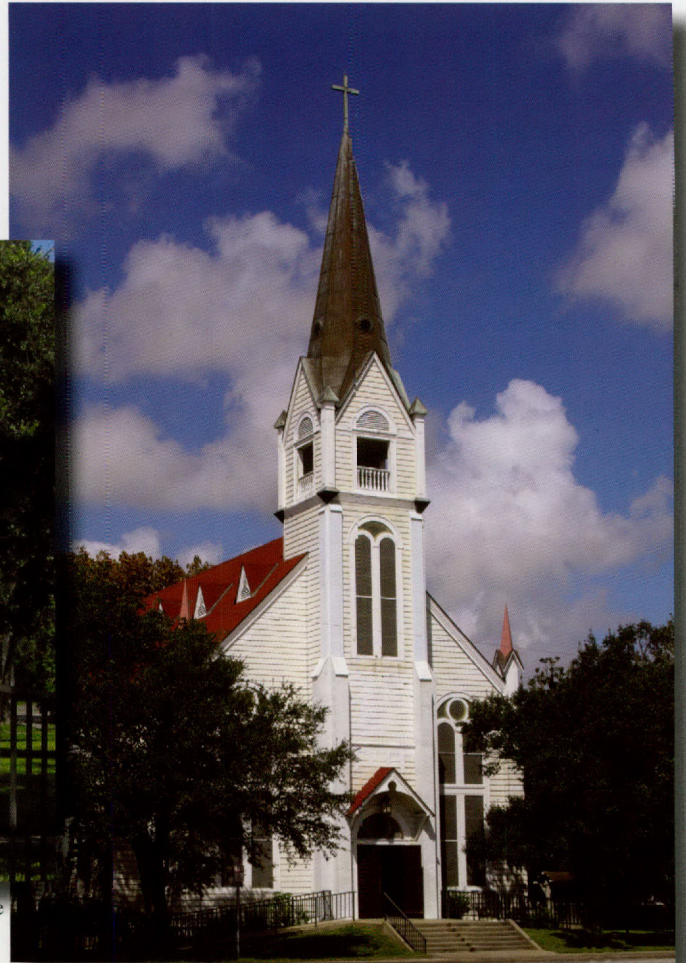


Photo by Connie Rothe

## OUR LADY OF REFUGE

The forerunner of this Catholic church was a Spanish mission, Nuestra Senora Del Refugio. The mission, previously 30 miles northeast of the current church, moved in 1795 to the city now known as Refugio.

Although some Native Americans converted to the faith, most showed little interest. By 1830, the friars in charge returned to Mexico. When Irish settlers moved into the area, they camped on the outskirts of the abandoned mission, and many settlers used the stones of the collapsing structure to help build their homes. In time, the last Spanish mission in Texas disappeared.

The idea of church survived, however, and in 1845, the faithful using a small chapel they converted from the former mission decided to build a new church. This rock church, in use by 1868, was the third Our Lady of Refuge structure. In 1900, a new priest arrived in Refugio and noted that parishioners had outgrown it. Workers razed it, began building a new church, and the current sanctuary – the fourth – was in use by 1901.

Workers took pains over the years to preserve history. Notable in the church are stained glass windows telling the story of Christ; a statue depicting Mary in mourning over Jesus' body, circa 1911; and statues of St. Bridget, St. Patrick, Our Lady of Lourdes, and the Sacred Heart. During a 1975 restoration, workers determined the statues were part of the rock church. Framing the main pillars of the church, about 30 feet from floor to ceiling, are single sections of wood.

The church's history as the last Spanish mission is intertwined with city history, said lifetime member John Gregoryk. "If not for the mission, Refugio would not be here."

Story vignettes by Barbara Elmore



First United Methodist  
Church, Victoria  
407 North Bridge  
Victoria, Texas

Year founded: 1840

Architectural style (three churches):  
Frame/Classical-Romanesque/  
Modern masonry

Pastor: Jarrell V. Sharp



Photo by Barbara Elmore



Photo by Don Elmore

## FIRST UNITED METHODIST CHURCH, VICTORIA

Church forebears first met in the open air as early as 1835. When a congregation officially formed in 1840, it was the first Protestant church in Victoria. Members attended services on South Street, then moved in 1852 to a frame building on Santa Rosa.

In 1876, they built a frame church at the current site. The church withstood a hurricane in 1886, but could not survive a fire in 1910. By 1911, builders were working on a new sanctuary. The new church featured a dome 56 feet high and four vestibules. It was described as both classical and Romanesque in appearance.

This church, too, faced down a storm in 1942. The roof suffered severe damage – including the dome, which disappeared from photos. As the congregation grew and church needs changed, planning began for a new structure, including a social hall, kitchen, parlor, offices, and Sunday school classrooms. Workers tore down the old church, and members worshipped temporarily in a theater. The new church was finished in 1960.

Throughout the years, church names have included Victoria Methodist Church, Callender Chapel and First Methodist Church. Today it is a certified Red Cross shelter and a place for people in need to get help obtaining prescription medicines. It hosts an annual arts and crafts show that fills the gym and fellowship hall.

Victoria residents also identify the church with its October Pumpkin Patch. Money from pumpkin sales funds community and church projects. Hundreds of children flock to the Pumpkin Patch each year to hear stories. “We’re just busy,” said Joye Tripson, a member since the 1950s who wrote a history of Methodism in Victoria for the church’s 170th anniversary in 2010.





St. Peter the Apostle Catholic Church  
202 West Kronkosky  
Boerne, Texas

Year founded: 1866

Architectural style: Mission San Jose  
(1923 church)

Priest: Anthony Cummins



Photo by Barbara Elmore



Photo by Connie Rothe

## ST. PETER THE APOSTLE CATHOLIC CHURCH

Boerne's Catholic community began in a log chapel that George Kendall built for his wife to use in 1860. Although the private chapel later burned, it is significant because Kendall, after whom Kendall County was named, helped a young priest build a limestone church for the Catholic community in 1866.

Parishioners now use that smaller church to teach the liturgy to children. When the size of the parish grew too large for the stone church, they moved a few feet over to build another church in 1923. And when that church, which held about 300, grew too small for a growing parish, leaders expanded once again. A copper seam on the outside reveals where builders married old and new chapels in 1999.

Thoughtful planning went into the construction. Original bell towers from the 1923 church are apparent from below. The choir loft was nearby, noted Nancy Boerner, pastoral care coordinator. The older chapel offers seating for smaller services, and the newer chapel, featuring antiphonal seating, is only a few steps away.

Although St. Peter's buildings are striking, people in the community know the church best for its works, said Mary Ann Hawn, pastoral associate. "Father Tony (Cummins) has been here for 20 years and has built up a community that is very active in outreach outside of the parish." Church members are involved in food programs for the needy, a free clinic, and the Hill Country Pregnancy Center. And when a ballroom and banquet hall are finished in 2011 atop the church's new Family Life Center, they will also be available for community use.



First Protestant Church  
172 West Coll  
New Braunfels, Texas

Year founded: 1845

Architectural style: Limestone  
ashlar one-story, T-shaped; Gothic  
Revival additions

Pastor: Daryl Higgins



Photo by Barbara Elmore

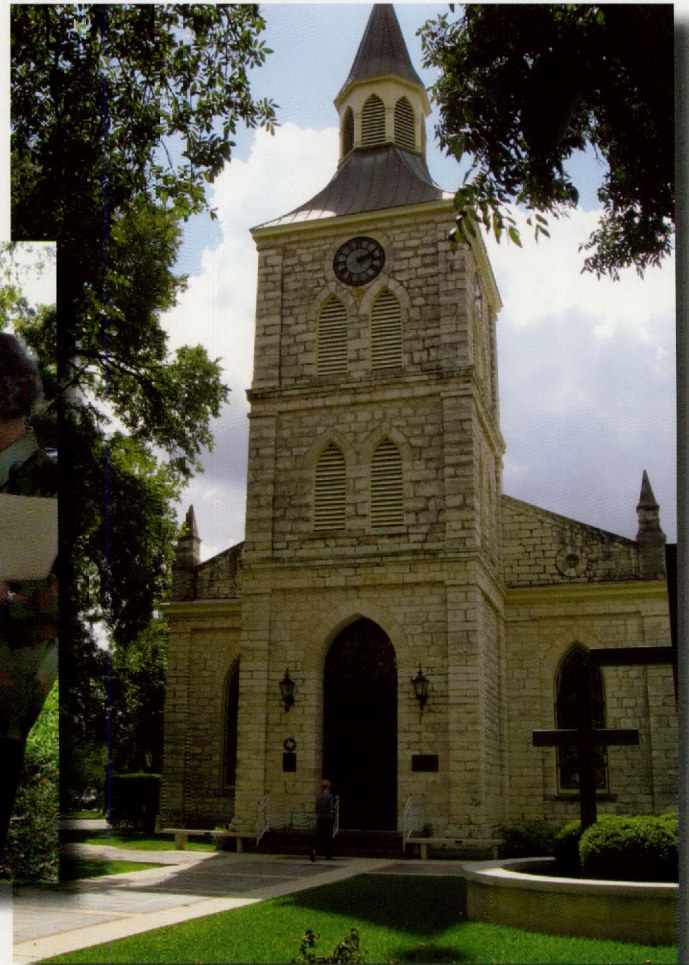


Photo by Barbara Elmore

## FIRST PROTESTANT CHURCH

First Protestant's worshippers first attended services under an elm tree. Then they attended church in a log structure consecrated in 1846, establishing this as the first church in the German village. But their "new" church, bearing the finish date of 1875, is rife with history of its own.

German heritage permeates the stone church, from the words above the door of the portico to bells on the front lawn, a gift from Germany that hung in the original log church. Erecting this stone church took five years, and workers added significant historical objects in years since. The tower went up in 1889. Twenty-eight stained glass windows, installed in 1925, tell the story of Christ. Gothic Revival wings came about in 1955.

Mae Kraft, a church member for 50 years, coordinates volunteers and gives tours of the church on request. Because First Protestant is the oldest church in New Braunfels, its 1,500 members try to set an example, she explained. They support mission efforts locally and abroad, and youth of the church help with a food program in a San Antonio park every fifth Sunday. They also take trips to work in areas devastated by natural disasters like Hurricane Katrina. "We support missionaries worldwide. We can pick where we want to send our money because we are an independent church," she added.

The people of New Braunfels preserve the church's history in other locations. Logs from the first house of worship now are at New Braunfels Heritage Village. The church's first pipe organ, one of five made in Austin, has been restored to working order and resides at New Braunfels Conservation Society.



INRI

Our Lady of the Gulf  
Catholic Church  
415 West Austin  
Port Lavaca, Texas

Year founded: 1865

Architectural style: Frame/  
Gothic/Modern

Priest: Ty Bazar



Photo by Barbara Elmore



Photo by Connie Rothe

## OUR LADY OF THE GULF CATHOLIC CHURCH

Destructive hurricanes have taken their toll on Our Lady of the Gulf, destroying the church several times since its 19th-century beginnings. Each time, the faithful have rebuilt. The result of the storms and church growth is four different homes in the 98 years between 1865 and 1963.

Today's church is a modern-looking pink brick structure. Yet, history for this church began even before the 1865 frame church or the town of Port Lavaca existed. Records show Mass celebrated in a private home in 1857 in nearby Victoria. For several years, whenever a priest was able to visit, churchgoers attended services in the home, until the building of the first church on South Guadalupe Street in 1865. Priests from Victoria, Indianola, and Galveston traveled here to celebrate Mass.

A storm destroyed the church in 1886, and no building existed for several years. In 1894, prisoners dedicated a new church of Gothic design. It served members until it was damaged by a hurricane in 1942. After repairs, parishioners used it until 1953, when a growing parish required a larger church. Hurricane Carla destroyed this church too, eight years later, and once again, members rebuilt. From the latest church, built in 1963, priests also serve the coastal mission churches of St. Ann's in Port Comfort, St. Joseph's in Port O'Connor and St. Patrick's in Seadrift.

Parish priest Ty Bazar said Port Lavacans recognize the value of the church's school, for children pre-K through eighth grade. "It is a source of inspiration for the community, he explained." The church also holds its fundraisers that help the needy. "Twice a week, people can come here and we give out funds and resources," he said.



St. Mark's Lutheran Church  
400 N. Esplanade  
Cuero, Texas  
Year founded: 1886  
Architectural style: Spanish mission  
Pastor: Karl Biermann



Photo by Barbara Elmore

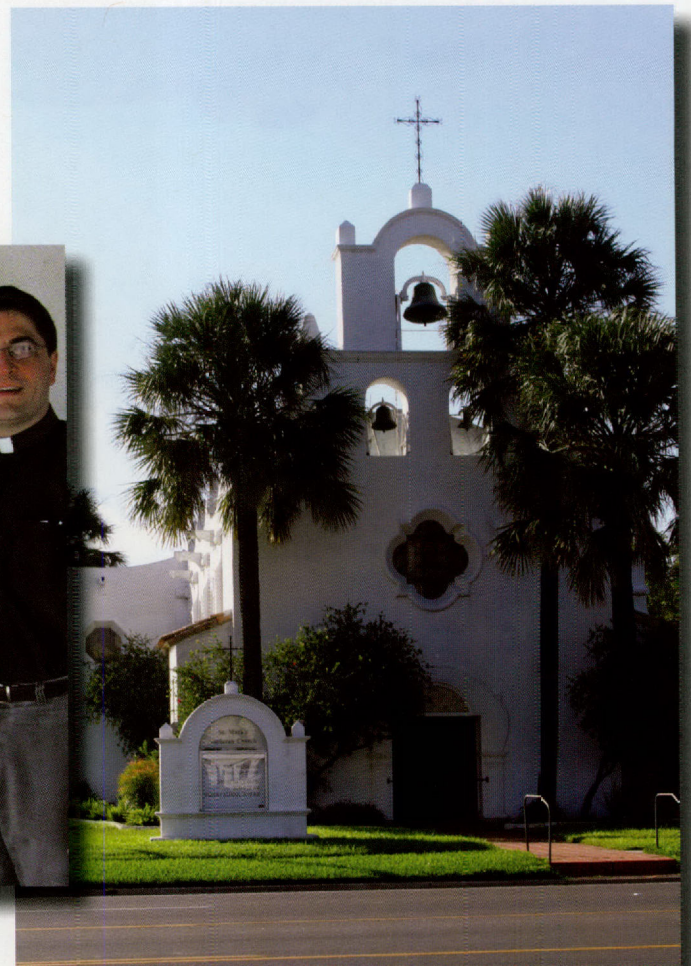


Photo by Connie Rothe

## ST. MARK'S LUTHERAN CHURCH

The first building that housed St. Mark's congregants, finished in 1889, cost \$1,804. Members attended services in the wooden church 50 years before moving it and constructing the current church in 1939. This church often catches the eye of photographers desirous of capturing its mission-style grace.

The first church no longer stands, but pieces of it are likely spread throughout the state. After doing its duty as a Sunday school building, it went up for auction. "We auctioned everything – the windows, wood, nails and chairs," said Gladys Dieringer, an unofficial historian and keeper of church scrapbooks. She took a piece of glass from the old church and framed it to hang in her home.

Visitors to the church discover historical richness, including its cross shape. Newer treasures include an organ, organ loft and choir loft, replaced after a fire in 1962. And one of the church's most interesting sagas involves the smallest of three bells in the tower. Once it was a ship's bell before sinking with the burning ship in Matagorda Bay in 1856. Lutherans rescued the bell from the waters, then again when Union soldiers stole it, and once again after it served a fire department that no longer needed it. It is doing its second tour of duty at St. Mark's, and rings at every service during the Lord's Prayer.

Residents know the congregation for its involvement in the Cuero Area Ministerial Alliance food pantry and prescription medication program, Habitat for Humanity, and the stock show, said the Rev. Karl Biermann. It also has a strong musical tradition, he added. "We love hosting musical groups and people in the community are very receptive."





St. Andrew's Episcopal Church  
210 East Nolte  
Seguin, Texas

Year founded: 1853

Architectural style: Rectangular board  
and batten; covered with Austin stone  
in 1954

Rector: Kevin Dellaria



Photo by Barbara Elmore

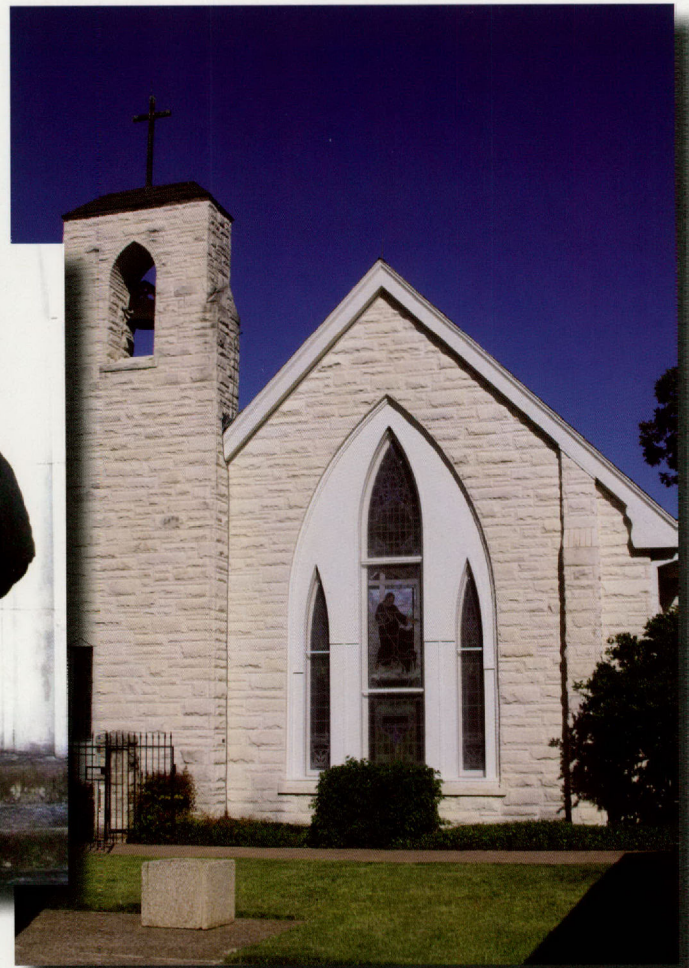


Photo by Connie Rothe

## ST. ANDREW'S EPISCOPAL CHURCH

St. Andrew's Episcopal Church's first name was Church of the Redeemer, and for 22 years, members of this mission church "shuttled around from pillar to post," says an often funny church history, *God's Grace on the Guadalupe*, by the late Elizabeth Erskine Hollamon. Early churchgoers attended services in the upper story of a building on Court Street called Temperance Hall.

In 1875, congregants bought three lots at the current site of St. Andrews, and although the church went up soon after that, the name had changed to St. Andrew's earlier, as soon as congregants heard of another Church of the Redeemer.

The 1875 church, built under the direction of architect Stephen White, was a simple rectangular building with a steeply pitched roof. On its tenth birthday, a storm tore off the roof, and the replacement changed the look of the church.

In 1900, another huge storm hit Seguin, this time taking the roof with it. That year stained glass windows were added. Distinctive architectural features of the church include interior wood carvings, cathedral windows and the Tiffany-style stained glass.

A larger church sanctuary finished in 1986 co-exists adjacent to the old church, which members use for Wednesday evening services, baptisms, wedding ceremonies, other special events, and during the Easter season.

A free clinic and food pantry, which church members started for Seguin, make up a large part of the church's modern-day reputation. Members also take mission trips to Honduras and Mexico to help build homes, give scholarships, inoculate farm animals, discuss public health, and provide medical and dental care.



THIS DO IN REMEMBRANCE OF ME

First United Methodist Church,  
San Marcos  
129 West Hutchison, San Marcos  
Year founded: 1847  
Architectural style: Cruciform Gothic  
Pastor: Jenna Heart



Photo by Barbara Elmore

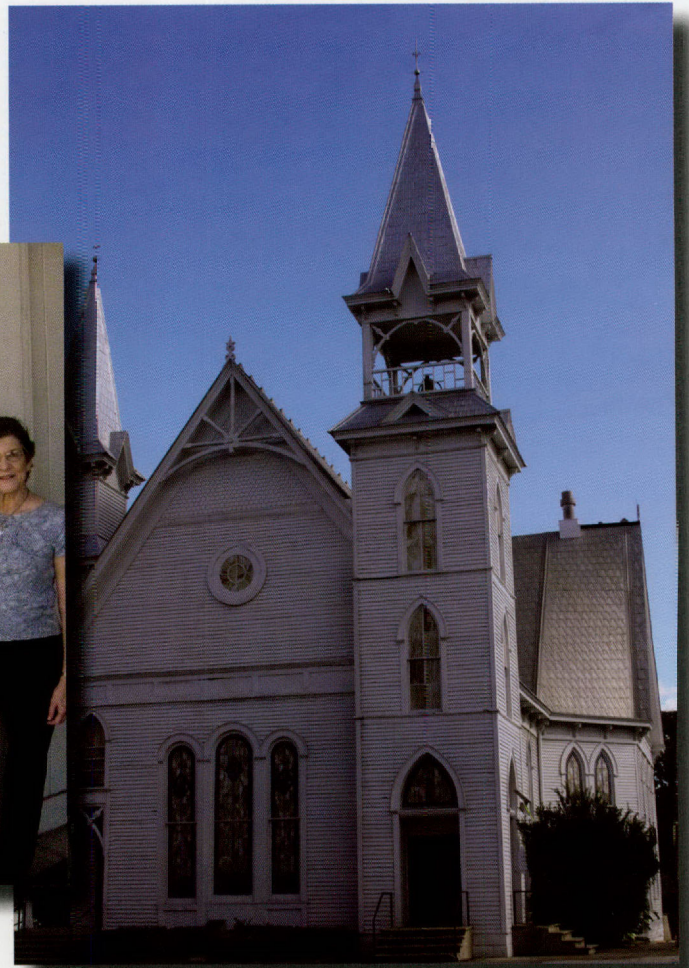


Photo by Connie Rothe

## FIRST UNITED METHODIST CHURCH, SAN MARCOS

Red needlework cushions crafted by members tell the history of this church, from the first time a circuit rider arrived in 1847 to a renovation completed in 1981. Circling the altar rail, the 10 pillows depict a cabin by the river, services in a Masonic Hall, a church that burned, and the construction of the current church in 1893.

Sitting on a bustling street next to a grocery store, the imposing church is made of cypress cut down along the river, held together by square nails and topped by a metal roof. It is one of the few cross-shaped churches that still exist, said longtime member Ken Moss.

Ken and Jane Moss have been members since moving to San Marcos in 1976. Ken takes pictures as a hobby, and has photographed everything from the cedar posts that support the church's cypress timbers to the cherub medallions encircling the chandeliers. He recalls that workers removed 17 coats of interior paint during the '81 renovation. According to Jane, a church bell dedicated in 1873, is the oldest public artifact in Hays County.

Jane, who has written about the church, pointed out the metal end pieces of the hymnal racks, which have round holes at each end for holding walking canes, and the wire hat racks beneath the pews – left intact even though few people wear hats to church any more.

The community knows the church for being in “continuous business” since 1847, Ken said, and for its sturdy and thoughtful construction. “It’s survived while three grocery stores next door collapsed,” he explained, because of the continuously shifting ground and the aquifer beneath.



THIS DO IN REMEMBRANCE OF ME

First Christian Church  
202 West San Antonio Street  
Lockhart, Texas

Year founded: 1852

Architectural style: High  
Victorian Gothic

Pastor: Randy Frye



Photo by Barbara Elmore

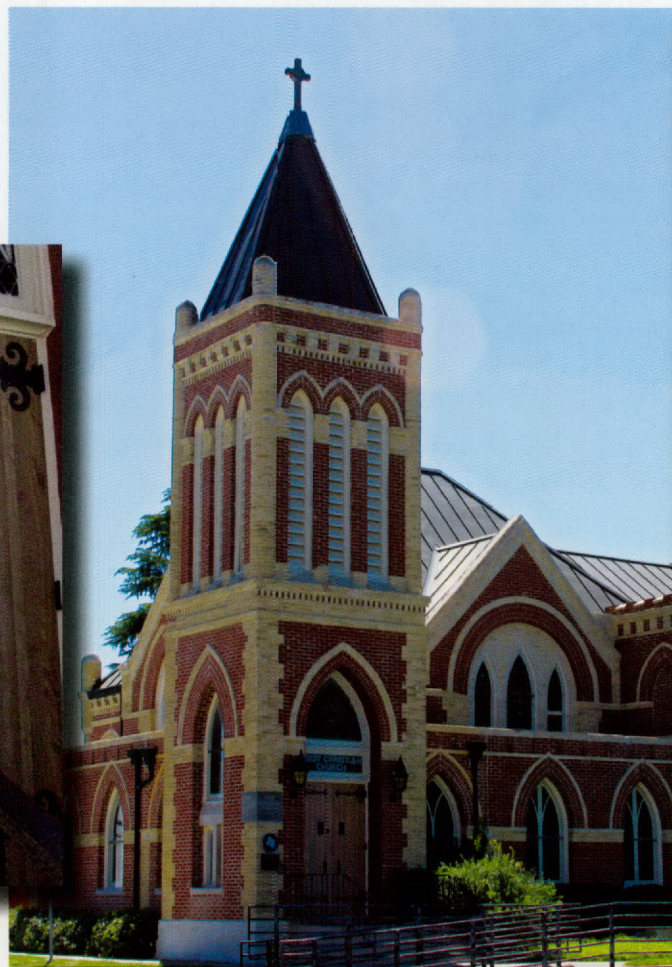


Photo by Connie Rothe

## FIRST CHRISTIAN CHURCH

Like many historical churches, First Christian Church began not with a building but a belief, and members met in a Masonic Hall. Today the congregation worships in a striking building erected in 1898. The first church, finished in 1858, no longer exists; fire destroyed it some years after members gave it up to build another. A bank sits on that land now, across the street from the “new” First Christian Church.

Tom Hodges, architect for Lockhart’s courthouse as well as the town jail and library, designed the striking church, which is known for its deep red bricks and natural stone trim, the color of red velvet cake topped with creamy icing.

Randy Frye, the pastor, said the church’s reputation for hospitality rivals its stature as “the red brick church.” It hosts many community meetings. For example: A recent fire prevention expo concluded with a worship service and covered-dish dinner honoring firefighters. Church members also hold a regular coat drive.

The church-firefighter relationship goes back years, since they are next-door neighbors. In one memorable incident, says member Maurine Coker, large fire hoses were used to fill the baptistry when water leaked from it shortly before a baptismal service.

In one of several church updates, an elevated baptistry with an elongated, spotlighted cross replaced the old baptistry. The newly remodeled sanctuary, with a combination of white plaster and dark walnut paneled walls, was dedicated in 1958. Seating in the old sanctuary faced a different direction and like many churches of the time, formed a semi-circle.

Also like many churches, church doors were left unlocked in early times, Maurine Coker recalled. That practice ended in the 1940s.



First Baptist Church  
422 St. Paul Street  
Gonzales, Texas

Year founded: 1847

Architectural style: Brick Gothic

Pastor: Chris Irving



Photo by Barbara Elmore



Photo by Barbara Elmore

## FIRST BAPTIST CHURCH

When serious hurricane warnings go out for the Texas coast, members of First Baptist Church of Gonzales know to expect calls from people hoping to find shelter within the church's sturdy walls.

The reputation for stability is due only partly to the well-built brick walls, which have been standing since 1902. The church maintains a reputation for being there for people in need. "We have a helping ministry that reaches a lot of folks, and people know it," said Alice Hermann, pastor's and financial secretary since 1975 and a church member since 1956.

Church leaders have traced the Gonzales icon's history to 1847, when nine charter members signed a covenant and began meeting in a Masonic Hall located in a downtown area known as Church Square because of the historical churches separated only by sidewalks.

The Baptist church has retained the treasures of the past throughout renovations to adjust to a changing congregation and frequent maintenance. About 350 families call this church home, and although members used to attend services while sitting in the round, the updated sanctuary features straight pews.

The front edifice houses six massive stained glass windows topped by smaller panes. The windows were part of the original sanctuary, and the Rev. Chris Irving noted that they provide inspiration each Sunday. Railroad ties support the church from below.

"It has been shelter many times in floods and hurricanes," Alice Hermann said. In a storm in the 1980s, more than 350 people found comfort within its walls. "Since that time, the community has organized and we are an initial contact point when there is a hurricane."





St. Helena's Episcopal Church  
410 North Main  
Boerne, Texas

Year founded: 1881

Architectural style: Romanesque  
(1929 building)

Rector: William H. Allport II



Photo by Barbara Elmore



Photo by Connie Rothe

## ST. HELENA'S EPISCOPAL CHURCH

The people who founded St. Helena's trace their roots to mostly English settlers who arrived in the hills of Texas in the 1870s. By 1880, they had established a community of like-minded faithful, and by 1881, they had a small wooden church three blocks north of the town square on Main Street.

By 1929, members saw the need for a new stone church. Although finances were limited, they found the resources to erect the building that now beckons churchgoers.

Many longtime members explain that the church's reputation in the community is that the women of the church were known for decades as the town's caterers. They did not cook for their personal livelihoods, however; they served the people of the community who reserved church space for events that required their culinary skills. "People would have socials in the church and the women of the church would cook," said Carol Mathews, who joined the church in the 1960s. "This was their fundraiser."

Although that tradition ended, St. Helena's still throws open its doors with a well-known pancake supper on Shrove Tuesday, when the women of the church serve up their homemade syrup. Also popular is a two-day December event, Walking Bethlehem, which turns the church campus into the City of Bethlehem with a market, artisans, bakers, millers, a synagogue and even live camels. "We introduce the authentic story to people," said Ginger Martin, parish secretary.

Also, Martin said that St. Helena's doors remain unlocked. "It is open 24 hours a day, 365 days a year for any soul who feels a need to pray or seek comfort by just being inside the church."



## ACCOUNTABILITY - RESULTS IN DETAIL



# GFOA CERTIFICATE OF ACHIEVEMENT

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## 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, 2009

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



December 15, 2010

The Honorable T. L. Walker, Chairman  
and Members of the Board of Directors

Dear Chairman Walker and Directors,

The Comprehensive Annual Financial Report (CAFR) of the Guadalupe-Blanco River Authority (GBRA) for the fiscal year ended August 31, 2010, 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 four sections: introductory, financial, statistical and the independent auditors' report in accordance with government auditing standards. 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, financial statements, notes to the financial statements and more detailed combining and individual schedules. The notes to the 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, presented pursuant to the Government Accounting Standards Board Statement No. 44. The report includes all funds of GBRA. The independent auditors' report in accordance with government auditing standards includes the report on compliance and on internal controls over financial reporting. A single audit was not required this year since GBRA did not receive sufficient federal grant funds to require such an audit. Accordingly, a single audit report is not included with this CAFR.

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

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

The *Guadalupe Valley Hydroelectric Division* operates six 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 seven wastewater treatment plants in Comal, Hays 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. The most recent wastewater treatment plant operation to be added to the Rural Utilities Division is the Sunfield Municipal Utility District's (MUD) Sunfield Wastewater Treatment Plant. GBRA began operating the plant in Fiscal Year 2009 utilizing personnel from the nearby City of Buda and Shadow Creek wastewater plants which GBRA also operates. GBRA's operation of these three plants using the same personnel provides a cost effective means for both the City and MUDs to safely and properly meet their wastewater treatment needs.

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, the Western Canyon Water Treatment Plant, and the new treated water delivery systems and wastewater treatment systems in Comal County for the Comal Trace, Johnson Ranch, and Cordillera real estate developments.

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, which commenced operation in 1969, 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* began in 1974 and currently operates and maintains a treated water distribution system to supply approximately 1,310 homes and businesses located throughout most of the unincorporated areas of Calhoun County.

GBRA contracted with the City of Victoria in 1970 to provide treatment services through its *Victoria Regional Wastewater Reclamation Division*. The division operates 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, which was completed and filled in 1981, serves as a cooling pond for a coal-fired electric generating plant owned by Coletto Creek Power, LP. This division also operates and maintains recreation facilities that provide grounds for camping and picnicking as well as public access to the lake for fishing, swimming, and boating.

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

The *Canyon Hydroelectric Division* operates the electric generating plant located at Canyon Dam in Comal County. All power generated by the plant is sold to New Braunfels Utilities for the benefit of the City of New Braunfels. The plant, completed in 1989 with a capacity of 6 megawatts, provides a

beneficial use of waters passed through the dam without interfering with the reservoir's primary purposes of flood control and water supply.

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

## **ECONOMIC CONDITION AND OUTLOOK**

*The Texas Economy.* According to the Texas Comptroller of Public Accounts in her latest issue of "Texas Economy in Focus", the Texas economy, which is the world's 11<sup>th</sup> largest economy, is faring better than most other states but nevertheless felt the effects of the worldwide recession in 2009. Comptroller Combs further states that "the state is emerging from the recession more quickly than the nation, but the pace of recovery is slow." Numerous statistics are cited in support of her assessment of Texas' relatively better economic position including a gross state product which contracted only 1.4% during fiscal year 2009 compared to the national contraction rate of 2.4% and a Texas unemployment rate at 8.2% in July 2010 compared to a national unemployment rate of 9.5%. The Federal Reserve Bank of Dallas (Fed) similarly states in its First Quarter 2010 Southwest Economy Publication, "The state maintains its traditional advantages-relatively low living costs, modest taxes, a central location and an attractive business climate. Barring further setbacks, the Texas economy should pick up steam in 2010 and beyond."

*The Local Economy.* GBRA's service area is geographically part of south central Texas. It stretches from the Texas Hill Country through the IH-35 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, higher education centers, tourism, seawater ports, and heavy industry. This diversity allows the local economy to be among the State's growth leaders and outpace the national economy. The State Comptroller divides the GBRA service area into three principal areas for reporting purposes. These include the Alamo Region being the counties surrounding the City of San Antonio, the Capital Region being the counties surrounding the City of Austin, and the Coastal Bend Region being the counties surrounding the Cities of Corpus Christi and Victoria. GBRA's 10 county district includes three counties in the Alamo Region, two in the Capital Region, with the remaining five counties in the Coastal Bend Region. While each of these regions has suffered from the same economic forces slowing the national and state economy, it is GBRA's estimation that its service area has weathered the economic slowdown better than most other areas of the nation and has started to emerge from the slowdown much more rapidly than other areas. One noteworthy indication of the comparatively strong economic prospects for the GBRA district is the recently completed construction of a \$169.7 million engine plant built in Guadalupe County by Caterpillar Incorporated. Following full startup in 2011, the plant will employ an estimated 1,400 people. Another indicator of GBRA's vibrant district is the construction of a second Caterpillar plant within the district. This plant is being constructed in Victoria County and will include a 600,000 square foot manufacturing operation which will employ 500 people producing hydraulic excavators starting in 2012. GBRA's role in assisting the area's economy and population growth is to continue providing high quality water and wastewater treatment while also seeking future water supplies in order to better assure the district's future economic vitality.

## **MAJOR INITIATIVES**

*For the Year.* GBRA's major initiative for Fiscal Year 2010 was the provision of adequate water resources for the Guadalupe River Basin along with the planning necessary for additional, future supplies of water. This initiative was evident in GBRA's work with committees and stakeholder groups established by the Texas Legislature related to instream surface water flows, fresh water flows for bays and estuaries, the future desired conditions for Texas groundwater aquifers, and the proper regulation of the Edwards Aquifer. Because of the Guadalupe River's dependency upon water emanating from the Edwards Aquifer's Comal and San Marcos springs, GBRA helped to establish and is currently



participating in a Recovery Implementation Plan for the aquifer in conjunction with other stakeholder groups. Another major water and environmental related study project supported by GBRA that completed its initial data collection during 2009 but with other aspects of the study continuing was the interrelationship between fresh water flows and some of the food sources of the endangered whooping crane that winters in the Guadalupe River delta. While GBRA continued to protect the existing Guadalupe River Basin water supplies during 2010, it was also planning the development of future supplies. Throughout Fiscal Year 2010, GBRA's staff and consultants were actively exploring future water supply projects. These potential future supply projects included both groundwater and surface water sources, and supplies from existing surface water permits as well as new permits

Another major initiative that was underway during Fiscal Year 2010 was the completion of an expansion of the pumping capacity of GBRA's Regional Raw Water Delivery System. The Raw Water Delivery System project was financed with approximately \$14,900,000 of revenue bonds on September 15, 2007. This expansion of the System's pumping capacity is designed to increase the total delivery capacity to 25MGD. The principal components of the expansion include a second pump station located on the Guadalupe River, an intermediate booster station located approximately half way between the river and the San Marcos Water Treatment Plant, and input/output "pigging" stations to assist with the cleanout of biological debris that accumulates in the delivery system. It is anticipated that the additional pumping capacity made available by this project will be utilized by the rapidly growing cities of Kyle and Buda.

A second construction project that was underway during Fiscal Year 2010 was an expansion of the Canyon Park Wastewater Treatment Plant. The Plant, which is located near Canyon Reservoir in Comal County, provides wastewater treatment to several developments along the periphery of the reservoir. This expansion will increase the Plant's treatment capacity from 100,000 gallons per day (GPD) up to 180,000 GPD in order to meet the needs of expected customer growth in the Canyon Reservoir area.

From an operational perspective, in many respects Fiscal Year 2010 was reasonably routine. No major storms impacted the Texas Gulf Coast and only one flood of moderate size occurred in the Guadalupe River Basin. In fact, Fiscal Year 2010 saw a return to a more normal weather pattern with somewhat above average rainfall. This was a welcome relief after the previous two years which were some of the driest years on record for the south central Texas. Operationally, the increased rainfall provided for a significant increase in hydroelectric energy generation, Canyon Reservoir returned to a "full pond" status after declining 16 feet or nearly 20% during the drought years, and utilities throughout the district were able to lift their drought mandated water restrictions. One major operational initiative completed during the year was the negotiation of an increased hydroelectric energy rate for GBRA's Guadalupe Valley Hydroelectric Division. The electrical power generated by this division is sold to the Guadalupe Valley Electric Cooperative and the previous electric charge had been in effect since 2005. After the July 2010 effective date of the rate change, GBRA received an approximate annual increase in hydroelectric power sales of 39% or \$1,000,000

A second major initiative during Fiscal Year 2010 was the participation in a whooping crane endangered species lawsuit filed against the Texas Commission on Environmental Quality (TCEQ) by a parties located along the Texas Gulf Coast. The suit alleges that the TCEQ has mismanaged the water in the Guadalupe and San Antonio River basins during drought conditions to the detriment of the endangered whooping cranes. Since many of GBRA's water rights might be affected by this suit, GBRA sought and was granted intervention into the suit on the side of the TCEQ. The case has been temporarily "stayed" while the Federal 5<sup>th</sup> Circuit Court reviews the pleadings of other parties seeking intervention.

*For the Future.* As touched on above, GBRA's efforts to insure adequate water supplies have complemented the work of the Texas State Legislature. Emanating from the 1997 legislative session was a new State Water Policy labeled Senate Bill One (SB1). One of the principal provisions of this new water plan was the establishment of regional water planning areas. GBRA has been actively involved in and helps to underwrite the administrative costs of the South Central Texas Regional Water Planning

Group which was charged with developing a water plan for this area of Texas. While the new water plan has been completed and approved by the Texas Water Development Board, the regional planning groups continue to update projected future water demands and the water supply projects that are anticipated to meet those demands. The plan includes several major water supply projects within the Guadalupe River Basin that will require GBRA's future participation.

While much of GBRA's water supply planning has traditionally focused on developing additional surface water supplies within the Guadalupe River Basin, GBRA's focus in recent years has been on committing existing surface water supplies that are currently not fully utilized. Consistent with this focus, GBRA has worked with a number of entities and potential water customers to determine how GBRA's run-of-river water rights located near the mouth of the river may be beneficially used. During much of Fiscal Year 2009, GBRA worked with Exelon Corporation to commit approximately 75,000 acre-feet of water per year for cooling water purposes related to Exelon's proposed new nuclear power plant located in Victoria County. Near the end of 2009 and into Fiscal Year 2010, Exelon shifted positions to indefinitely delay the construction of the plant pending increased federal government loan guarantees. As a result, GBRA and Exelon agreed on a continuation of a water reservation agreement albeit at a reduced amount. GBRA has also begun to look at other possible water supply alternatives including the use of groundwater. Principal among these possibilities is the development of groundwater from the Simsboro Aquifer which lies north and east of GBRA's district and the development of Carrizo Aquifer water in the Gonzales County area. It is incumbent on both GBRA and the SB1 regional water planning group to continue studying and ultimately implement various water supply projects in order to meet the water demands of the rapidly growing Guadalupe River Basin.

In addition to the effort focused on future water supply alternatives, GBRA also worked to insure existing water supplies are used efficiently and wisely. GBRA actively worked with water users and local governments located within the Basin to educate them on water conservation efforts. GBRA also worked closely with the Edwards Aquifer Authority, Guadalupe Basin Coalition, and the Edwards Aquifer Recovery Implementation Group to insure the aquifer was managed effectively and in accordance with state law thereby insuring adequate springflow into the Guadalupe and San Marcos Rivers. The appropriate management of the aquifer will require ongoing efforts by GBRA to insure the protection of the Comal and San Marcos Springs. On the federal level, GBRA will continue to participate with the Texas Water Conservation Association and the National Water Resource Association in efforts to further Texas's federal initiatives to obtain funding for water projects in the State.

## **FINANCIAL INFORMATION**

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

As demonstrated by the statements and schedules included in the financial section of this report as well as the Management Discussion and Analysis on pages 48 through 52, GBRA continues to meet its responsibility for sound financial management. GBRA recommends each reader to closely read each section of this report including the oversight review provided by the management discussion and analysis in order to have a thorough understanding of GBRA, its activities, financial position and results of operations.

*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 favorable during the year as the actuarial value of the plan assets increased from \$10,916,278 as of January 1, 2009 to \$12,024,270 as of January 1, 2010 while the Plan's unfunded actuarial accrued liability (UAAL) decreased from \$8,956,042 down to \$8,583,000. The current decrease in UAAL was the result of several competing factors with the most significant of these being a supplemental contribution of \$500,000 that GBRA made to the plan in August 2009 that is reflected on the January 1, 2010 valuation. In an effort to further accelerate the reduction of the UAAL, GBRA made another supplemental contribution of \$3,000,000 to the plan in August 2010. This second supplemental contribution will be reflected on the January 1, 2011 actuarial valuation and GBRA believes that the funding ratio of the plan will be much improved on that valuation, increasing from a low of 55% in calendar year 2009 up to an approximate 71%.

*Debt Administration.* At August 31, 2010, GBRA had 11 bond issues outstanding. A schedule of those 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, 2010 were \$132,305,000 while outstanding long-term loans were \$10,360,529. 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 K. Each revenue bond issue is insured or credit rated based on the financial strength of GBRA's service contracts. GBRA did not issue any new bonds and did not secure any new loans during Fiscal Year 2010. One loan in the amount of \$210,475 related to the purchase of land was paid off four years early during FY 2010.

*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 reviewed and approved annually by the Board of Directors. For the year, the average yield on investments approximated 1.87%. This yield compares to an average 90 Day treasury yield of 0.12%. During most years, GBRA is able to equal or exceed the 90 Day treasury yield including this past year as rates declined precipitously after mid year. Interest earnings on investments were \$237,079 for Fiscal Year 2010 which compares to \$475,308 in interest earnings during Fiscal Year 2009. The reason for this relatively small amount was the precipitous decline in interest rates following the onset of recessionary conditions that occurred in calendar year 2008.

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, agency, or instrumentality 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, 2010 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 100.33% of their book value and 100.49% of their par value as of August 31, 2010. 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 Upper and Lower Basin Operations Managers while monthly safety meetings are held by each of the divisions. During the fiscal year, the safety manual continued to be updated; employee health fairs were held in Seguin and

Victoria; GBRA's safety glasses and boots program continued, and pulmonary/hearing testing was completed at various operations. 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**

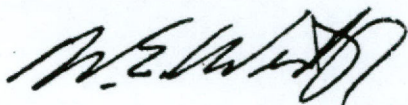
*Independent Audit.* Section 50.371 of the Texas Water Code requires an annual audit of the GBRA's accounting records by the state auditor or by an independent certified public accountant selected by the Board of Directors. The firm of Thompson, Williams, Biediger, Kastor & Young, LC was selected by the Board for the 2010 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 district.

*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, 2009. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

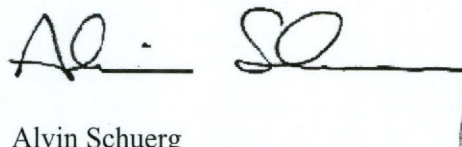
In order to be awarded a Certificate, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such a CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. GBRA has received a Certificate for the last 36 consecutive fiscal years (1973-2009). We believe our current report continues to conform to the Certificate of Achievement program requirements.

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

Sincerely,



W. E. West, Jr.  
General Manager



Alvin Schuerg  
Executive Mgr of Finance and Administration

# FINANCIAL SECTION

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# INDEPENDENT AUDITOR'S REPORT

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4801 N.W. LOOP 410, SUITE 725  
SAN ANTONIO, TEXAS 78229  
210/341-2581  
FAX 210/341-2588  
cpas@twbky.com

**Thompson,  
Williams,  
Biediger,  
Kastor  
&  
Young,  
L.C.**

CERTIFIED PUBLIC ACCOUNTANTS  
MEMBERS AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditor's Report

To the Board of Directors  
Guadalupe- Blanco River Authority

We have audited the accompanying financial statements of Guadalupe- Blanco River Authority, as of and for the years ended August 31, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of Guadalupe- Blanco River Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Guadalupe- Blanco River Authority, as of August 31, 2010 and 2009, and the respective changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2010 on our consideration of Guadalupe- Blanco River Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress on pages 48 through 52 and page 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Guadalupe- Blanco River Authority's financial statements as a whole. The introductory section, other supplemental schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The other supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

*Thompson, Williams, Dodger, Foster & Young, L.C.*

Certified Public Accountants

San Antonio, Texas

December 15, 2010

# MANAGEMENT DISCUSSION AND ANALYSIS

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

The MD&A, as Required Supplemental Information, introduces the basic financial statements and provides an analytical overview of GBRA's financial activities. GBRA implemented the provisions of the Government Accounting Standards Board Statement Number 34 (GASB 34) in 2002 and as such, the MD&A that follows presents a comparison of each of the last three years.

## Overview of the Basic Financial Statements

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

GBRA's financial statements consist entirely of one enterprise fund because of the nature of GBRA's activities, the reliance upon user fees, and the fact that GBRA does not have any separate component units to report the 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 are utilized.
- **Type of Asset/Liability Information** – The enterprise fund reports all current and long-term assets and liabilities, both financial and capital.
- **Type of Inflow/Outflow Information** – The enterprise fund records all revenues and expenses during the year, regardless of when the cash is received from the revenue or when the cash is paid for the expense.

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

## Condensed Financial Information

The financial statements are designed to provide readers with a broad overview of GBRA's financial position. The 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 Years 2010, 2009 and 2008 respectively, assets exceeded liabilities by \$64,900,534; \$61,954,814; and \$58,058,871. During this three year period, Net Assets have increased \$6,841,663 which indicates a continued improvement in GBRA's financial position. A significant reason for this increase in Net Assets is the underlying



\$4,624,301 increase in Other Assets during the same period. Included within the Other Assets increase is an increase of long-term investments and a net pension asset of \$3,500,000 due to supplemental pension plan contributions. Other significant account changes include the \$4,519,848 increase in Investments in Capital Assets Net of Related Debt. This change is principally the result of various ongoing water supply construction projects and the related funding of those projects by the issuance of additional revenue bonds. The following table presents a Condensed Balance Sheet for August 31, 2010, 2009 and 2008:

<b>GUADALUPE-BLANCO RIVER AUTHORITY</b>			
<b>CONDENSED BALANCE SHEET</b>			
<b>AUGUST 31, 2010, 2009, AND 2008</b>			
<b>ASSETS</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Current Assets			
Unrestricted Assets	\$ 9,425,246	\$ 11,387,970	\$ 11,186,118
Restricted Assets	8,685,924	13,712,493	9,078,330
Long-Term Assets			
Restricted Assets	3,025,803	926,746	3,350,705
Capital Assets	186,572,143	190,201,088	191,660,895
Other Assets	16,331,596	10,077,195	11,707,295
<b>Total Assets</b>	<b>\$ 224,040,712</b>	<b>\$ 226,305,492</b>	<b>\$ 226,983,343</b>
<b>LIABILITIES AND NET ASSETS</b>			
Current Liabilities			
Payable from Current Assets	\$ 4,119,102	\$ 4,099,619	\$ 3,689,544
Payable from Restricted Assets	7,267,561	7,103,351	7,300,216
Long-Term Liabilities			
Bonds and Loans Payable	137,691,439	143,971,931	149,405,029
Advances for Operations	514,030	509,820	537,754
Deferred Income	9,548,046	8,665,957	7,991,929
<b>Total Liabilities</b>	<b>159,140,178</b>	<b>164,350,678</b>	<b>168,924,472</b>
<b>NET ASSETS</b>			
Investments in Capital Assets Net of Related Debt	\$ 43,235,437	\$ 40,582,695	\$ 38,715,589
Restricted for Construction	1,160,355	1,029,472	2,677,793
Restricted for Debt Service	4,238,092	5,635,160	4,301,984
Restricted for Insurance	1,122,877	4,051,178	998,239
Unrestricted	15,143,773	10,656,309	11,365,266
<b>Total Net Assets</b>	<b>64,900,534</b>	<b>61,954,814</b>	<b>58,058,871</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 224,040,712</b>	<b>\$ 226,305,492</b>	<b>\$ 226,983,343</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, and insurance reservations. These reserve accounts are explained in more detail in Footnote A and G.

The following table presents a Condensed Statement of Revenues, Expenses and Changes in Net Assets for August 31, 2010, 2009 and 2008:

<b>GUADALUPE-BLANCO RIVER AUTHORITY</b>			
<b>COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS</b>			
<b>FISCAL YEARS ENDED AUGUST 31, 2010, AUGUST 31, 2009, AND AUGUST 31, 2008</b>			
<b>REVENUE</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Program Revenues			
General Operating	\$ 2,424,228	\$ 2,522,530	\$ 2,399,024
Recreation and Land Use	1,488,608	1,621,988	1,833,086
Hydroelectric Generation	4,112,320	3,165,208	4,013,923
Water Treatment & Distribution	32,476,705	33,374,916	31,587,409
Waste Water Treatment	6,384,223	6,749,053	7,201,960
Interfund Eliminations	(2,368,385)	(2,432,480)	(2,389,963)
Total Revenues	<u>44,517,699</u>	<u>45,001,215</u>	<u>44,645,439</u>
<b>EXPENSES</b>			
Program Expenses			
General Operating	2,204,192	2,148,832	2,209,840
Recreation and Land Use	1,584,768	1,747,402	1,726,748
Hydroelectric Generation	3,696,431	3,467,499	3,162,335
Water Treatment & Distribution	23,684,256	22,730,472	22,380,622
Waste Water Treatment	6,169,499	6,842,255	6,595,083
Interfund Eliminations	(2,368,385)	(2,432,480)	(2,389,963)
Total Expenses	<u>34,970,761</u>	<u>34,503,980</u>	<u>33,684,665</u>
<b>NON OPERATING REVENUES (EXPENSES)</b>			
Grant Income	430,424	242,557	-
Investment Income	237,079	475,308	828,429
Gain (Loss) on Disposal of Capital Assets	16,790	(2,704)	(71,940)
Interest Expense	(7,184,205)	(7,410,716)	(7,046,879)
Total Non Operating Revenues (Expenses)	<u>(6,499,912)</u>	<u>(6,695,555)</u>	<u>(6,290,390)</u>
Income Before Recognition of Capital Contributions and Deferrals	3,047,026	3,801,680	4,670,384
Capital Contributions	<u>414,096</u>	<u>1,300,256</u>	<u>704,171</u>
Net Income Before Recognition of Deferrals	3,461,122	5,101,936	5,374,555
Revenue to be Recognized in Future Years	<u>(1,015,402)</u>	<u>(705,993)</u>	<u>(741,252)</u>
Income Before Special Items	2,445,720	4,395,943	4,633,303
<b>SPECIAL ITEMS</b>			
Supplementary Contribution to Defined Benefit Plan	-	(500,000)	-
Change in Net Assets	<u>2,445,720</u>	<u>3,895,943</u>	<u>4,633,303</u>
Net Assets September 1, 2009 and 2008 and 2007	61,954,814	58,058,871	53,425,568
Restatement of Net Assets	<u>500,000</u>	<u>-</u>	<u>-</u>
Net Assets September 1, 2009 and 2008 and 2007	<u>62,454,814</u>	<u>58,058,871</u>	<u>53,425,568</u>
Net Assets August 31, 2009 and 2008 and 2007	<u>\$ 64,900,534</u>	<u>\$ 61,954,814</u>	<u>\$ 58,058,871</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 Years 2010, 2009, and 2008 increases in Net Assets of \$2,445,720, \$3,895,943, and \$4,633,303 is indicative of strong financial performance and a stable financial position. The components of Net Assets and the means in which it is calculated is apparent in the above Condensed Statement of Revenues, Expenses and Changes in Net Assets.

Contributing to the increase in Net Assets was a stable revenue stream over the past three years which averaged \$44,721,451, a stable expense level which averaged \$34,386,469 during the same time period, and the differential between the two.

GBRA's normal, annual contributions into its Defined Benefit Pension Plan have been in the amounts of \$707,443; \$764,425; and \$970,248 for Fiscal Years 2008, 2009, and 2010 respectively. Due to declining equity market conditions throughout much of 2008 and 2009 and due to GBRA's adoption of more conservative actuarial assumptions, the Plan's Unfunded Actuarial Accrued Liability (UAAL) increased \$2,303,132 between the January 1, 2008 and 2010 actuarial reports. In order to start to arrest this increasing UAAL, the GBRA Board of Directors approved supplemental contributions into the Plan of \$3,500,000 over the last two years as described above. Additional supplemental contributions may also be approved in those future years when GBRA's annual financial operating results are favorable.

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

As of August 31, 2010, 2009, and 2008 respectively, GBRA's total investment in capital assets net of depreciation were \$186,572,143, \$190,201,088, and \$191,660,895. These capital assets which are shown in the long-term asset section of 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 declined by 2.7% or \$5,088,752 during period FY 2008-2010. The principal reason for this asset decrease was the depreciation recognized on all GBRA capital assets during the period.

GBRA's long-term debt is comprised of outstanding revenue bond issues, bank loans, and a loan from the United States Government related to the construction of Canyon Reservoir. The total revenue bonds outstanding, exclusive of bond discounts and premiums, as of August 31, 2008, 2009, and 2010 respectively were \$142,245,000; \$137,500,000; and \$132,305,000. Between Fiscal Years 2008 and 2010, revenue bonds outstanding decreased by \$9,940,000 which represents the absence of any new bond issues and the annual principal repayment on the existing eleven GBRA bond issues. GBRA's long-term loans outstanding as of fiscal year end 2008, 2009, and 2010 respectively amounted to \$11,471,573; \$11,232,658; and \$10,360,529. These declining amounts represent the annual principal repayments of the various loans.

More information on GBRA's capital assets and long-term debt is available in footnotes to the Basic Financial Statements. Capital asset information is presented in Footnote E and information about GBRA's long-term debt is available in Footnote B.

#### **Infrastructure**

GBRA recognizes all equipment and infrastructure with an original cost greater than \$2,000 and with a life exceeding one year as Capital Assets. Since all of GBRA's activity is accounted for in an enterprise fund similar to the accounting businesses, GBRA has always recorded the historical cost of Capital Assets and depreciated that cost over the estimated life of the asset.

The condition of GBRA's infrastructure and capital assets is generally very good. Most of GBRA's equipment and infrastructure is generally less than 30 years old, with much of it being less than 10 years old, nevertheless this equipment is subject to the ongoing preventive maintenance program. One area of concern is the infrastructure within the Guadalupe Valley Hydroelectric System (GV Hydro). This system is comprised of six low-head hydroelectric dams, power houses and ancillary equipment all of which was originally constructed in the 1920's and 1930's. Due to the age of many of the GV Hydro components and an inadequate amount of funds to fully address all equipment replacement needs, a major emphasis will be required in the next few years to return this System to the level of equipment condition present in GBRA's other operations. An essential first step in this GV Hydro upgrade effort has already

been initiated with the completion of a hydroelectric rate study and an agreement on an increased rate with the System's sole customer.

### **Other Potentially Significant Matters**

The GBRA Board of Directors established on October 1, 2010 a rate of \$110 per acre-foot per year for committed, firm raw water. Presently, GBRA contracts with about 100 customers throughout the GBRA district to commit approximately 82,800 acre-feet of firm, raw water. Currently the source of this water is water stored in Canyon Reservoir although in the future, other sources of supply will also be used to supply customers. Despite the fact that GBRA's rate approximates the average rate for similar firm raw water supplies in Texas, 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. Two of the original three customers rescinded their rate challenge prior to Fiscal Year 2007, however the petition of the remaining one customer was still ongoing during Fiscal Year 2008. During Fiscal Year 2009, the final customer that had challenge GBRA's committed, firm raw water rate also rescinded its appeal.

GBRA contracted with the City of Victoria to operate its only wastewater plant in 1970 and to construct and operate a new wastewater plant for the City. The contract to operate these plants has a termination date of December 31, 2010 unless the parties agree to extend the contract. The City notified GBRA during Fiscal Year 2009 that it intended to exercise its termination rights and to operate the plants using its own personnel following the termination date. In order to facilitate this operating transition, GBRA and the City's negotiated an agreement during 2009 whereby many of GBRA's current Victoria employees will become City employees prior to the actual termination date. GBRA does not anticipate a substantial impact on its financial position from this contract termination. This is primarily because the contract from its inception, has required that GBRA invoice the City for only the actual operating costs of the two plants and therefore no surplus, net revenues accrue to GBRA.

A small group of plaintiffs filed a federal lawsuit in Corpus Christi, Texas against the Texas Commission on Environmental Quality (TCEQ) during 2010. The suit alleges that the TCEQ has mismanaged the water rights in the Guadalupe and San Antonio River Basins and as a result, insufficient freshwater reaches the San Antonio Bay during droughts thereby adversely impacting the whooping cranes, listed as an endangered species under the Federal Endangered Species Act. The federal judge has allowed GBRA to intervene in the case on the side of the TCEQ to protect its water rights in the Guadalupe River Basin. GBRA does not agree with the plaintiffs allegations nor does GBRA believe plaintiffs can prove the basic cause and effect between freshwater flows and whooping crane health as required by the Act. Therefore, GBRA also does not believe this case will diminish its State approved water rights or its financial position.

**GUADALUPE-BLANCO RIVER AUTHORITY  
BALANCE SHEET**

**AUGUST 31, 2010 AND 2009**

ASSETS	2010	2009
<b>CURRENT ASSETS</b>		
Unrestricted Assets		
Cash and Cash Equivalents .....	\$ 3,514,911	\$ 5,476,430
Investments-Unrestricted .....	3,591,129	3,487,885
Interest Receivable.....	68,264	60,880
Accounts Receivable-Operating.....	1,812,287	1,890,571
Other Current Assets.....	438,655	472,204
Total Unrestricted Assets.....	<u>9,425,246</u>	<u>11,387,970</u>
Restricted Assets		
Cash and Cash Equivalents .....	6,212,452	5,012,495
Investments-Restricted .....	2,442,071	8,600,531
Interest Receivable.....	31,401	99,467
Total Restricted Assets.....	<u>8,685,924</u>	<u>13,712,493</u>
Total Current Assets.....	<u>18,111,170</u>	<u>25,100,463</u>
<b>LONG-TERM ASSETS</b>		
Restricted Assets		
Investments-Restricted .....	3,025,803	926,746
Total Restricted Assets.....	<u>3,025,803</u>	<u>926,746</u>
Capital Assets		
Land, Water and Storage Rights.....	29,300,163	29,300,163
Dams, Plants and Equipment.....	216,524,560	214,974,741
Construction In Progress.....	2,737,183	2,075,684
Less Accumulated Depreciation.....	(61,989,763)	(56,149,500)
Total Capital Assets.....	<u>186,572,143</u>	<u>190,201,088</u>
Other Assets		
Investments-Unrestricted .....	7,890,967	4,735,760
Long-Term Loans Receivable .....	203,682	216,118
Contract Development Costs (Net of Amortization).....	35,869	42,434
Debt Issuance Costs (Net of Amortization).....	2,621,845	2,805,895
Permits and Licenses (Net of Amortization).....	612,437	640,952
Project Development Costs.....	538,834	310,027
Net Pension Asset.....	3,500,000	-
Deferred Costs and Expenses.....	927,962	1,326,009
Total Other Assets.....	<u>16,331,596</u>	<u>10,077,195</u>
Total Long-Term Assets.....	<u>205,929,542</u>	<u>201,205,029</u>
Total Assets.....	<u>\$ 224,040,712</u>	<u>\$ 226,305,492</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Payable from Unrestricted Assets		
Current Portion of Long-Term Loans Payable.....	\$ 503,333	\$ 520,317
Interest Payable.....	67,209	70,593
Accounts Payable-Operating.....	3,548,560	3,508,709
Total Current Unrestricted Liabilities.....	<u>4,119,102</u>	<u>4,099,619</u>
Payable from Restricted Assets		
Current Portion of Revenue Bonds.....	5,415,000	5,195,000
Current Portion of Long-Term Loans Payable.....	149,956	141,335
Interest Payable.....	1,702,605	1,755,476
Accounts Payable-Construction.....	-	11,540
Total Current Restricted Liabilities.....	<u>7,267,561</u>	<u>7,103,351</u>
Total Current Liabilities.....	<u>11,386,663</u>	<u>11,202,970</u>
<b>LONG-TERM LIABILITIES</b>		
Revenue Bonds Payable.....	133,399,199	138,595,925
Long-Term Loans Payable.....	10,360,529	11,232,658
	143,759,728	149,828,583
Less Current Portion.....	(6,068,289)	(5,856,652)
Total Bonds and Loans Payable.....	<u>137,691,439</u>	<u>143,971,931</u>
Advances for Operations.....	514,030	509,820
Deferred Income.....	9,548,046	8,665,957
Total Long-Term Liabilities.....	<u>147,753,515</u>	<u>153,147,708</u>
Total Liabilities.....	<u>159,140,178</u>	<u>164,350,678</u>
<b>NET ASSETS</b>		
Investments in Capital Assets Net of Related Debt .....	43,235,437	40,582,695
Restricted for Construction.....	1,160,355	1,029,472
Restricted for Insurance.....	1,122,877	4,051,178
Restricted for Debt Service.....	4,238,092	5,635,160
Unrestricted .....	15,143,773	10,656,309
Total Net Assets .....	<u>64,900,534</u>	<u>61,954,814</u>
Total Liabilities and Net Assets.....	<u>\$ 224,040,712</u>	<u>\$ 226,305,492</u>

The accompanying notes are an integral part of this statement.

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FISCAL YEARS ENDED AUGUST 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
<b>REVENUE</b>		
Power Sales.....	\$ 4,040,510	\$ 3,056,054
Water Sales and Lake Operations.....	31,054,841	31,051,511
Recreation and Land Use.....	568,247	580,243
Waste Water Treatment Services.....	6,107,928	6,683,467
Laboratory Services.....	759,958	675,585
Rental.....	358,802	352,666
Miscellaneous .....	1,627,413	2,601,689
Total Operating Revenue.....	<u>44,517,699</u>	<u>45,001,215</u>
<b>EXPENSES</b>		
Personnel Operating Costs.....	9,942,404	10,014,890
Operating Supplies and Services.....	14,484,672	14,371,964
Maintenance and Repairs .....	4,416,585	4,539,233
Depreciation and Amortization.....	6,127,100	5,577,893
Total Operating Expenses.....	<u>34,970,761</u>	<u>34,503,980</u>
Operating Income .....	9,546,938	10,497,235
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Grant Income.....	430,424	242,557
Investment Income.....	237,079	475,308
Loss on the Disposal of Capital Assets.....	16,790	(2,704)
Interest Expense .....	(7,184,205)	(7,410,716)
Total Nonoperating Revenues (Expenses).....	<u>(6,499,912)</u>	<u>(6,695,555)</u>
Income Before Recognition of Capital Contributions and Deferrals.....	3,047,026	3,801,680
Capital Contributions.....	414,096	1,300,256
Income Before Recognition of Deferrals.....	<u>3,461,122</u>	<u>5,101,936</u>
Revenue to be Recognized in Future Years .....	(1,015,402)	(705,993)
Income Before Special Item.....	<u>2,445,720</u>	<u>4,395,943</u>
<b>SPECIAL ITEM</b>		
Supplementary Contribution to Defined Benefit Plan.....	-	(500,000)
Change in Net Assets.....	2,445,720	3,895,943
Net Assets at September 1, 2009 and 2008.....	61,954,814	58,058,871
Restatement of Net Assets.....	<u>500,000</u>	<u>                    </u>
Net Assets at September 1, 2009 and 2008, as restated.....	62,454,814	58,058,871
Net Assets at August 31, 2010 and 2009.....	<u>\$ 64,900,534</u>	<u>\$ 61,954,814</u>

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

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

**FISCAL YEARS ENDED AUGUST 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers.....	\$ 44,742,350	\$ 46,581,246
Cash Received from Interfund Administrative Charges.....	2,368,385	2,432,480
Cash Paid for Personnel Operating Costs.....	(10,070,015)	(10,139,112)
Cash Paid for Other Operating and Maintenance Costs.....	(18,673,644)	(18,340,398)
Cash Paid for Interfund Administrative Charges.....	(2,240,774)	(2,308,258)
Cash Paid for Supplementary Contribution to Defined Benefit Plan.....	(3,000,000)	(500,000)
Net Cash Flows From Operating Activities.....	<u>13,126,302</u>	<u>17,725,958</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Cash Received from Grants.....	430,424	242,557
Net Cash Flows Used by Noncapital and Related Activities.....	<u>430,424</u>	<u>242,557</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from Advances from Customers, Developers, and Other Governmental Units.....	444,846	1,443,950
Proceeds from Revenue Bonds and Loans for Capital Assets and Plant Expansion.....	12,436	9,579
Proceeds from Sale of Capital Assets.....	16,737	2,283,719
Purchase of Capital Assets.....	(1,462,461)	(2,595,391)
Cash Paid for Construction in Progress.....	(1,087,610)	(1,674,260)
Interest Paid.....	(7,159,368)	(7,377,645)
Principal Payments on Revenue Bonds.....	(5,309,452)	(4,854,546)
Principal Payments on Loans.....	(872,129)	(544,247)
Net Cash Flows Used by Capital and Related Financing Activities.....	<u>(15,417,001)</u>	<u>(13,308,841)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash Received from Investments.....	6,746,343	3,112,963
Investment Income Received.....	297,759	528,916
Cash Paid for Investments.....	(5,945,389)	(7,833,508)
Net Cash Flows Used by Investing Activities.....	<u>1,098,713</u>	<u>(4,191,629)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b><u>(761,562)</u></b>	<b><u>468,045</u></b>
<b>CURRENT CASH AND CASH EQUIVALENTS:</b>		
At Beginning of Year.....	5,112,310	3,059,198
At End of Year.....	3,514,911	5,476,430
Net Increase.....	<u>(1,597,399)</u>	<u>2,417,232</u>
<b>RESTRICTED CASH AND CASH EQUIVALENTS:</b>		
At Beginning of Year.....	5,376,615	6,961,682
At End of Year.....	6,212,452	5,012,495
Net Decrease.....	<u>835,837</u>	<u>(1,949,187)</u>
<b>TOTAL CASH AND CASH EQUIVALENTS:</b>		
At Beginning of Year.....	10,488,925	10,020,880
At End of Year.....	<u>9,727,363</u>	<u>10,488,925</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b><u>\$ (761,562)</u></b>	<b><u>\$ 468,045</u></b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating Income.....	\$ 9,546,938	\$ 10,497,235
Adjustments to Reconcile Operating Income to Net Cash Flows		
From Operating Activities:		
Depreciation and Amortization.....	6,127,099	5,577,893
Supplementary Contributions to the Defined Benefit Plan.....	(3,000,000)	(500,000)
Net Change in Assets and Liabilities From Operating Activities:		
Operating Accounts Receivable.....	93,013	1,279,361
Other Current Assets.....	35,502	203,316
Operating Accounts Payable.....	323,750	668,153
Total Adjustments.....	<u>3,579,364</u>	<u>7,228,723</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES.....</b>	<b><u>\$ 13,126,302</u></b>	<b><u>\$ 17,725,958</u></b>

**NON-CASH TRANSACTIONS SCHEDULE**

1. During fiscal year 2010 and 2009, an adjustment of \$39,883 and \$80,542 respectively, was made to adjust investments to fair value

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

GUADALUPE-BLANCO RIVER AUTHORITY  
 NOTES TO COMBINED FINANCIAL STATEMENTS  
 AUGUST 31, 2010 AND 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following summary of Guadalupe-Blanco River Authority's (GBRA) more significant accounting policies is presented to assist the reader in interpreting the financial statements. These policies, as presented, should be viewed as an integral part of the accompanying financial statements.

1. **Reporting Entity.** Guadalupe-Blanco River Authority is a political subdivision of the State of Texas, created by the Texas Legislature in 1935 by Article 8280-106 Vernon's Texas Civil Statutes. GBRA is a separate self-supporting governmental unit serving a ten county area and is administered by a nine member board of directors who are appointed by the Governor of the State of Texas. The State of Texas does not have a financial accountability with GBRA; therefore, GBRA is not a part of the State's reporting entity. In evaluating the governmental activities and entities to be included in the Authority's financial statements, the management has considered all potential component units. According to the criteria as set forth by the Governmental Accounting Standards Board and based upon the significance of their operational or financial relationships with the Authority there are no separate component units included in the financial statements.
2. **Principles of Accounting.** The accompanying financial statements have been prepared on the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. 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 is one enterprise fund consisting of eleven divisions. These divisions account for the acquisition, construction, operation and maintenance of GBRA's facilities and services which are entirely or predominately self-supporting through charges to customers.
4. **Budgets and Budgetary Accounting.** GBRA is not required under its enabling act to adopt a budget; therefore, comparative statements of actual expenses to budget expenses are not included within the financial statements.
5. **Accounts Receivable.** GBRA considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operating expenses when that determination is made.
6. **Restricted Assets.** Contractually restricted cash, investments, interest receivable and accounts receivable balances are reported as separate line items in the asset section of the balance sheet. Such amounts are physically segregated from other enterprise fund assets pursuant to provisions of the applicable bond indentures. It is GBRA's policy to first apply restricted resources when an expense is incurred for which both unrestricted and restricted assets are available.
7. **Capital Assets.** Land is not depreciated since it is considered to have an indefinite useful life. Land rights, storage rights and water rights were primarily acquired prior to November 1, 1970. Since these assets have no evident limited life, no amortization is recognized. Property, plant and equipment are recorded at their historical cost except for contributed assets which are recorded at their fair market value at the time donated. GBRA Board Policy, 411-Capital Assets, provides guidelines for safeguarding and disposing of GBRA's capital assets. This policy identifies capital assets as all equipment and machinery with a useful life exceeding one year and with an original cost exceeding \$2,000. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives as follows:

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

8. **Other Assets.** Included within other assets are contract development costs, 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 capital or intangible assets. If a project is determined not to be viable, the costs are expensed.
9. **Unbilled Revenue.** Revenue relating to unbilled rural water and waste water treatment services has not been recognized since the amounts are immaterial.
10. **Administrative and General Charges.** The operating divisions of GBRA pay administrative and general charges to the General Division for the administrative oversight the General Division provides. These interdivision charges and revenues have been eliminated in the combined statements.
11. **Vacation and Sick Leave.** GBRA allows employees to accumulate vacation and sick leave within certain limitations. Pursuant to Governmental Accounting Standards Board pronouncements, GBRA does not accrue nor record as an expense non-vested sick leave rights. GBRA does record as an expense and liability the value of vested vacation rights which as of August 31, 2010 and 2009 amounted to \$457,376 and \$466,045, 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, 2009 GBRA had \$144,473 for contractual commitments for expansion of the Canyon Park Wastewater Treatment Plant 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, as well as, reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, allowance for doubtful accounts, realization of project development costs, and other accounts. Actual results may differ from these estimates.
15. **Restricted Net Assets.** GBRA recognizes net assets restricted for future construction costs, debt service payments, and insurance in divisions or funds in which assets exceed the related liabilities in accordance with bond issue and debt covenants and other externally imposed restrictions.
16. **Capitalization of Interest.** It is GBRA's policy to capitalize net interest costs on funds borrowed to finance the construction of fixed assets. GBRA recorded no interest expense and interest income of \$5,028 as construction in progress in 2009 for the Regional Raw Water Delivery System Expansion project.
17. **Deferred Expenses/Revenue.** Certain utility expenses that do not require funds currently are deferred to such periods as they are intended to be recovered in rates charged to customers. Likewise, certain utility revenue is deferred to such periods in which the costs related to that revenue is recognized. Deferred expenses and revenue will be recognized in future years by setting rates sufficient to provide funds for the related debt service requirements.
18. **Reclassification.** Certain 2009 amounts have been reclassified to conform with 2010 classifications. These classifications have no effect on net assets in a prior year.



GUADALUPE-BLANCO RIVER AUTHORITY  
 NOTES TO COMBINED FINANCIAL STATEMENTS  
 AUGUST 31, 2010 AND 2009

NOTE B - LONG TERM LIABILITIES

GBRA currently has \$142,665,529 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, 2010 mature serially through 2039 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	
				\$10,360,528				\$132,305,000
2011	\$1,087,281	\$433,992	\$653,290	9,707,239	\$11,965,823	\$6,550,823	\$5,415,000	126,890,000
2012	1,070,498	406,628	663,870	9,043,369	11,180,540	6,345,540	4,835,000	122,055,000
2013	1,063,515	378,351	685,164	8,358,205	11,193,681	6,118,681	5,075,000	116,980,000
2014	994,845	349,763	645,082	7,713,123	11,192,050	5,897,050	5,295,000	111,685,000
2015	942,708	323,891	618,817	7,094,306	10,113,333	5,663,333	4,450,000	107,235,000
2016	3,647,795	211,544	3,436,251	3,658,055	10,128,823	5,443,823	4,685,000	102,550,000
2017	430,978	108,282	322,696	3,335,359	9,814,435	5,219,435	4,595,000	97,955,000
2018	430,978	98,771	332,207	3,003,152	9,151,429	5,006,429	4,145,000	93,810,000
2019	430,978	88,959	342,019	2,661,133	9,151,459	4,796,459	4,355,000	89,455,000
2020	430,978	78,852	352,126	2,309,007	9,148,878	4,573,878	4,575,000	84,880,000
2021	430,978	68,399	362,579	1,946,428	9,154,321	4,339,321	4,815,000	80,065,000
2022	400,334	57,888	342,446	1,603,982	9,149,767	4,089,767	5,060,000	75,005,000
2023	369,690	48,939	320,751	1,283,231	9,150,680	3,835,680	5,315,000	69,690,000
2024	369,690	40,101	329,589	953,642	9,158,148	3,568,148	5,590,000	64,100,000
2025	369,690	31,006	338,684	614,958	8,506,955	3,301,955	5,205,000	58,895,000
2026	369,689	21,644	348,045	266,913	8,498,383	3,038,383	5,460,000	53,435,000
2027	60,800	12,011	48,789	218,124	8,501,737	2,761,737	5,740,000	47,695,000
2028	60,800	9,815	50,985	167,139	8,195,800	2,470,800	5,725,000	41,970,000
2029	60,800	7,521	53,279	113,860	8,194,749	2,179,749	6,015,000	35,955,000
2030	60,800	5,124	55,676	58,184	8,193,633	1,873,633	6,320,000	29,635,000
2031	60,798	2,614	58,184	0	7,756,598	1,561,598	6,195,000	23,440,000
2032					7,754,530	1,244,530	6,510,000	16,930,000
2033					7,756,281	911,281	6,845,000	10,085,000
2034					2,435,748	560,748	1,875,000	8,210,000
2035					2,438,181	458,181	1,980,000	6,230,000
2036					2,429,726	349,726	2,080,000	4,150,000
2037					2,430,698	235,698	2,195,000	1,955,000
2038					1,065,242	115,242	950,000	1,005,000
2039					1,064,255	59,255	1,005,000	--
	<u>\$ 13,144,622</u>	<u>\$ 2,784,094</u>	<u>\$ 10,360,528</u>		<u>\$ 224,875,880</u>	<u>\$ 92,570,880</u>	<u>\$ 132,305,000</u>	

**GUADALUPE BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2010 AND 2009**

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

GBRA had the following changes in long-term liabilities for the fiscal years ended August 31, 2010 and 2009 (exclusive of interfund loans payable).

Series	Date of Issue	Final Maturity	Effective Interest Rate	Original Amount	Outstanding 8/31/2008	Retired During FY 2009	Outstanding 8/31/2009	Retired During FY 2010	Outstanding 8/31/2010	Amounts Due Within One Year
<b>OBLIGATIONS PAYABLE DIRECTLY BY GBRA</b>										
<b>GENERAL DIVISION</b>										
Casteel Loan, Property	08/21/2009	2014	6.5%	\$ 210,475	\$ --	\$ --	\$ 210,475	\$ 210,475	\$ --	\$ --
<b>GUADALUPE VALLEY HYDROELECTRIC DIVISION</b>										
First Lockhart Nat'l Bank Loan, Equipment	11/17/2008	2013	3.9%	110,000	--	15,143	94,857	20,896	73,961	21,746
<b>RURAL UTILITIES DIVISION</b>										
Wells Fargo Loan, Dunlap Construction	09/15/2005	2015	6.1%	4,400,000	4,156,118	133,209	4,022,909	141,335	3,881,574	149,956
<b>WATER RESOURCE DIVISION</b>										
U. S. Government Loan	01/01/1977	2026	2.5%	8,979,862	4,433,615	198,050	4,235,565	203,006	4,032,559	208,072
GE Capital Public Finance Loan, Equipment	03/19/2004	2014	4.8%	467,276	285,542	46,170	239,372	48,453	190,919	50,850
PNC Equipment Finance Loan, Lab Equipment	12/21/2005	2010	4.38%	65,000	29,780	13,395	16,385	13,993	2,392	2,392
JPMorgan Chase Loan, Office Expansion	05/09/2006	2016	4.18%	1,600,000	1,226,667	160,000	1,066,667	160,000	906,667	160,000
Frost National Bank Loan, Equipment	06/26/2006	2011	4.95%	43,696	25,363	8,826	16,537	9,273	7,264	7,264
American Bank Loan, Lab Equipment	12/29/2006	2010	4.20%	120,000	55,246	41,141	14,105	14,105	--	--
A. Ussery, Water Rights	09/26/2006	2031	4.50%	343,496	318,325	8,175	310,150	8,543	301,607	8,928
Luling Foundation, Water Rights	09/26/2006	2031	4.50%	584,706	541,860	13,916	527,944	14,543	513,401	15,197
Metcalf Bank Loan, Lab Equipment	10/20/2008	2014	5.25%	102,945	--	12,606	90,339	19,064	71,275	20,089
General Improvement Revenue Bonds, 2002	09/15/2002	2027	3.35-4.75%	4,390,000	3,755,000	125,000	3,630,000	130,000	3,500,000	135,000
<b>COLETO CREEK DIVISION</b>										
Frost National Bank Loan, Equipment	06/26/2006	2009	4.95%	13,609	3,593	3,593	--	--	--	--
<b>Total Obligations Payable Directly by GBRA</b>				<b>\$21,431,065</b>	<b>\$14,831,109</b>	<b>\$779,224</b>	<b>\$14,475,305</b>	<b>\$993,686</b>	<b>\$ 13,481,619</b>	<b>\$779,494</b>
<b>CONTRACT REVENUE BONDS AND LOANS</b>										
<b>WATER RESOURCE DIVISION</b>										
Regional Raw Wtr Delivery System Bonds, San Marcos										
1998	09/15/1998	2024	4.50-6.0%	\$9,735,000	\$7,415,000	\$325,000	\$7,090,000	\$340,000	\$6,750,000	\$355,000
Western Canyon Regional Water Supply Project Revenue Bonds										
2003	04/01/2003	2033	3.0-5.25%	79,450,000	74,930,000	1,620,000	73,310,000	1,685,000	71,625,000	1,755,000
IH35 Project Combination Contract Revenue Bonds										
2004A	12/07/2004	2037	3.0-4.13%	15,660,000	15,385,000	285,000	15,100,000	290,000	14,810,000	300,000
IH35 Project Combination Contract Revenue Bonds										
2004B	12/07/2004	2037	5.5-5.8%	5,305,000	5,235,000	75,000	5,160,000	80,000	5,080,000	85,000
RRWDS Combination Contract Revenue Bonds										
2007A	09/15/2007	2039	5.00%	9,180,000	9,180,000	--	9,180,000	145,000	9,035,000	145,000
RRWDS Combination Contract Revenue Bonds										
2007B	09/15/2007	2039	7.10%	5,775,000	5,775,000	--	5,775,000	65,000	5,710,000	65,000
<b>PORT LAVACA WATER TREATMENT PLANT DIVISION</b>										
Frost National Bank, Clearwell										
	03/04/2008	2022	4.00%	400,000	395,467	8,111	387,356	8,446	378,910	8,795
Water Supply Revenue Refunding Bonds										
2000	12/15/2000	2016	4.50-5.375%	3,265,000	2,080,000	215,000	1,865,000	230,000	1,635,000	240,000
<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	1,305,000	435,000	870,000	435,000	435,000	435,000 (1)
Regional Waste Disposal Revenue Bonds										
1996	07/18/1996	2010	2.9-4.75%	3,750,000	990,000	315,000	675,000	330,000	345,000	345,000



**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2010 AND 2009**

**NOTE C - DEFINED BENEFIT PENSION PLAN**

**1. PLAN DESCRIPTION**

GBRA contributes to the Retirement Plan for Employees of Guadalupe-Blanco River Authority which was established June 1, 1966, and restated effective January 1, 2008. The Plan is a single employer, non-contributory, defined benefit plan. The Plan's benefit provisions were established and may be amended by GBRA's Board of Directors. The Plan is administered by the Retirement and Benefit Committee appointed by the GBRA Board. GBRA does not have access to nor can it utilize assets within the Retirement Plan Trust.

All full-time GBRA employees who 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. The required employer contributions were 11.32% of total participant payroll for 2009 and is 12.00% for the 2010 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 ASSET**

For the GBRA fiscal year commencing September 1, 2009 and ending August 31, 2010, the Annual Pension Cost for GBRA of \$970,248 was equal to the employer's annual required contribution. The actual contribution during the fiscal year was \$3,970,248, the sum of the required contribution of \$970,248 and a supplemental contribution of \$3,000,000. Before August 31, 2009, there had been no net pension obligation or asset since GBRA had historically contributed the annual required contribution. Because of the supplemental contributions in August 2009 and 2010, there is now a net pension asset of \$3,500,000 as of August 31, 2010.

**SIX-YEAR TREND INFORMATION**

Fiscal Year Ending	Annual Pension Cost (APC)	Amount Contributed	Percentage of APC Contributed	Net Pension Asset
August 31, 2005	\$ 514,051	\$ 514,051	100%	\$ 0
August 31, 2006	\$ 625,333	\$ 625,333	100%	\$ 0
August 31, 2007	\$ 662,796	\$ 662,796	100%	\$ 0
August 31, 2008	\$ 707,443	\$ 707,443	100%	\$ 0
August 31, 2009	\$ 764,425	\$ 1,264,425	165%	\$ 500,000
August 31, 2010	\$ 970,248	\$ 3,970,248	409%	\$3,500,000

The annual required contribution for the fiscal year ending August 31, 2010 was based on the results of the actuarial valuation as of January 1, 2009 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, 2008	January 1, 2009	January 1, 2010
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	24 years
Asset Valuation Method:	5-yr adjusted mkt value	5-yr adjusted mkt value	5-yr adjusted mkt value
Annual Actuarial Assumptions:			
Investment return*	8.25%	8.00%	8.00%
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

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

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2010 AND 2009**

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

The monetary assets of GBRA are held in various forms and accounts. These assets are described and presented in the combined financial statements in two groups. One group is described as "Cash and Cash Equivalents". This group is characterized as having high liquidity with little market risk and includes cash, checking accounts, money market accounts and bank time deposits with an original maturity of less than three months. The second group of monetary assets is presented in the financial statements as "Investments". Investments are recorded at their fair value as based upon quoted market prices with the exception of bank certificates of deposit which are recorded at their historical cost which approximates fair value.

**1. CASH AND DEPOSITS**

At August 31, 2010, GBRA held \$1,105,285 in restricted and unrestricted cash. Included in this amount was \$1,700 of cash on hand and the remainder was on deposit at various banks in demand accounts.

GBRA bank deposits were entirely insured or collateralized with securities held by GBRA's agent in GBRA's name.

**2. INVESTMENTS**

In March 2003 the GASB issued No. 40 "Deposits and Investment Risk Disclosures", which GBRA has implemented. Risk disclosures in previous financial reports (under the provisions of GASB 3) focused only on custodial credit risk. GASB 40 not only addresses custodial credit risk, but other common areas of investment risk as well (e.g. interest rate risk, credit risk, and concentration of credit risk).

GBRA customarily invests its funds in certificates of deposit, mortgage backed securities, direct obligations of the United States or money market investment funds such as the Texas State Treasury's TexPool Fund and the Texas Cooperative Liquid Assets Securities System (Texas CLASS). GBRA usually holds its investments until maturity.

Custodial Credit Risk: Investments which may be purchased pursuant to Texas state law and GBRA's investment policy are direct or indirect obligations of the United States of America, any "A" rated obligation of a state of the United States or political subdivision thereof, investment grade repurchase agreements, prime commercial paper rated P-1, obligations of the Federal National Mortgage Association and Government National Mortgage Association, and bank time deposits to the extent collateral is pledged on the amount exceeding Federal Deposit Insurance Corporation (FDIC) coverage.

	Fair Value	Weighted Average Maturity in Months
U. S. Treasury	\$ 12,766,919	21.17
Certificates of Deposit	4,548,452	12.39
Money Market Funds	3,269,372	1.00
Texas Class	210,571	1.00
TexPool	4,776,734	1.00
Total Investments	<u>\$ 25,572,048</u>	13.10

Interest Rate Risk: GBRA'S investment policy calls for maximum final maturity of any operating investments to be 5 years, with at least 50% of all operating investments maturing within 3 years. Bond funds may be invested with maturities of less than 5 years, and construction funds may be invested in accordance with a construction draw schedule. The weighted average maturities noted above are in compliance with this policy.

Investments are rated as follows:

	Moody's	S&P
Federal Farm Credit Bank	Aaa	AAA
Federal Home Loan Bank	Aaa	AAA
Federal National Mortgage Assn.	Aaa	AAA
Texas Class	Aaa	AAA
TexPool	Aaa	AAAm

TexPool has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Comptroller of Public Accounts (Comptroller) is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company which is authorized to operate TexPool. Pursuant to the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, under an agreement with the Comptroller, acting on behalf of the Trust Company. The Comptroller maintains oversight of the services provided to TexPool by Federated Investors. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy and approves any fee increases.

GUADALUPE-BLANCO RIVER AUTHORITY  
 NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
 AUGUST 31, 2010 AND 2009

**NOTE D - CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

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 a Securities and Exchange Commission registered investment advisor and provides investment management services specifically for the public sector.

The investment pools seek to maintain a net asset value of \$1.00 and are designed to be used for investment of funds which may be needed at any time.

**Concentration of Credit Risk:** GBRA's investment policy provides for diversification to reduce overall portfolio risk. The funds portfolio should consist of no more than 75% government or mortgage backed securities, 50% certificates of deposits, or 50% other types of eligible instruments. The investment portfolio concentrations are as follows:

Description	Fair Value	% of Portfolio
Government Securities	\$ 12,766,919	47.86%
Certificates of Deposit	4,548,452	17.05%
Money Market Funds	3,269,372	12.26%
Public Funds Investment Pool	4,987,305	18.69%
Cash	1,105,285	4.14%
Total	<u>\$ 26,677,333</u>	<u>100.00%</u>

**NOTE E - CAPITAL ASSETS**

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

Classification	ASSETS			Balance August 31, 2010
	Balance August 31, 2009	Additions	Removals	
Land, Water & Storage Rights	\$ 29,300,163	\$ --	\$ --	\$ 29,300,163
Construction in Progress	2,075,684	1,580,867	(919,368)	2,737,183
Total Assets Not Being Depreciated	<u>31,375,847</u>	<u>1,580,867</u>	<u>(919,368)</u>	<u>32,037,346</u>
Structures & Improvements	197,341,856	935,081	--	198,276,937
Specialized Equipment	7,126,152	63,522	--	7,189,674
Office Buildings & Communications	2,179,053	70,213	--	2,249,266
Shops & Storerooms	50,173	--	--	50,173
Auto & Heavy Equipment	3,668,429	205,812	(75,508)	3,798,733
Office Furniture & Equipment	1,224,703	23,902	--	1,248,605
Miscellaneous Equipment	3,384,375	326,797	--	3,711,172
Total Dams, Plants and Equipment	<u>214,974,741</u>	<u>1,625,327</u>	<u>(75,508)</u>	<u>216,524,560</u>
Total Capital Assets	<u>\$ 246,350,588</u>	<u>\$ 3,206,194</u>	<u>\$ (994,876)</u>	<u>\$ 248,561,906</u>

Classification	DEPRECIATION			Balance August 31, 2010
	Balance August 31, 2009	Additions	Removals	
Structures & Improvements	\$ (44,085,065)	\$ (5,211,194)	\$ --	\$ (49,296,259)
Specialized Equipment	(5,553,526)	(124,949)	--	(5,678,475)
Office Buildings & Communications	(1,472,330)	(44,080)	--	(1,516,410)
Shops & Storerooms	(43,740)	(1,047)	--	(44,787)
Auto & Heavy Equipment	(2,560,684)	(220,576)	(73,539)	(2,707,211)
Office Furniture & Equipment	(899,130)	(79,416)	--	(978,546)
Miscellaneous Equipment	(1,535,025)	(232,540)	--	(1,767,565)
Total Accumulated Depreciation	<u>\$ (56,149,500)</u>	<u>\$ (5,913,802)</u>	<u>\$ (73,539)</u>	<u>\$ (61,989,763)</u>
NET CAPITAL ASSETS	<u>\$ 190,201,088</u>	<u>\$ (2,707,608)</u>	<u>\$ (921,337)</u>	<u>\$ 186,572,143</u>

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2010 AND 2009**

**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.

For each of the pollution control and industrial development bonds listed below, GBRA acted as an issuing conduit so that the user of the bond proceeds benefited from reduced debt service requirements. In each case, the user of the bond proceeds pledge their credit, bear sole responsibility for all debt service, make all payments directly to the trustee, and completely indemnify GBRA for any costs incurred. Due to the character of these bonds, GBRA considers them debts of the third party users rather than debts of GBRA. Therefore, these bonds and the related receivables have been excluded from the combined financial statements in order to avoid misrepresenting the nature of the bonds and distorting GBRA's financial statements. This exclusion is in conformity with the Texas State Auditor's Report dated October 6, 1986 for Water Districts and River Authorities reporting third party conduit financings. The Pollution Control and Industrial Development Bonds outstanding at August 31, 2010 total \$90,890,000 and are as follows:

Series	Date of		Interest Rate	Original Amount	Outstanding 8/31/2009	Outstanding 8/31/2010
	Issue	Maturity				
Sewage and Solid Waste Disposal Facility Bonds (E.I. duPont Co. Project)						
1996	4/1/1996	2026	Variable	25,000,000	25,000,000	25,000,000
Sewage and Solid Waste Disposal Facility Bonds (E.I. duPont Co. Project)						
1999	5/1/1999	2029	3.50%	25,000,000	25,000,000	25,000,000
Pollution Control Revenue Refunding Bonds (AEP Texas Central, formerly Central Power & Light, Company Project)						
2008	4/1/2008	2017	Variable	40,890,000	40,890,000	40,890,000

**NOTE G - RISK MANAGEMENT**

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

**NOTE H - CONTINUING DISCLOSURE REQUIREMENTS**

GENERAL IMPROVEMENT REVENUE BONDS, SERIES 2002

On September 18, 2002, GBRA authorized the issuance of General Improvement Revenue Bonds, Series 2002 in the amount of \$4,390,000 with a delivery date of September 27, 2002. The proceeds were used for the expansion and construction of the GBRA headquarters, meeting room and office facilities, and an operations warehouse.

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. As of August 31, 2010, the Bonds continued to have an underlying rating of "A1" from Moody's, but the enhanced rating on the Bonds had been downgraded to "Caa2" based upon Moody's latest downgrade (announced on July 29, 2009) of the insurance financial strength rating of 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 water as they are acquired and developed in the "Water Supply System" of GBRA's Water Resources Division.

COMBINATION CONTRACT REVENUE BONDS, SERIES 2004A & 2004B

On December 7, 2004, GBRA authorized the issuance of Combination Contract Revenue, Subordinate Water Resources Division Revenue, and Surplus Water Project Revenue Bonds, Tax-Exempt Series 2004A and Taxable Series 2004B, \$15,660,000 and \$5,305,000, respectively. Proceeds from the sale of the Bonds were used for the purpose of providing funds to construct and equip facilities and acquire rights-of-ways necessary for delivering treated water from a water treatment plant located in San Marcos, Texas to portions of Hays and Caldwell Counties, Texas.

Moody's Investors Service, Inc. ("Moody's") and Standard and poor's Ratings Services, a Division of The McGraw Hill Companies, Inc ("S&P") assigned an underlying rating on the Bonds of "A3" and "A-" respectively, and an additional rating on the Bonds of "Aaa" and "AAA", respectively, based upon a municipal bond insurance policy issued by MBIA Insurance Corporation. As of August 31, 2010, the Bonds continued to have an underlying rating of "A3" and "A-" from Moody's and S&P, respectively, but the enhanced rating on the Bonds had been downgraded by Moody's to "Baa1" [based upon Moody's latest rating (confirmed on June 25, 2009) of the insurance financial strength rating of National Public Finance Guarantee Corporation (which entity has assumed MBIA Insurance Corporation's U.S. public finance portfolio)] and had been upgraded by S&P to "A" [based upon S&P's latest rating (announced on June 5, 2009 and affirmed on September 28, 2009) of the insurance financial strength rating of National Public Finance Guarantee Corporation].

The bonds constitute special obligations of GBRA that are equally and ratably payable from and secured by an irrevocable lien on and pledge of the "Pledged Revenues," 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 (i) the "Gross Contract Revenues" derived by GBRA from various public and private entities pursuant to certain "Water Supply Agreements" related to the Treated Water Delivery System; (ii) the "Subordinate Water Resources Division Revenues (which generally consist of the gross revenues received by GBRA from the sale of firm raw water stored in Canyon Reservoir and other sources of firm, dependable supplies of water as they are acquired and developed in the Water Supply System of GBRA's Water Resource Division, less payment of all debt service and other payments required to be

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2010 AND 2009**

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

made in connection with any “Senior Lien Water Resources Division Obligations” and operation and maintenance expenses of such Water Supply System), and (iii) the “Surplus Western Canyon Regional Water Supply Project Revenues” (which generally consist of gross revenues received by GBRA from various public and private entities and certain retail customers of GBRA that receive treated water from GBRA’s “Western Canyon Regional Water Supply Project” pursuant to water supply agreement with GBRA, less all debt service, reserve fund, operation and maintenance expenses, and other funding requirement payable from such gross revenues which are then due and payable).

Under the continuing disclosure agreements of these bonds, GBRA is obligated to provide certain updated financial information and operating data annually. The required information is identified below and in the preceding footnote.

**1. DEBT SERVICE REQUIREMENTS**

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

**2. FUND BALANCES AND COVERAGE**

GENERAL IMPROVEMENT REVENUE BONDS, SERIES 2002

Interest and Sinking Fund Balances as of August 31, 2010	\$	23,940
Reserve Fund Balance as of August 31, 2010	\$	- (1)
Pledged Revenues for the Fiscal Year Ended August 31, 2010	\$	9,222,437 (2)
Net Revenues for the Fiscal Year Ended August 31, 2010	\$	1,712,543 (3)
Average Annual Debt Service Requirements (2003-2027)	\$	295,625
Coverage Factor based on Pledged Revenues		31.20
Coverage Factor based on Net Revenues		5.79

(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. SOURCES OF PLEDGED REVENUES**

COMBINATION CONTRACT REVENUE, SUBORDINATE WATER RESOURCES DIVISION REVENUE,  
AND SURPLUS WATER PROJECT REVENUE BONDS, SERIES 2004A AND 2004B

	Fiscal Year Ended August 31		
	2010	2009	2008
Debt Service Component of Gross Contract Revenues			
From City of Buda, Texas	\$ 165,969	\$ 165,969	\$ 165,969
From City of Kyle, Texas	438,159	438,159	438,159
From GoForth Water Supply Corporation	156,011	156,011	156,011
From Sunfield Municipal Utilities District	663,877	663,877	663,877
From Monarch	82,985	82,985	6,915
Total Gross Contract Revenues	<u>\$ 1,507,001</u>	<u>\$ 1,507,001</u>	<u>\$ 1,430,931</u>
Subordinate Water Resources Division Revenues	1,425,908	2,212,473	1,257,278
Surplus West. Canyon Reg. Water Sup. Project Revs.	532,000	532,000	532,000
Total Pledged Revenues Available to Pay Debt Service	<u>\$ 3,464,909</u>	<u>\$ 4,251,474</u>	<u>\$ 3,220,209</u>
Annual Debt Service Requirements	\$ 1,369,507	\$ 1,372,183	\$ 1,369,282
Coverage Factor	2.53	3.10	2.35

1) Billings to contracted customers for debt service began in May 2007. Prior to that, capitalized interest was used to pay debt service.

However, the 10% debt coverage requirement from contracted customers commenced in August 2006.



GUADALUPE-BLANCO RIVER AUTHORITY  
 NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
 AUGUST 31, 2010 AND 2009

NOTE H – CONTINUING DISCLOSURE REQUIREMENTS (CONTINUED)

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

	Fiscal Year Ended August 31				
	2010	2009	2008	2007	2006
<b>Revenue</b>					
Raw Water Sales (1)	\$ 9,222,437	\$ 9,022,433	\$ 8,316,007	\$ 7,949,392	\$ 6,713,379
Reservation Fees (2)and(3)	--	--	58,771	117,543	39,181
Water Replacement Fees (4)	--	68,750	41,250	343,750	220,000
Recreation and Land Use	92,813	95,439	90,065	65,316	87,415
Rental Income	258,330	230,464	253,435	254,775	167,772
Miscellaneous	464,324	533,493	217,085	33,993	32,236
Total Operating Revenue	\$ 10,037,904	\$ 9,950,579	\$ 8,976,613	\$ 8,764,769	\$ 7,259,983
<b>Expense</b>					
Operating Expenses	\$ 7,158,901	\$ 6,055,807	\$ 5,819,131	\$ 5,851,606	\$ 3,613,693
Maintenance and Repairs	625,012	870,150	1,120,329	397,331	1,030,821
Administrative and General	541,448	524,452	496,600	493,511	405,413
Total Operating Expense	\$ 8,325,361	\$ 7,450,409	\$ 7,436,060	\$ 6,742,448	\$ 5,049,926
<b>Net Revenue</b>	\$ 1,712,543	\$ 2,500,170	\$ 1,540,553	\$ 2,022,322	\$ 2,210,057
<b>Less Debt Service for Senior Lien Bonds (5)</b>	\$ 286,635	\$ 287,698	\$ 283,275	\$ 283,500	\$ 283,225
<b>Subordinate Revenues Available</b>	\$ 1,425,908	\$ 2,212,472	\$ 1,257,278	\$ 1,738,822	\$ 1,926,832

(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. Both San Antonio Water System and the San Antonio River Authority cancelled their reservation contracts during FY2006.

(3) During FY 2008, FY 2007 and FY 2006, new customers in the Western Canyon project paid reservation to reserve plant capacity for water treatment at the Western Canyon Water Treatment Plant.

(4) New customers in the Western Canyon Project are required to pay a one time charge of \$225 per annual reserved acre foot commitment.

(5) Senior Lien Bonds include the outstanding General Improvement Bonds, Series 2002.

5. CUSTOMER BASE BY TYPE

GBRA receives revenues from the sale or commitment of raw water currently stored in Canyon Reservoir. Such raw water is sold in accordance with various long-term contracts between GBRA and the purchaser where the purchaser agrees to pay for stored water whether or not it ultimately is delivered. There are four types of purchasers: municipal, domestic, industrial and irrigation. The total acre-feet of firm raw water contracted with each type of customer is shown below:

	August 31, 2010		August 31, 2009		August 31, 2008		August 31, 2007		August 31, 2006	
	Acre-Feet	% of Total	Acre-Feet	% of Total	Acre-Feet	% of Total	Acre-Feet	% of Total	Acre-Feet	% of Total
Municipal	62,159	79.08%	61,292	78.84%	56,470	77.43%	56,142	77.10%	53,872	76.40%
Domestic	17	0.02%	17	0.02%	17	0.02%	19	0.03%	22	0.03%
Industrial	15,827	20.13%	15,827	20.36%	15,830	21.71%	15,833	21.74%	15,830	22.45%
Irrigation	608	0.77%	606	0.78%	609	0.84%	825	1.13%	792	1.12%
Contracted	78,611	100.00%	77,742	100.00%	72,926	100.00%	72,819	100.00%	70,516	100.00%

GUADALUPE-BLANCO RIVER AUTHORITY  
 NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
 AUGUST 31, 2010 AND 2009

NOTE H – CONTINUING DISCLOSURE REQUIREMENTS (CONTINUED)

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

Municipal and Industrial customers account for the majority of the total acre-feet under contract between GBRA and purchasers, and purchasers with contracts for 1,000 acre-feet or more per year account for 90% of the total acre-feet currently under contract. For this reason, major firm water customers have been identified as those with contracts for the sale of firm raw water in the amount of 1,000 or more acre-feet per year. Major firm water customers for the fiscal year ended August 31, 2010 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	10,575	\$ 1,278,516	10/31/1998	12/31/2039	(1)
City of Marion (100 A/F)						
City of Cibola (1,350 A/F)						
Green Valley SUD (1,800 A/F)						
Springs Hill WSC (1,925 A/F)						
East Central WSC (1,400 A/F)						
Bexar MWD (4,000 A/F)						
New Braunfels Utilities	City	6,720	705,600	01/26/1989	01/25/2011	20 Yrs
City of Seguin	City	1,000	105,000	07/11/1995	12/31/2012	(1)
Canyon Lake WSC	Water Supply Corporation	2,000	224,000	10/01/1994	12/31/2044	(1)
Canyon Lake WSC II	Water Supply Corporation	2,000	224,000	08/27/2001	12/31/2050	(1)
Canyon Lake WSC III	Water Supply Corporation	2,000	224,000	09/29/2006	12/31/2050	(1)
SHWSC I	Water Supply Corporation	1,500	131,250	06/26/1967	12/31/2050	(1)
SHWSC II	Water Supply Corporation	1,000	131,250	06/01/2000	12/31/2050	(1)
Green Valley SUD	Water Supply Corporation	1,000	105,000	12/01/2008	12/31/2040	(1)
Regional RWDS Project						
City of San Marcos	City	7,000	805,000	10/01/1989	07/01/2047	(1)
City of Kyle	City	2,957	310,485	05/20/2005	12/31/2038	20 YRS
City of Buda	City	1,120	117,600	04/09/2002	12/31/2042	(1)
CRWA –Hays Project	Regional Water Authority	2,038	213,990	06/04/2003	12/31/2039	(1)
Go Forth WSC	Water Supply Corporation	1,050	110,250	03/01/2004	12/31/2039	(1)
Sunfield MUD	Municipal Utility District	3,136	329,280	09/08/2005	12/31/2050	
Monarch	Utility Company	560	58,800	01/01/2008	12/31/2037	
GBRA Western Canyon						
SAWS	City	4,000	1,090,098	03/17/2000	12/31/2037	40 Yrs (2x20 Yrs)
Boerne	City	3,611	379,155	02/22/2000	12/31/2037	40 Yrs (2x20 Yrs)
Fair Oaks Ranch	City	1,850	194,250	02/10/2000	12/31/2037	40 Yrs (2x20 Yrs)
Total Major Municipal Customers		55,117	\$ 6,737,524			
<b>Industrial</b>						
Guadalupe Power Partners	Electric Generation	6,840	\$ 718,200	03/17/1999	12/31/2021	30 Yrs (6x5 Yrs)
Coletto Creek Power LP	Electric Generation	4,000	472,500	09/01/1975	09/01/2025	(1)
Hays Energy Limited Partners	Electric Generation	2,464	258,720	06/25/1999	12/31/2025	(1)
Ineos USA LLC	Chemical Company	1,100	115,500	02/11/1980	02/21/2015	40 Yrs (15 Yrs = (5x5 Yrs))
Total Major Industrial Customers		14,404	\$ 1,564,920			
<b>Other</b>						
Cordillera Ranch	Housing Development	1,000	105,000	10/11/2001	12/31/2037	40 Yrs (2x20 Yrs)
Total Major Other Customers		1,000	\$ 105,000			
<b>Total Major Customers</b>		<b>70,521</b>	<b>\$ 8,407,444</b>			
<b>Total Firm Water Sales</b>		<b>78,611</b>	<b>9,222,437</b>			
<b>Major Customers as a Percentage of Total</b>		<b>89.71%</b>	<b>91.16%</b>			

(1) Contract does not provide for specific renewal options

**GUADALUPE-BLANCO RIVER AUTHORITY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED**  
**AUGUST 31, 2010 AND 2009**

**7. FIRM WATER SALES RATE HISTORY**

Price Per Acre-Foot (1)	Effective Date
\$38.75	10/1/1980
44.76	10/1/1985
53.03	10/1/1990
61.00	10/1/1997
69.00	10/1/2000
80.00	10/1/2002
84.00	11/1/2003
88.00	10/1/2004
92.00	10/1/2005
96.00	10/1/2006
100.00	10/1/2007
105.00	10/1/2008
110.00	10/1/2010

(1) Excludes out-of-district charges.

**8. 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 F – Pollution Control and Industrial Development Bonds" in the "Notes to Combined Financial Statements" section of this report.

**9. CASH, CASH EQUIVALENTS AND INVESTMENTS OF GBRA**

The percentages of GBRA's unrestricted investable funds by category is included in Note D – Cash, Cash Equivalents and Investments of this report.

**NOTE I – PRIOR PERIOD ADJUSTMENT**

GBRA contributes to the Retirement Plan for Employees of Guadalupe-Blanco River Authority. The plan is a single employer, non-contributory, defined benefit plan. During FY2009, GBRA contributed the required contribution and a supplemental contribution of \$500,000 which was recorded as an expense. In FY2010, the \$500,000 supplemental contribution was restated to reflect a net pension asset of \$500,000, increasing net assets as of September 1, 2009 by \$500,000 to \$62,454,814.

**NOTE J – SUBSEQUENT EVENT**

On November 17, 2010, the GBRA Board of Directors approved an amendment to the GBRA Defined Benefit Pension Plan which closed the Plan to new employees/members effective December 31, 2010. The GBRA Board adopted a Defined Contribution Plan to provide retirement benefits for employees hired by GBRA subsequent to December 31, 2010.

GUADALUPE-BLANCO RIVER AUTHORITY  
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED  
AUGUST 31, 2010 AND 2009

NOTE K - 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 another stand-alone entity that has one or more bonds outstanding with a revenue stream pledged in support of that debt, and the activity is externally required to maintain separate accounts.

All operating revenues result from charges for services.

Segment information at August 31, 2010 is as follows:

	Water Sales	Port Lavaca Water Plant	Victoria Waste Disposal	Luling Water Plant	Canyon Hydroelectric	Lockhart WWTP	Total
<b>REVENUES, EXPENSES AND CHANGES IN NET ASSETS</b>							
Operating Revenue	\$ 20,054,899	\$ 1,620,239	\$ 2,615,748	\$ 1,250,249	\$ 1,328,607	\$ 1,586,834	\$ 28,456,576
Operating Expenses	(8,567,080)	(1,277,381)	(2,138,221)	(757,741)	(243,135)	(940,630)	(13,924,188)
Depreciation and Amortization Exp	(3,791,438)	(216,494)	(343,092)	(166,558)	(312,263)	(215,956)	(5,045,801)
Operating Income	7,696,381	126,364	134,435	325,950	773,209	430,248	9,486,587
Nonoperating Revenue (Expenses)	(5,688,711)	(93,511)	(46,812)	(268,614)	(282,156)	(181,620)	(6,561,424)
Costs to be Recovered (Deferred Rev)	136,164	(139,592)	(244,055)	(13,598)	(483,645)	(258,455)	(1,003,181)
Change in Net Assets	\$ 2,143,834	\$ (106,739)	\$ (156,432)	\$ 43,738	\$ 7,408	\$ (9,826)	\$ 1,921,982
<b>BALANCE SHEET ACTIVITIES</b>							
Current Assets	\$ 4,945,350	\$ 608,287	\$ 1,428,737	\$ 548,481	\$ 759,246	\$ 622,699	\$ 8,912,800
Capital Assets	141,621,004	3,225,647	4,318,280	5,472,465	6,298,525	3,565,590	\$ 164,501,511
Other Assets	9,943,634	476,331	1,726	315,402	828,742	608,820	\$ 12,174,655
Total Assets	\$ 156,509,988	\$ 4,310,265	\$ 5,748,743	\$ 6,336,348	\$ 7,886,513	\$ 4,797,109	\$ 185,588,966
Current Liabilities	\$ 6,457,356	\$ 598,769	\$ 1,328,747	\$ 448,114	\$ 1,041,341	\$ 805,292	\$ 10,679,619
Long Term Liabilities	124,032,121	1,793,365	2,572,596	5,494,087	6,145,631	3,470,412	143,508,212
Total Liabilities	130,489,477	2,392,134	3,901,343	5,942,201	7,186,972	4,275,704	154,187,831
Invested in Capital Assets Net of Related Debt	18,001,778	1,211,737	3,540,765	(106,424)	2,895,560	(349,410)	25,194,006
Restricted	3,118,172	175,585	625,587	124,788	293,087	291,596	4,628,815
Unrestricted	4,900,561	530,809	(2,318,952)	375,783	(2,489,106)	579,219	1,578,314
Total Net Assets	26,020,511	1,918,131	1,847,400	394,147	699,541	521,405	\$ 31,401,135
Total Liabilities and Net Assets	\$ 156,509,988	\$ 4,310,265	\$ 5,748,743	\$ 6,336,348	\$ 7,886,513	\$ 4,797,109	\$ 185,588,966
Revenue Bonds Payable	\$ 118,087,346	\$ 1,635,000	\$ 780,000	\$ 5,578,889	\$ 2,497,964	\$ 3,915,000	\$ 132,494,199
Loans Payable	5,952,417	378,910	--	--	--	--	6,331,327
Interfund Balances:							
Accounts Receivable	804,943	155,705	283,386	75,000	38,788	86,085	1,443,907
Accounts Payable	784,773	226,518	275,070	126,392	41,145	143,790	1,597,688
<b>CASH FLOW ACTIVITIES</b>							
<b>Cash Flows</b>							
Operating Activities	\$ 11,726,842	\$ 393,690	\$ 718,249	\$ 518,437	\$ 1,232,962	\$ 678,302	\$ 15,268,482
Capital & Related Financing Activities	(11,566,229)	(342,476)	(878,545)	(438,617)	(1,065,435)	(633,963)	(14,925,265)
Investing Activities	(1,095,875)	1,646	80,024	(251,001)	(47,874)	53,130	(1,263,950)
	\$ (935,262)	\$ 52,860	\$ (80,272)	\$ (171,181)	\$ 119,653	\$ 97,469	\$ (920,733)
<b>Current Cash and Cash Equivalents</b>							
At Beginning of Year	\$ 2,044,639	\$ 57,281	\$ 297,320	\$ 359,841	\$ 137,756	\$ 152,475	\$ 3,049,312
At End of Year	1,677,154	110,153	278,801	188,660	196,426	239,557	2,690,751
Net Increase (Decrease)	\$ (367,485)	\$ 52,872	\$ (18,519)	\$ (171,181)	\$ 58,670	\$ 87,082	\$ (358,561)
<b>Restricted Cash and Cash Equivalents</b>							
At Beginning of Year	\$ 4,651,125	\$ 5,013	\$ 813,034	\$ --	\$ 281,906	\$ 281,209	\$ 6,032,287
At End of Year	4,075,348	5,001	751,281	--	342,889	291,596	\$ 5,470,115
Net Increase (Decrease)	(571,777)	(12)	(61,753)	--	60,983	10,387	(562,172)
	\$ (935,262)	\$ 52,860	\$ (80,272)	\$ (171,181)	\$ 119,653	\$ 97,469	\$ (920,733)

# REQUIRED SUPPLEMENTAL INFORMATION

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GUADALUPE-BLANCO RIVER AUTHORITY  
 REQUIRED SUPPLEMENTAL INFORMATION  
 AUGUST 31, 2010

DEFINED BENEFIT PENSION PLAN-SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Jan 1, 2005	Jan 1, 2006	Jan 1, 2007	Jan 1, 2008	Jan 1, 2009	Jan 1, 2010
Actuarial Value of Assets	\$ 7,677,107	\$ 8,298,010	\$ 9,238,097	\$ 10,475,491	\$ 10,916,278	\$ 12,024,270
Actuarial Accrued Liability (AAL)	\$ 12,690,710	\$ 13,572,098	\$ 14,779,785	\$ 16,755,359	\$ 19,872,320	\$ 20,607,270
Unfunded AAL (UAAL)	\$ 5,013,603	\$ 5,274,088	\$ 5,541,688	\$ 6,279,868	\$ 8,956,042	\$ 8,583,000
Funded Ratio	60%	61%	63%	63%	55%	58%
Covered Payroll	\$ 6,972,148	\$ 7,319,088	\$ 7,840,665	\$ 8,201,393	\$ 8,573,185	\$ 8,506,931
UAAL as a Percentage of Covered Payroll	72%	72%	71%	77%	104%	101%



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# OTHER SUPPLEMENTAL INFORMATION

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

**AUGUST 31, 2010**

	General Division	Guadalupe Valley Hydroelectric Division	Rural Utilities Division	Water Resource Division	Port Lavaca Water Treatment Plant Division	Calhoun County Rural Water Supply Division
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Unrestricted Assets						
Cash and Cash Equivalents.....	\$ 1,410,242	\$ 10,400	\$ 12,098	\$ 1,043,802	\$ 110,153	\$ 48,501
Investments-Unrestricted.....	2,019,559	--	--	1,160,628	--	156,032
Interest Receivable.....	40,450	--	--	22,883	17	1,989
Accounts Receivable-Operating.....	916	282,603	352,797	698,739	121,061	72,660
Accounts Receivable-Interfund.....	3,427,181	221,675	120,000	1,706,062	155,705	70,401
Other Current Assets.....	14,394	71,796	11,771	191,133	42,030	22,919
Total Current Assets.....	6,912,742	586,474	496,666	4,823,247	428,966	372,502
Restricted Assets						
Cash and Cash Equivalents.....	394,850	--	347,487	4,079,348	5,001	--
Investments.....	177,887	--	701,053	1,239,865	173,583	--
Interest Receivable.....	4,578	--	9,628	15,256	737	--
Total Restricted Assets.....	577,315	--	1,058,168	5,334,469	179,321	--
Total Current Assets.....	7,490,057	586,474	1,554,834	10,157,716	608,287	372,502
<b>LONG-TERM ASSETS</b>						
Restricted Assets						
Investments.....	611,602	--	527,382	1,829,073	32,529	--
Total Restricted Assets.....	611,602	--	527,382	1,829,073	32,529	--
Capital Assets						
Land, Water and Storage Rights.....	945,504	2,248,823	84,199	23,901,066	41,424	51,396
Dams, Plants and Equipment.....	1,821,239	11,369,609	8,741,324	142,399,392	6,915,200	2,544,224
Construction In Progress.....	--	33,924	1,922,302	773,248	--	6,921
Less Accumulated Depreciation.....	(1,398,815)	(6,331,072)	(2,918,855)	(21,861,852)	(3,730,977)	(1,577,334)
Total Capital Assets.....	1,367,928	7,321,284	7,828,970	145,211,854	3,225,647	1,025,207
Other Assets						
Investments-Unrestricted.....	4,557,000	--	--	3,033,967	--	150,000
Long-Term Loans Receivable.....	--	--	203,682	--	--	--
Contract Development Costs (Net of Amortization).....	--	--	--	28	--	--
Debt Issuance Costs (Net of Amortization).....	--	--	--	2,181,929	61,561	--
Permits and Licenses (Net of Amortization).....	--	--	--	--	--	--
Project Development Costs.....	--	51,187	4,927	482,720	--	--
Net Pension Asset.....	3,500,000	--	--	--	--	--
Interfund Loans Receivable.....	5,729,645	--	--	--	--	--
Deferred Costs and Expenses.....	--	--	--	--	382,241	--
Total Other Assets.....	13,786,645	51,187	208,609	5,698,644	443,802	150,000
Total Long-Term Assets.....	15,766,175	7,372,471	8,564,961	152,739,571	3,701,978	1,175,207
Total Assets.....	\$ 23,256,232	\$ 7,958,945	\$ 10,119,795	\$ 162,897,287	\$ 4,310,265	\$ 1,547,709
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Payable from Unrestricted Assets						
Current Portion of Long-Term Loans Payable.....	\$ --	\$ 21,746	\$ --	\$ 472,792	\$ 8,795	\$ --
Interest Payable.....	--	--	--	67,209	--	--
Accounts Payable-Operating.....	934,419	235,196	177,877	1,316,832	110,276	29,659
Accounts Payable-Interfund.....	2,711,924	453,292	294,806	1,697,481	226,518	124,329
Total Current Unrestricted Liabilities.....	3,646,343	710,234	472,683	3,554,314	345,589	153,988
Payable from Restricted Assets						
Current Portion of Debt.....	--	--	149,956	2,840,000	240,000	--
Interest Payable.....	--	--	118,388	1,485,074	13,180	--
Total Current Restricted Liabilities.....	--	--	268,344	4,325,074	253,180	--
Total Current Liabilities.....	3,646,343	710,234	741,027	7,879,388	598,769	153,988
<b>LONG-TERM LIABILITIES</b>						
Revenue Bonds Payable.....	--	--	--	118,087,346	1,635,000	--
Long-Term Loans Payable.....	--	73,960	3,881,574	6,026,085	378,910	--
Interfund Loans Payable.....	--	2,100,034	1,595,000	1,911,904	--	--
Less Current Portion.....	--	(21,746)	(149,956)	(3,312,792)	(248,795)	--
Total Bonds and Loans Payable.....	--	2,152,248	5,326,618	122,712,543	1,765,115	--
Advances for Operations.....	--	--	13,975	64,830	28,250	--
Deferred Income.....	--	--	--	3,614,148	--	--
Total Long-Term Liabilities.....	--	2,152,248	5,340,593	126,391,521	1,793,365	--
Total Liabilities.....	3,646,343	2,862,482	6,081,620	134,270,909	2,392,134	153,988
<b>NET ASSETS</b>						
Investments in Capital Assets Net of Related Debt.....	1,367,928	5,147,290	2,352,397	19,607,057	1,211,737	1,025,207
Restricted for Construction.....	--	--	769,632	390,723	--	--
Restricted for Insurance.....	1,122,877	--	--	--	--	--
Restricted for Debt Service.....	--	--	--	2,727,449	175,585	--
Unrestricted.....	17,119,084	(50,827)	916,146	5,901,149	530,809	368,514
Total Net Assets.....	19,609,889	5,096,463	4,038,175	28,626,378	1,918,131	1,393,721
Total Liabilities and Net Assets.....	\$ 23,256,232	\$ 7,958,945	\$ 10,119,795	\$ 162,897,287	\$ 4,310,265	\$ 1,547,709

See accompanying independent auditors' report.

Victoria Regional Wastewater Reclamation Division	Coletto Creek Division	Luling Water Treatment Plant Division	Canyon Hydroelectric Division	Lockhart Division	2010 Eliminations	2010 Total
\$ 278,801	\$ 117,466	\$ 188,660	\$ 196,426	\$ 98,362	\$ --	\$ 3,514,911
54,440	3	149,928	--	50,539	--	3,591,129
367	--	1,609	27	922	--	68,264
17,240	4,879	2,093	143,943	115,356	--	1,812,287
283,386	117,019	75,000	38,788	136,085	(6,351,302)	--
42,526	9,754	6,278	11,899	14,155	--	438,655
676,760	249,121	423,568	391,083	415,419	(6,351,302)	9,425,246
751,281	--	--	342,889	291,596	--	6,212,452
--	--	124,788	24,895	--	--	2,442,071
696	--	125	379	2	--	31,401
751,977	--	124,913	368,163	291,598	--	8,685,924
1,428,737	249,121	548,481	759,246	707,017	(6,351,302)	18,111,170
--	--	--	25,217	--	--	3,025,803
--	--	--	25,217	--	--	3,025,803
1,003,391	--	875,292	12,187	136,881	--	29,300,163
14,572,874	1,916,331	7,123,737	12,553,881	6,566,749	--	216,524,560
--	--	788	--	--	--	2,737,183
(11,257,985)	(1,644,629)	(2,527,352)	(6,267,543)	(2,473,349)	--	(61,989,763)
4,318,280	271,702	5,472,465	6,298,525	4,230,281	--	186,572,143
--	--	150,000	--	--	--	7,890,967
--	--	--	--	--	--	203,682
--	--	--	26,713	9,128	--	35,869
1,726	--	165,402	164,375	46,852	--	2,621,845
--	--	--	612,437	--	--	612,437
--	--	--	--	--	--	538,834
--	--	--	--	--	--	3,500,000
--	--	--	--	--	(5,729,645)	--
--	--	--	--	545,721	--	927,962
1,726	--	315,402	803,525	601,701	(5,729,645)	16,331,596
4,320,006	271,702	5,787,867	7,127,267	4,831,982	(5,729,645)	205,929,542
\$ 5,748,743	\$ 520,823	\$ 6,336,348	\$ 7,886,513	\$ 5,538,999	(12,080,947)	\$ 224,040,712
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	503,333
--	--	--	--	--	--	67,209
269,334	98,973	124,261	50,580	201,153	--	3,548,560
275,070	199,412	126,392	41,145	200,933	(6,351,302)	--
544,404	298,385	250,653	91,725	402,086	(6,351,302)	4,119,102
780,000	--	175,000	905,000	475,000	--	5,564,956
4,343	--	22,461	44,616	14,543	--	1,702,605
784,343	--	197,461	949,616	489,543	--	7,267,561
1,328,747	298,385	448,114	1,041,341	891,629	(6,351,302)	11,386,663
780,000	--	5,578,889	3,402,964	3,915,000	--	133,399,199
--	--	--	--	--	--	10,360,529
--	122,707	--	--	--	(5,729,645)	--
780,000	122,707	5,578,889	3,402,964	3,915,000	(5,729,645)	143,759,728
(780,000)	--	(175,000)	(905,000)	(475,000)	--	(6,068,289)
--	122,707	5,403,889	2,497,964	3,440,000	(5,729,645)	137,691,439
82,673	--	34,805	259,085	30,412	--	514,030
2,489,923	--	55,393	3,388,582	--	--	9,548,046
2,572,596	122,707	5,494,087	6,145,631	3,470,412	(5,729,645)	147,753,515
3,901,343	421,092	5,942,201	7,186,972	4,362,041	(12,080,947)	159,140,178
3,540,765	148,994	(106,424)	2,895,560	315,281	5,729,645	43,235,437
--	--	--	--	--	--	1,160,355
--	--	--	--	--	--	1,122,877
625,587	--	124,788	293,087	291,596	--	4,238,092
(2,318,952)	(49,263)	375,783	(2,489,106)	570,081	(5,729,645)	15,143,773
1,847,400	99,731	394,147	699,541	1,176,958	--	64,900,534
\$ 5,748,743	\$ 520,823	\$ 6,336,348	\$ 7,886,513	\$ 5,538,999	(12,080,947)	\$ 224,040,712

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

**FISCAL YEAR ENDED AUGUST 31, 2010**

	General Division	Guadalupe Valley Hydroelectric Division	Rural Utilities Division	Water Resource Division	Port Lavaca Water Treatment Plant Division
<b>REVENUE</b>					
Power Sales.....	\$ --	\$ 2,728,180	\$ --	\$ --	\$ --
Water Sales and Lake Operations.....	--	--	--	25,881,832	1,620,238
Recreation and Land Use.....	--	--	--	92,813	--
Waste Water Treatment Services.....	--	--	1,699,222	575,980	--
Laboratory Services.....	--	--	--	759,958	--
Rental.....	--	8,744	--	264,714	--
Administrative and General.....	2,368,385	--	--	--	--
Miscellaneous.....	55,843	46,789	232,944	793,243	1
Total Operating Revenue.....	2,424,228	2,783,713	1,932,166	28,368,540	1,620,239
<b>EXPENSES</b>					
Personnel Operating Costs.....	1,012,187	1,169,706	568,287	4,396,473	429,220
Operating Supplies and Services.....	972,516	406,193	614,257	9,197,836	611,106
Maintenance and Repairs.....	140,524	926,376	318,845	1,635,365	130,727
Administrative and General.....	--	370,358	143,603	1,055,212	106,328
Depreciation and Amortization.....	78,965	268,399	230,683	4,110,159	216,494
Total Operating Expenses.....	2,204,192	3,141,032	1,875,675	20,395,045	1,493,875
Operating Income (Loss).....	220,036	(357,319)	56,491	7,973,495	126,364
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Grant Income.....	--	--	--	430,424	--
Investment Income.....	119,756	--	23,554	74,964	4,650
Gain on Disposal of Capital Assets.....	16,437	--	--	--	--
Interest Expense.....	--	(3,410)	(236,776)	(6,056,145)	(98,161)
Total Nonoperating Revenues (Expenses).....	136,193	(3,410)	(213,222)	(5,550,757)	(93,511)
Income (Loss) Before Recognition of Capital Contributions and Deferrals.....	356,229	(360,729)	(156,731)	2,422,738	32,853
Capital Contributions.....	--	--	414,096	--	--
Income (Loss) Before Recognition of Deferrals.....	356,229	(360,729)	257,365	2,422,738	32,853
Costs (Revenue) to be Recognized in Future Years.....	--	--	--	139,032	(139,592)
Change in Net Assets.....	356,229	(360,729)	257,365	2,561,770	(106,739)
Net Assets at September 1, 2009.....	18,753,660	5,457,192	3,780,810	26,064,608	2,024,870
Restatement of Net Assets.....	500,000	--	--	--	--
Net Assets at September 1, 2009 as restated.....	19,253,660	5,457,192	3,780,810	26,064,608	2,024,870
Net Assets at August 31, 2010.....	\$ 19,609,889	\$ 5,096,463	\$ 4,038,175	\$ 28,626,378	\$ 1,918,131

Calhoun County Rural Water Supply Division	Victoria Regional Wastewater Reclamation Division	Coledo Creek Division	Luling Water Treatment Plant Division	Canyon Hydroelectric Division	Lockhart Division	Eliminations	Total
\$ --	\$ --	\$ --	\$ --	\$ 1,312,330	\$ --	\$ --	\$ 4,040,510
750,125	--	915,725	1,250,234	--	636,687	--	31,054,841
--	--	475,434	--	--	--	--	568,247
37,359	2,535,038	--	--	--	1,260,329	--	6,107,928
--	--	--	--	--	--	--	759,958
--	--	85,344	--	--	--	--	358,802
--	--	--	--	--	--	(2,368,385)	--
62,891	80,710	12,105	15	16,277	326,595	--	1,627,413
850,375	2,615,748	1,488,608	1,250,249	1,328,607	2,223,611	(2,368,385)	44,517,699
320,561	707,188	688,110	267,147	98,489	412,647	(127,611)	9,942,404
355,166	897,687	345,560	328,391	82,422	673,538	--	14,484,672
70,412	349,210	368,817	96,122	35,819	344,368	--	4,416,585
81,369	184,136	108,247	66,081	26,405	99,035	(2,240,774)	--
71,195	343,092	74,033	166,558	312,263	255,259	--	6,127,100
898,703	2,481,313	1,584,767	924,299	555,398	1,784,847	(2,368,385)	34,970,761
(48,328)	134,435	(96,159)	325,950	773,209	438,764	--	9,546,938
--	--	--	--	--	--	--	430,424
3,129	2,488	111	4,611	2,644	1,172	--	237,079
53	--	300	--	--	--	--	16,790
--	(49,300)	--	(273,225)	(284,800)	(182,388)	--	(7,184,205)
3,182	(46,812)	411	(268,614)	(282,156)	(181,216)	--	(6,499,912)
(45,146)	87,623	(95,748)	57,336	491,053	257,548	--	3,047,026
--	--	--	--	--	--	--	414,096
(45,146)	87,623	(95,748)	57,336	491,053	257,548	--	3,461,122
--	(244,055)	(15,089)	(13,598)	(483,645)	(258,455)	--	(1,015,402)
(45,146)	(156,432)	(110,837)	43,738	7,408	(907)	--	2,445,720
1,438,867	2,003,832	210,568	350,409	692,133	1,177,865	--	61,954,814
--	--	--	--	--	--	--	500,000
1,438,867	2,003,832	210,568	350,409	692,133	1,177,865	--	62,454,814
\$ 1,393,721	\$ 1,847,400	\$ 99,731	\$ 394,147	\$ 699,541	\$ 1,176,958	\$ --	\$ 64,900,534

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

**FISCAL YEAR ENDED AUGUST 31, 2010**

	General Division	Guadalupe Valley Hydroelectric Division	Rural Utilities Division	Water Resource Division
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Received from Customers.....	\$ --	\$ 2,610,104	\$ 2,129,422	\$ 28,244,929
Cash Received from Interfund Administrative Charges.....	2,368,385	--	--	--
Cash Paid for Personnel Operating Costs.....	(1,012,187)	(1,169,706)	(568,287)	(4,396,473)
Cash Paid for Other Operating and Maintenance Costs.....	(964,017)	(1,291,120)	(1,247,417)	(10,472,629)
Cash Paid for Interfund Administrative Charges.....	--	(370,358)	(143,603)	(1,055,212)
Supplementary Contribution to Defined Benefit Plan.....	(3,000,000)	--	--	--
Net Cash Flows From (Used by) Operating Activities.....	(2,607,819)	(221,080)	170,115	12,320,615
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Interfund Operating Loans Received.....	--	564,000	315,000	--
Interfund Operating Loans Made.....	(1,115,000)	--	--	--
Principal Payments Made on Interfund Operating Loans.....	--	(130,000)	(20,000)	(930,000)
Principal Payments Received on Interfund Operating Loans.....	1,218,500	--	--	--
Cash Received from Grants.....	--	--	--	430,424
Net Cash Flows From (Used by) Noncapital Financing Activities.....	103,500	434,000	295,000	(499,576)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceeds from Advances from Customers, Developers, and Other Governmental Units.....	--	--	444,846	--
Proceeds from Revenue and Loans for Capital Assets and Plant Expansions.....	--	--	12,436	--
Proceeds from Sale of Capital Assets.....	16,437	--	--	--
Purchase of Capital Assets.....	(83,823)	(121,168)	(591,354)	(510,061)
Cash Paid for Construction in Progress.....	--	(8,763)	(40,333)	(784,788)
Cash Paid for Project Development.....	--	(51,188)	--	(202,538)
Interest Paid.....	--	(3,410)	(241,087)	(6,086,079)
Principal Payments on Revenue Bonds.....	--	--	--	(2,850,398)
Principal Payments on Loans.....	(210,475)	(20,897)	(141,335)	(490,976)
Net Cash Flows Used by Capital and Related Financing Activities.....	(277,861)	(205,426)	(556,827)	(10,924,840)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Cash Received from Investments.....	3,663,603	--	276,497	2,677,774
Investment Income Received.....	138,593	--	54,760	85,219
Cash Paid for Investments.....	(1,481,593)	--	(320,321)	(3,685,770)
Net Cash Flows From (Used by) Investing Activities.....	2,320,603	--	10,936	(922,777)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....</b>	<b>\$ (461,577)</b>	<b>\$ 7,494</b>	<b>\$ (80,776)</b>	<b>\$ (26,578)</b>
<b>CURRENT CASH AND CASH EQUIVALENTS:</b>				
At Beginning of Year.....	1,705,367	2,906	122,196	2,033,742
At End of Year.....	1,410,242	10,400	12,098	1,043,802
Net Increase (Decrease).....	(295,125)	7,494	(110,098)	(989,940)
<b>RESTRICTED CASH AND CASH EQUIVALENTS:</b>				
At Beginning of Year.....	561,302	--	318,165	3,115,986
At End of Year.....	394,850	--	347,487	4,079,348
Net Increase (Decrease).....	(166,452)	--	29,322	963,362
<b>TOTAL CASH AND CASH EQUIVALENTS:</b>				
At Beginning of Year.....	2,266,669	2,906	440,361	5,149,728
At End of Year.....	1,805,092	10,400	359,585	5,123,150
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....</b>	<b>\$ (461,577)</b>	<b>\$ 7,494</b>	<b>\$ (80,776)</b>	<b>\$ (26,578)</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Operating Income (Loss).....	\$ 220,036	\$ (357,318)	\$ 56,492	\$ 7,973,495
Adjustments to Reconcile Operating Income to Net Cash Flow From Operating Activities:				
Depreciation and Amortization.....	78,965	268,398	230,682	4,110,159
Supplementary Contribution to Defined Benefit Plan.....	(3,000,000)	--	--	--
Net Change in Assets and Liabilities From Operating Activities:				
Operating Accounts Receivable.....	114,958	(173,609)	197,303	(114,120)
Other Current Assets.....	(555)	(715)	(1,380)	34,211
Operating Accounts Payable.....	(21,223)	42,164	(312,982)	316,870
Total Adjustments.....	(2,827,855)	136,238	113,623	4,347,120
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES.....</b>	<b>\$ (2,607,819)</b>	<b>\$ (221,080)</b>	<b>\$ 170,115</b>	<b>\$ 12,320,615</b>

**NON-CASH TRANSACTIONS SCHEDULE**

1. During fiscal year 2010 and 2009, an adjustment of \$39,883 and \$80,542 respectively, was made to decrease investments to fair value.

See accompanying independent auditors' report.

Port Lavaca Water Treatment Plant Division	Calhoun County Rural Water Supply Division	Victoria Wastewater Reclamation Division	Coeto Creek Division	Luling Water Treatment Plant Division	Canyon Hydroelectric Division	Lockhart Division	Eliminations	Total
\$ 1,629,324	\$ 873,110	\$ 2,913,205	\$ 1,489,105	\$ 1,248,156	\$ 1,458,085	\$ 2,146,910	\$ --	\$ 44,742,350
(429,220)	(320,561)	(707,188)	(688,110)	(267,147)	(98,489)	(412,647)	--	2,368,385
(700,086)	(425,946)	(1,303,632)	(772,358)	(396,491)	(100,229)	(999,719)	--	(10,070,015)
(106,328)	(81,369)	(184,136)	(108,247)	(66,081)	(26,405)	(99,035)	--	(18,673,644)
--	--	--	--	--	--	--	--	(2,240,774)
393,690	45,234	718,249	(79,610)	518,437	1,232,962	635,509	--	(3,000,000)
--	110,000	--	126,000	--	--	--	(1,241,500)	13,126,302
--	--	--	--	--	--	--	1,241,500	(126,500)
--	(110,000)	--	(28,500)	--	--	--	4,899,696	126,500
--	--	--	--	--	--	--	(4,899,696)	3,681,196
--	--	--	--	--	--	--	--	(3,681,196)
--	--	--	97,500	--	--	--	--	430,424
--	--	--	--	--	--	--	--	430,424
--	--	--	--	--	--	--	--	444,846
--	--	--	--	--	--	--	--	12,436
--	--	--	300	--	--	--	--	16,737
(4,106)	(45,086)	(57,851)	--	(788)	--	(48,224)	--	(1,462,461)
--	--	--	--	--	--	--	--	(833,884)
--	--	--	--	--	--	--	--	(253,726)
(99,924)	--	(55,694)	--	(273,775)	(215,435)	(183,964)	--	(7,159,368)
(230,000)	--	(765,000)	--	(164,054)	(850,000)	(450,000)	--	(5,309,452)
(8,446)	--	--	--	--	--	--	--	(872,129)
(342,476)	(45,086)	(878,545)	300	(438,617)	(1,065,435)	(682,188)	--	(15,417,001)
--	--	76,703	--	--	--	51,766	--	6,746,343
4,670	3,174	3,321	109	3,690	2,238	1,985	--	297,759
(3,024)	(149,447)	--	--	(254,691)	(50,112)	(431)	--	(5,945,389)
1,646	(146,273)	80,024	109	(251,001)	(47,874)	53,320	--	1,098,713
\$ 52,860	\$ (146,125)	\$ (80,272)	\$ 18,299	\$ (171,181)	\$ 119,653	\$ 6,641	\$ --	\$ (761,562)
57,281	194,626	297,320	99,167	359,841	137,756	102,108	--	5,112,310
110,153	48,501	278,801	117,466	188,660	196,426	98,362	--	3,514,911
52,872	(146,125)	(18,519)	18,299	(171,181)	58,670	(3,746)	--	(1,597,399)
5,013	--	813,034	--	--	281,906	281,209	--	5,376,615
5,001	--	751,281	--	--	342,889	291,596	--	6,212,452
(12)	--	(61,753)	--	--	60,983	10,387	--	835,837
62,294	# 194,626	1,110,354	99,167	359,841	419,662	383,317	--	10,488,925
115,154	48,501	1,030,082	117,466	188,660	539,315	389,958	--	9,727,363
\$ 52,860	\$ (146,125)	\$ (80,272)	\$ 18,299	\$ (171,181)	\$ 119,653	\$ 6,641	\$ --	\$ (761,562)
\$ 126,364	\$ (48,328)	\$ 134,435	\$ (96,160)	\$ 325,950	\$ 773,207	\$ 438,765	\$ --	\$ 9,546,938
216,494	71,195	343,092	74,034	166,558	312,264	255,258	--	6,127,099
--	--	--	--	--	--	--	--	(3,000,000)
9,325	21,334	(14,002)	527	(2,093)	130,091	(76,701)	--	93,013
(4,174)	5,138	960	486	568	(146)	1,109	--	35,502
45,681	(4,105)	253,764	(58,497)	27,454	17,546	17,078	--	323,750
267,326	93,562	583,814	16,550	192,487	459,755	196,744	--	3,579,364
393,690	45,234	718,249	(79,610)	518,437	1,232,962	635,509	--	13,126,302

**GUADALUPE-BLANCO RIVER AUTHORITY  
AMORTIZATION SCHEDULES**

<b>FIRST LOCKHART NATIONAL BANK, EQUIPMENT LOAN</b>			
<b>YR END AUG 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
2011	\$ 21,746	\$ 2,560	\$ 24,306
2012	22,627	1,679	24,306
2013	23,552	754	24,306
2014	6,036	41	6,077
	<u>\$ 73,961</u>	<u>\$ 5,034</u>	<u>\$ 78,995</u>

<b>WELLS FARGO BANK, DUNLAP WASTEWATER TREATMENT PLANT EXPANSION LOAN</b>			
<b>YR END AUG 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
2011	\$ 149,956	\$ 232,202	\$ 382,158
2012	159,103	222,776	381,879
2013	168,809	212,775	381,584
2014	179,106	202,163	381,269
2015	190,032	190,905	380,937
2016	3,034,568	92,554	3,127,122
	<u>\$ 3,881,574</u>	<u>\$ 1,153,375</u>	<u>\$ 5,034,949</u>

<b>U.S. GOVERNMENT LOAN, CANYON DAM AND RESERVOIR</b>			
<b>YR END AUG 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
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	301,353	7,537	308,890
	<u>\$ 4,032,559</u>	<u>\$ 909,681</u>	<u>\$ 4,942,240</u>



**GUADALUPE-BLANCO RIVER AUTHORITY  
AMORTIZATION SCHEDULES**

<b>GE CAPITAL PUBLIC FINANCE, EQUIPMENT LOAN</b>			
<b>YR END AUG 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>REQUIREMENTS</b>
2011	\$ 50,850	\$ 8,276	\$ 59,126
2012	53,365	5,760	59,125
2013	56,005	3,120	59,125
2014	30,699	550	31,249
	<u>\$ 190,919</u>	<u>\$ 17,706</u>	<u>\$ 208,625</u>

<b>OLD NATIONAL BANKCORP CORPORATION, LAB EQUIPMENT LOAN</b>			
<b>YR END AUG 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
2011	\$ 2,392	\$ 13	\$ 2,405
	<u>\$ 2,392</u>	<u>\$ 13</u>	<u>\$ 2,405</u>

<b>JP MORGAN CHASE BANK, GENERAL IMPROVEMENT OFFICE EXPANSION LOAN</b>			
<b>YR END AUG 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
2011	\$ 160,000	\$ 34,833	\$ 194,833
2012	160,000	28,145	188,145
2013	160,000	21,457	181,457
2014	160,000	14,769	174,769
2015	160,000	8,081	168,081
2016	106,667	1,672	108,339
	<u>\$ 906,667</u>	<u>\$ 108,957</u>	<u>\$ 1,015,624</u>

<b>EQUIPMENT LOAN AMORTIZATION SCHEDULE FROST NATIONAL BANK</b>			
<b>YR END AUG 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
2011	\$ 7,264	\$ 151	\$ 7,415
	<u>\$ 7,264</u>	<u>\$ 151</u>	<u>\$ 7,415</u>

**GUADALUPE-BLANCO RIVER AUTHORITY  
AMORTIZATION SCHEDULES**

**WATER RESOURCE WATER RIGHT PURCHASE AMORTIZATION SCHEDULE  
LULING FOUNDATION**

YR END AUG 31	LULING FOUNDATION			ABNER USSERY			TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	
2011	\$ 15,197	\$ 23,103	\$ 38,300	\$ 8,928	\$ 13,572	\$ 22,500	\$ 60,800
2012	15,881	22,419	38,300	9,329	13,171	22,500	60,800
2013	16,595	21,705	38,300	9,749	12,751	22,500	60,800
2014	17,342	20,958	38,300	10,188	12,312	22,500	60,800
2015	18,123	20,177	38,300	10,646	11,854	22,500	60,800
2016	18,938	19,362	38,300	11,126	11,374	22,500	60,800
2017	19,790	18,510	38,300	11,626	10,874	22,500	60,800
2018	20,681	17,619	38,300	12,149	10,351	22,500	60,800
2019	21,612	16,688	38,300	12,696	9,804	22,500	60,800
2020	22,584	15,716	38,300	13,267	9,233	22,500	60,800
2021	23,600	14,700	38,300	13,864	8,636	22,500	60,800
2022	24,662	13,638	38,300	14,488	8,012	22,500	60,800
2023	25,772	12,528	38,300	15,140	7,360	22,500	60,800
2024	26,932	11,368	38,300	15,822	6,678	22,500	60,800
2025	28,144	10,156	38,300	16,534	5,966	22,500	60,800
2026	29,410	8,890	38,300	17,278	5,222	22,500	60,800
2027	30,734	7,566	38,300	18,055	4,445	22,500	60,800
2028	32,117	6,183	38,300	18,868	3,632	22,500	60,800
2029	33,562	4,738	38,300	19,717	2,783	22,500	60,800
2030	35,072	3,228	38,300	20,604	1,896	22,500	60,800
2031	36,653	1,647	38,300	21,533	967	22,500	60,800
	<u>\$ 513,401</u>	<u>\$ 290,899</u>	<u>\$ 804,300</u>	<u>\$ 301,607</u>	<u>\$ 170,893</u>	<u>\$ 472,500</u>	<u>\$ 1,276,800</u>

**METCALF BANK LOAN, EQUIPMENT**

YR END AUG 31	PRINCIPAL	INTEREST	TOTAL
2011	\$ 20,089	\$ 3,263	\$ 23,352
2012	21,170	2,182	23,352
2013	22,308	1,044	23,352
2014	7,708	84	7,792
	<u>\$ 71,275</u>	<u>\$ 6,573</u>	<u>\$ 77,848</u>

**GENERAL IMPROVEMENT REVENUE BONDS, SERIES 2002**

YR END AUG 31	PRINCIPAL	INTEREST	TOTAL
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>\$ 3,500,000</u>	<u>\$ 1,615,609</u>	<u>\$ 5,115,609</u>

**GUADALUPE-BLANCO RIVER AUTHORITY  
AMORTIZATION SCHEDULES**

**REGIONAL RAW WATER DELIVERY SYSTEM CONTRACT REVENUE BONDS, SERIES 1998  
CITY OF SAN MARCOS, TEXAS**

<b>YR END AUG 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
2011	\$ -- *	\$ -- *	\$ --
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>\$ 6,750,000</u>	<u>\$ 2,390,870</u>	<u>\$ 9,140,870</u>

\* The principal and related interest were due on September 1, 2009 but were paid in fiscal year ending August 31, 2009.

**CONTRACT REVENUE BONDS, SERIES 2003  
WESTERN CANYON REGIONAL WATER SUPPLY PROJECT**

<b>YR END AUG 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
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>\$ 71,625,000</u>	<u>\$ 50,736,876</u>	<u>\$ 122,361,876</u>

**GUADALUPE-BLANCO RIVER AUTHORITY  
AMORTIZATION SCHEDULES**

**COMBINATION CONTRACT REVENUE BONDS SERIES 2004A & 2004B  
IH 35 PROJECT**

YR END AUG 31	SERIES 2004A			SERIES 2004B			TOTAL
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	
2011	\$ 300,000	\$ 694,675	\$ 994,675	\$ 85,000	\$ 291,370	\$ 376,370	\$ 1,371,045
2012	310,000	684,775	994,775	90,000	286,695	376,695	1,371,470
2013	320,000	673,925	993,925	95,000	281,745	376,745	1,370,670
2014	335,000	662,325	997,325	100,000	276,520	376,520	1,373,845
2015	345,000	649,762	994,762	105,000	271,020	376,020	1,370,782
2016	360,000	636,825	996,825	110,000	265,245	375,245	1,372,070
2017	370,000	622,425	992,425	115,000	259,195	374,195	1,366,620
2018	385,000	607,625	992,625	125,000	252,870	377,870	1,370,495
2019	405,000	591,744	996,744	130,000	245,995	375,995	1,372,739
2020	420,000	574,025	994,025	135,000	238,845	373,845	1,367,870
2021	440,000	555,650	995,650	145,000	231,420	376,420	1,372,070
2022	460,000	533,650	993,650	150,000	223,010	373,010	1,366,660
2023	485,000	510,650	995,650	160,000	214,310	374,310	1,369,960
2024	510,000	486,400	996,400	170,000	205,030	375,030	1,371,430
2025	535,000	460,900	995,900	180,000	195,170	375,170	1,371,070
2026	560,000	435,487	995,487	190,000	184,730	374,730	1,370,217
2027	585,000	408,887	993,887	200,000	173,710	373,710	1,367,597
2028	615,000	381,100	996,100	215,000	162,110	377,110	1,373,210
2029	645,000	351,887	996,887	225,000	149,640	374,640	1,371,527
2030	675,000	321,250	996,250	240,000	136,590	376,590	1,372,840
2031	705,000	287,500	992,500	255,000	122,670	377,670	1,370,170
2032	740,000	252,250	992,250	270,000	107,880	377,880	1,370,130
2033	780,000	215,250	995,250	285,000	92,220	377,220	1,372,470
2034	820,000	176,250	996,250	300,000	75,690	375,690	1,371,940
2035	860,000	135,250	995,250	315,000	58,290	373,290	1,368,540
2036	900,000	92,250	992,250	335,000	40,020	375,020	1,367,270
2037	945,000	47,250	992,250	355,000	20,590	375,590	1,367,840
	<u>\$ 14,810,000</u>	<u>\$ 12,049,967</u>	<u>\$ 26,859,967</u>	<u>\$ 5,080,000</u>	<u>\$ 5,062,580</u>	<u>\$ 10,142,580</u>	<u>\$ 37,002,547</u>

**GUADALUPE-BLANCO RIVER AUTHORITY  
AMORTIZATION SCHEDULES**

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

YR END AUG 31	SERIES 2007A			SERIES 2007B			TOTAL
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	
2011	\$ 145,000	\$ 451,750	\$ 596,750	\$ 65,000	\$ 403,697	\$ 468,697	\$ 1,065,447
2012	150,000	444,500	594,500	70,000	399,102	469,102	1,063,602
2013	160,000	437,000	597,000	75,000	394,153	469,153	1,066,153
2014	170,000	429,000	599,000	80,000	388,850	468,850	1,067,850
2015	175,000	420,500	595,500	85,000	383,194	468,194	1,063,694
2016	185,000	411,750	596,750	90,000	377,185	467,185	1,063,935
2017	195,000	402,500	597,500	100,000	370,822	470,822	1,068,322
2018	205,000	392,750	597,750	105,000	363,752	468,752	1,066,502
2019	215,000	382,500	597,500	110,000	356,328	466,328	1,063,828
2020	225,000	371,750	596,750	120,000	348,551	468,551	1,065,301
2021	235,000	360,500	595,500	130,000	340,067	470,067	1,065,567
2022	250,000	348,750	598,750	135,000	330,876	465,876	1,064,626
2023	260,000	336,250	596,250	145,000	321,332	466,332	1,062,582
2024	275,000	323,250	598,250	155,000	311,080	466,080	1,064,330
2025	285,000	309,500	594,500	170,000	300,122	470,122	1,064,622
2026	300,000	295,250	595,250	180,000	288,103	468,103	1,063,353
2027	315,000	280,250	595,250	195,000	275,377	470,377	1,065,627
2028	330,000	264,500	594,500	205,000	261,590	466,590	1,061,090
2029	350,000	248,000	598,000	220,000	247,097	467,097	1,065,097
2030	365,000	230,500	595,500	235,000	231,543	466,543	1,062,043
2031	385,000	212,250	597,250	255,000	214,928	469,928	1,067,178
2032	405,000	193,000	598,000	270,000	196,900	466,900	1,064,900
2033	425,000	172,750	597,750	290,000	177,811	467,811	1,065,561
2034	445,000	151,500	596,500	310,000	157,308	467,308	1,063,808
2035	470,000	129,250	599,250	335,000	135,391	470,391	1,069,641
2036	490,000	105,750	595,750	355,000	111,706	466,706	1,062,456
2037	515,000	81,250	596,250	380,000	86,608	466,608	1,062,858
2038	540,000	55,500	595,500	410,000	59,742	469,742	1,065,242
2039	570,000	28,500	598,500	435,000	30,755	465,755	1,064,255
	<u>\$ 9,035,000</u>	<u>\$ 8,270,500</u>	<u>\$ 17,305,500</u>	<u>\$ 5,710,000</u>	<u>\$ 7,863,970</u>	<u>\$ 13,573,970</u>	<u>\$ 30,879,470</u>

**GUADALUPE-BLANCO RIVER AUTHORITY  
AMORTIZATION SCHEDULES**

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

YR END AUG 31	PRINCIPAL	INTEREST	TOTAL
2011	\$ 8,795	\$ 15,205	\$ 24,000
2012	9,117	14,883	24,000
2013	9,535	14,465	24,000
2014	9,929	14,071	24,000
2015	10,339	13,661	24,000
2016	29,533	13,111	42,644
2017	49,975	11,313	61,288
2018	52,040	9,248	61,288
2019	54,190	7,098	61,288
2020	56,416	4,872	61,288
2021	58,760	2,528	61,288
2022	30,281	362	30,643
	<u>\$ 378,910</u>	<u>\$ 120,817</u>	<u>\$ 499,727</u>

**WATER SUPPLY REVENUE BONDS  
CITY OF PORT LAVACA, TEXAS, SERIES 2000**

YR END AUG 31	PRINCIPAL	INTEREST	TOTAL
2011	\$ 240,000	\$ 73,500	\$ 313,500
2012	250,000	62,045	312,045
2013	265,000	49,810	314,810
2014	275,000	36,850	311,850
2015	295,000	22,875	317,875
2016	310,000	7,750	317,750
	<u>\$ 1,635,000</u>	<u>\$ 252,830</u>	<u>\$ 1,887,830</u>

**REGIONAL WASTE DISPOSAL REVENUE BONDS AND  
REFUNDING AND IMPROVEMENT REVENUE BONDS  
(CITY OF VICTORIA, TEXAS) SERIES 1989 AND 1996**

YR END AUG 31	1989 SERIES		1996 SERIES		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2011	\$ 435,000	\$ -	\$ 345,000	\$ 8,194	\$ 788,194
	<u>\$ 435,000</u>	<u>\$ --</u>	<u>\$ 345,000</u>	<u>\$ 8,194</u>	<u>\$ 788,194</u>

*The 1989 series bonds maturing during fiscal years 2009 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.*

**GUADALUPE-BLANCO RIVER AUTHORITY  
AMORTIZATION SCHEDULES**

**CONTRACT REVENUE BONDS  
CITY OF LOCKHART, TEXAS, SERIES 2004**

<b>YR END AUG 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
2011	\$ 175,000	\$ 266,029	\$ 441,029
2012	180,000	258,929	438,929
2013	190,000	251,434	441,434
2014	200,000	243,039	443,039
2015	205,000	233,926	438,926
2016	215,000	224,584	439,584
2017	225,000	214,791	439,791
2018	235,000	204,324	439,324
2019	250,000	192,669	442,669
2020	260,000	179,756	439,756
2021	275,000	166,047	441,047
2022	285,000	151,875	436,875
2023	300,000	137,250	437,250
2024	315,000	121,875	436,875
2025	335,000	105,625	440,625
2026	350,000	88,500	438,500
2027	370,000	70,500	440,500
2028	390,000	51,500	441,500
2029	405,000	31,625	436,625
2030	430,000	10,750	440,750
	<u>\$ 5,590,000</u>	<u>\$ 3,205,028</u>	<u>\$ 8,795,028</u>

**HYDROELECTRIC PROJECT (CITY OF NEW BRAUNFELS, TEXAS)  
REVENUE REFUNDING BONDS, SERIES 2002**

<b>YR END AUG 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
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>\$ 3,875,000</u>	<u>\$ 460,771</u>	<u>\$ 4,335,771</u>

**CONTRACT REVENUE BONDS, SERIES 1996  
CITY OF LOCKHART PROJECT**

<b>YR END AUG 31</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
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>\$ 3,915,000</u>	<u>\$ 653,689</u>	<u>\$ 4,568,689</u>



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# STATISTICAL SECTION

## Index and Explanation

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

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

	Fiscal Year							
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Primary government								
Invested in capital assets, net of related debt	\$ 43,235,437	\$ 40,582,695	\$ 38,715,589	\$ 36,361,304	\$ 38,506,620	\$ 41,278,632	\$ 29,946,905	\$ 28,544,428
Restricted	6,521,324	10,715,810	7,978,016	6,221,215	3,649,302	3,712,823	3,767,282	3,732,721
Unrestricted	<u>15,143,773</u>	<u>10,656,309</u>	<u>11,365,266</u>	<u>10,843,049</u>	<u>7,698,500</u>	<u>2,751,204</u>	<u>13,498,123</u>	<u>14,427,337</u>
Total primary government net assets	<u>\$ 64,900,534</u>	<u>\$ 61,954,814</u>	<u>\$ 58,058,871</u>	<u>\$ 53,425,568</u>	<u>\$ 49,854,422</u>	<u>\$ 47,742,659</u>	<u>\$ 47,212,310</u>	<u>\$ 46,704,486</u>

**Note:** GBRA began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

**Guadalupe Blanco River Authority**  
**Changes in Net Assets**  
**Last Eight Fiscal Years**

<u>Fiscal Year</u>	<u>Operating Revenues</u>	<u>Operating Expenses</u>	<u>Operating Income</u>	<u>Total Nonoperating Revenues (Expenses)</u>	<u>Income before Capital Contributions</u>	<u>Capital Contributions</u>	<u>Change in Net Assets</u>
2003	\$ 24,715,917	\$ 19,570,481	\$ 5,145,436	\$ (2,478,241)	\$ 2,667,195	\$ 422,599	\$ 3,089,794
2004	24,746,450	21,722,827	3,023,623	(2,527,295)	496,328	11,496	507,824
2005	27,391,962	22,423,013	4,968,949	(4,748,011)	220,938	309,411	530,349
2006	32,739,335	24,507,001	8,232,334	(4,838,756)	3,393,578	11,496	3,405,074
2007	38,542,513	28,865,971	9,676,542	(3,343,954)	6,332,588	9,879	6,342,467
2008	44,645,439	33,684,665	10,960,774	(6,290,390)	4,670,384	704,171	5,374,555
2009	45,001,215	34,503,980	10,497,235	(6,695,555)	3,801,680	1,300,256	5,101,936
2010	44,517,699	34,970,761	9,546,938	(6,499,912)	3,047,026	414,096	3,461,122

**Note:** GBRA began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

**Guadalupe Blanco River Authority**

**Operating Revenues by Source  
Last Eight Fiscal Years**

Year	Pollution and Industrial Financing	Power Sales	Water Sales and Lake Operations	Rental, Recreation and Land Use	Waste Water Treatment Services	Laboratory Services	Miscellaneous	Total
2003	\$ 341,600	\$ 3,291,811	\$ 13,218,362	\$ 693,986	\$ 4,787,951	\$ 303,199	\$ 2,079,008	\$ 24,715,917
2004	324,725	3,497,610	12,612,934	739,851	4,994,556	337,564	2,239,210	24,746,450
2005	205,233	3,872,868	15,663,761	740,988	5,002,254	435,819	1,471,039	27,391,962
2006	222,657	3,427,563	20,122,065	781,252	5,581,511	538,302	2,065,985	32,739,335
2007	-	3,764,212	24,850,270	916,797	6,248,195	594,524	2,168,515	38,542,513
2008	163,560	3,854,491	30,255,712	973,603	6,271,513	641,059	2,485,501	44,645,439
2009	-	3,056,054	31,051,511	932,909	6,683,467	675,585	2,601,689	45,001,215
2010	-	4,040,510	31,054,841	927,049	6,107,928	759,958	1,627,413	44,517,699

**Operating Expenses  
Last Eight Fiscal Years**

Year	Personnel Operating Costs	Operating Supplies and Services	Maintenance and Repairs	Depreciation and Amortization	Total
2003	\$ 6,328,767	\$ 7,676,099	\$ 2,807,840	\$ 2,757,775	\$ 19,570,481
2004	6,800,123	9,034,504	3,068,368	2,819,832	21,722,827
2005	7,229,312	8,879,415	3,298,910	3,015,376	22,423,013
2006	7,830,077	10,084,494	3,454,708	3,137,722	24,507,001
2007	8,997,620	12,770,894	4,036,894	3,060,563	28,865,971
2008	9,325,518	13,858,478	4,876,916	5,623,753	33,684,665
2009	10,014,890	14,371,964	4,539,233	5,577,893	34,503,980
2010	9,942,404	14,484,672	4,416,585	6,127,100	34,970,761

**Nonoperating Revenue and Expenses  
Last Eight Fiscal Years**

Year	Interest Expense	Investment Income	Gain (Loss) on Disposal of Capital Assets	Costs (Revenue) Recovered in Future Years	Special Items (a)	Total
2003	\$ (2,521,188)	\$ 171,472	\$ (4,004)	\$ (124,521)	\$ -	\$ (2,478,241)
2004	(2,413,026)	180,130	(734)	(293,665)	-	(2,527,295)
2005	(4,015,142)	310,337	(19,523)	(790,362)	(233,321)	(4,748,011)
2006	(5,401,953)	555,481	7,716	(1,604,770)	-	(6,443,526)
2007	(4,199,747)	855,793	-	(2,174,357)	-	(5,518,311)
2008	(7,046,879)	828,429	(71,940)	(741,252)	-	(7,031,642)
2009	(7,410,716)	475,308	(2,704)	(705,993)	-	(7,644,105)
2010	(7,184,205)	237,079	16,790	(1,015,402)	-	(7,945,738)

(a.) Special Items in FY 2005 include a gain of \$295,053 resulting from early pay-off of Bonded debt, and a loss of (\$528,374) from the write off of Certain Diversion and Water Supply Development Costs.

Note: GBRA began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

# List of Principal Customers

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

City of Buda  
 City of Lockhart  
 City of Schertz  
 City of Seguin  
 City of Victoria  
 City of Wimberley  
 Cordillera Ranch  
 North Hays County MUD #1  
 Sunfield Municipal Utility District  
 Texas Department of Transportation

## POWER SALES & OTHER SERVICES

## WATER SALES CUSTOMERS

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



## WASTEWATER TREATMENT CUSTOMERS

## WATER TREATMENT CUSTOMERS

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

The above customers represent GBRA's principal customers. Because of the long term nature of GBRA's contracts, the majority of these customers have been customers of GBRA for ten years or more. The Water Sales Customers represent GBRA's largest source of revenue. The rate history for the previous ten years for Water Sales Customers is as follows:

Price Per Acre-Foot (1)	Effective Date
69.00	10/1/2000
80.00	10/1/2002
84.00	11/1/2003
88.00	10/1/2004
92.00	10/1/2005
96.00	10/1/2006
100.00	10/1/2007
105.00	10/1/2008
110.00	10/1/2010

(1) Excludes cut-of-district charges.

## Types of Operating Systems

GBRA divisions are segregated into systems to allow for cost accounting and control. Each system has one of two types of budgets, either “Budget-to-Actual” or “Units of Service”. Budget-to-Actual systems provide services based on a budget approved by the customer and GBRA. During the course of the year, the customer is billed based on the annual budget with those billings adjusted to the total actual cost of service at each fiscal year end. Unit-of Service budgets are for the other GBRA operations where the customer pays for some type of service based on a unit of measure at a rate approved by the GBRA Board of Directors. The revenue, derived from these customers, pay the operating and maintenance, debt service, and capital addition expenses of the system. In these divisions and systems, the income is completely dependent upon the number of units sold. The table below distinguishes the systems according to the type of operations in which they operate:

<b>Budget-to-Actual Operations:</b>	<b>Principal Customers</b>	<b>County</b>
Shadow Creek Wastewater Treatment Plant	North Hays County MUD #1	Hays
Northcliffe Wastewater Treatment Plant	City of Schertz	Guadalupe
Sunfield Wastewater Treatment Plant	Sunfield MUD #4	Hays
Buda Wastewater Treatment Plant	City of Buda	Hays
Port Lavaca Water Treatment Plant	City of Port Lavaca	Calhoun
Victoria Regional Wastewater Reclamation System	City of Victoria	Victoria
Coleto Creek Reservoir	Coleto Creek Power, LP	Victoria/Goliad
Luling Water Treatment Plant	City of Luling	Caldwell
Canyon Hydroelectric Plant	New Braunfels Utilities	Comal
Lockhart Wastewater Reclamation System	City of Lockhart	Caldwell
Lockhart Water Treatment Plant	City of Lockhart	Caldwell

<b>Unit of Service Operations:</b>	<b>Principal Customers</b>	<b>County</b>
General Division	GBRA Systems	Guadalupe
Guadalupe Valley Hydroelectric Division	Guadalupe Valley Electric Coop.	Guadalupe/Gonzales
Canyon Park Wastewater Reclamation System	Residential Customers	Comal
Dunlap Wastewater Reclamation System	Residential Customers	Guadalupe
Springs Hill Wastewater Reclamation System	Residential Customers	Guadalupe
Wimberley Wastewater Treatment Plant	Village of Wimberley	Hays
Water Sales System	Communities, industries, farmers	Entire River Basin
Regional Laboratory System	Residential, Industrial, City Customers	Guadalupe
Calhoun Canal System	Farmers, Port Lavaca Plant, Industrial	Calhoun
San Marcos Water Treatment Plant	City of San Marcos	Hays
Western Canyon Division	Boerne, Bulverde, Fair Oaks, Cordillera	Comal/Kendall
Bulverde Water Distribution System	Residential and Commercial Customers	Comal
Cordillera Water Treatment Plant	Residential and Commercial Customers	Kendall
Cordillera Wastewater Treatment Plant	Residential and Commercial Customers	Kendall
Comal Trace Water Distribution System	Residential and Commercial Customers	Comal
Johnson Ranch Water Distribution System	Residential Customers, Public School	Comal
Johnson Ranch Wastewater Treatment Plant	Residential Customers, Public School	Comal
Calhoun County Rural Water System	Residential Customers	Calhoun
Coleto Creek Recreation	Recreational Customers	Victoria/Goliad

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

Year	Obligations Payable Directly By GBRA		Obligations Payable From Revenue Contracts (a)		Pollution Control (b)
	Bonds	Loans	Bonds	Loans	Bonds
2001	-	5,691,110	37,320,000	3,126,123	4,700,000
2002	-	7,112,802	33,990,000	3,076,778	4,700,000
2003	4,280,000	6,610,246	106,905,000	3,023,337	4,700,000
2004	4,185,000	6,544,463	116,310,000	2,965,461	4,700,000
2005	4,085,000	5,971,257	135,450,000	2,902,781	-
2006	3,980,000	11,431,676	131,955,000	2,834,899	-
2007	3,870,000	11,685,249	127,995,000	2,761,382	-
2008	3,755,000	11,076,109	138,490,000	395,467	-
2009	3,630,000	10,845,301	133,870,000	387,356	-
2010	3,500,000	9,981,619	128,805,000	378,910	-

(a) Contract revenue bonds and loans are payable from revenue derived from various contracts between GBRA and the various parties securing payment to GBRA for debt service payments on the bonds and loans. Debt coverage is 100% for these bonds and loans. Each customer is billed monthly for 1/12 of the total debt service for the fiscal year. Each revenue bond contract is insured or credit rated based on the financial strength of GBRA's service contract.

(b) A bond issue totaling \$4,700,000 was guaranteed by Standard Oil Company of Ohio. Although GBRA owns the water supply supply facilities and the bond issue bore GBRA's name, GBRA did not pledge its credit nor was it liable for any principal, premium, interest or costs associated with this issued. British Petroleum Chemical Company and Standard Oil Company pledged their credit and bore sole responsibility for all debt service payments. The amount of debt service that British Petroleum paid was recognized as pollution and industrial financing income as well as interest expense. The bond issue was entirely retired by Standard Oil Company of Ohio during 2005.

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



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

**Pollution Control and  
Industrial Development Bonds**

---

<b>Year</b>	
2001	125,390,000
2002	104,390,000
2003	104,390,000
2004	104,390,000
2005	104,390,000
2006	90,890,000
2007	90,890,000
2008	90,890,000
2009	90,890,000
2010	90,890,000

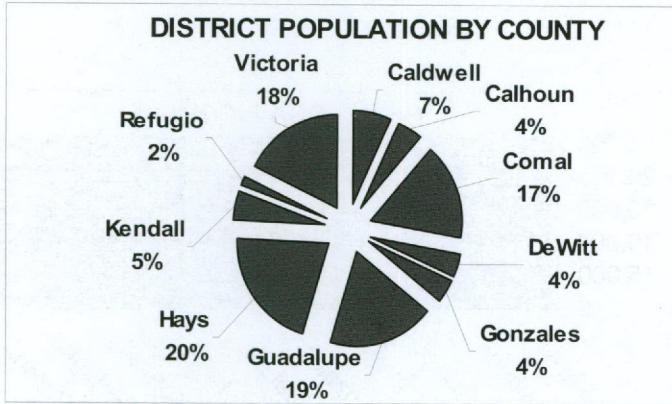
GBRA has assisted industries within the GBRA service area by acting as issuing conduit so that the user of the bond proceeds benefited from reduced debt service requirements. Fees to administer this debt are recognized as pollution and industrial financing income. In each case, the user of the bond proceeds pledge their credit, bear sole responsibility for all debt service, make all payments directly to the trustee and completely indemnify GBRA for any costs incurred. Due to the character of these bonds, GBRA considers them debts of the third party users rather than debts of GBRA. Therefore, these bonds and the related receivables have been excluded from the combined financial statements in order to avoid misrepresenting the nature of the bonds and distorting GBRA's statements. The exclusion is in conformity with the Texas State Auditor's Report dated October 6, 1986 for Water Districts and River Authorities reporting third party conduit financings.

## GBRA District Demographics

GBRA's service area is geographically part of south central Texas. It stretches from the Hill Country through the I-35 Corridor and into the Gulf Coast. GBRA's service area includes ten-counties and more than seventy cities and communities. This geographic diversity in turn provides economic diversity with a unique combination of agriculture, oil and gas, defense, high tech and heavy industry.

GBRA provides a variety of services to rural water corporations, electric cooperatives, industries and individuals within this ten-county district. The array of services includes water sales and distribution, water treatment, wastewater treatment, hydroelectric generation, laboratory analysis and recreation opportunities.

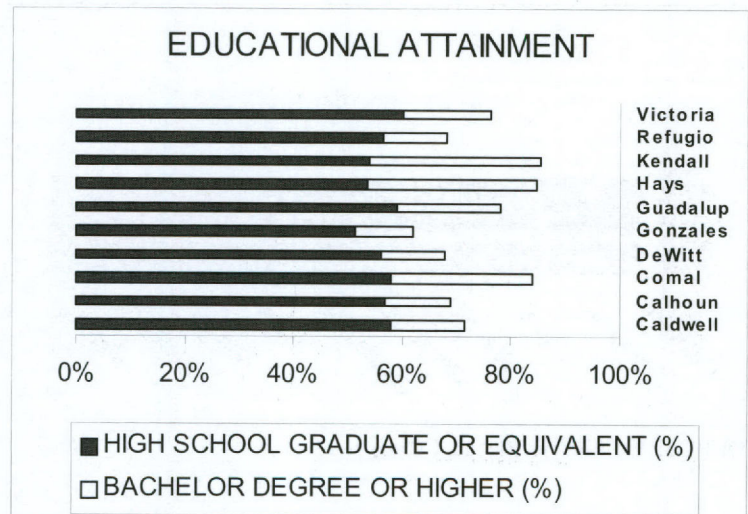
This diversity allows the local economy to be among the State's growth leaders and outpace the national economy as well as weather the effects of any global economic problems better than other areas may. The local economy is also being spurred by tremendous population growth along the I-35 Corridor. Indicative of this population boom is the fact that the cities of Austin and San Antonio are the 3<sup>rd</sup> and 5<sup>th</sup> fastest growing metropolitan areas in the state. The graphs below and on the following page portray the population and economic base within GBRA's ten-county district.



SOURCE: U.S. Census Bureau, Census 2000

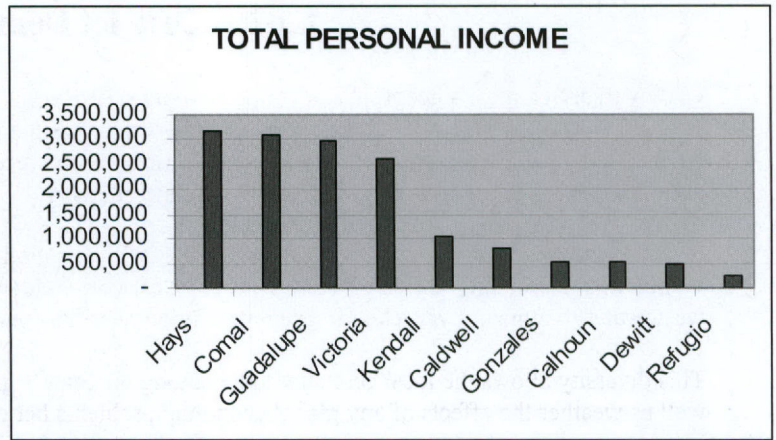
COUNTY	POPULATION
Hays	97,589
Guadalupe	89,023
Victoria	84,088
Comal	78,021
Caldwell	32,194
Kendall	23,743
Calhoun	20,647
DeWitt	20,013
Gonzales	18,628

COUNTY	HIGH SCHOOL GRADUATE OR EQUIV.	BACHELOR DEGREE OR HIGHER
Caldwell	58%	13%
Calhoun	57%	12%
Comal	58%	26%
DeWitt	56%	12%
Gonzales	51%	11%
Guadalupe	59%	19%
Hays	53%	31%
Kendall	54%	31%
Refugio	57%	12%
Victoria	60%	16%



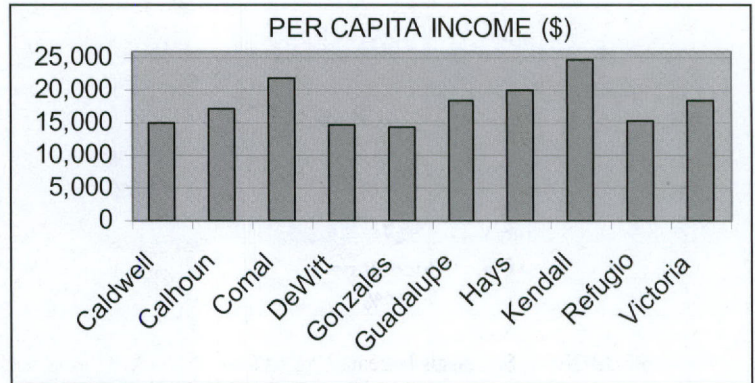
SOURCE: U.S. Census Bureau, Census 2000

<u>COUNTY</u>	<u>TOTAL PERSONAL INCOME</u>
Hays	3,186,753
Comal	3,117,052
Guadalupe	2,960,808
Victoria	2,629,240
Kendall	1,057,535
Caldwell	803,644
Gonzales	519,198
Calhoun	504,580
Dewitt	494,756
Refugio	223,168

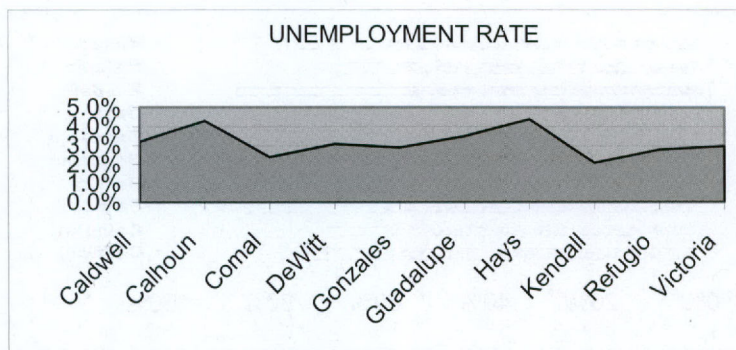


SOURCE:: Bureau of Economic Analysis U.S. Dept.of Commerce 2005

<u>COUNTY</u>	<u>PER CAPITA INCOME</u>
Kendall	24,619
Comal	21,914
Hays	19,931
Guadalupe	18,430
Victoria	18,379
Calhoun	17,125
Refugio	15,481
Caldwell	15,099
DeWitt	14,780
Gonzales	14,269



SOURCE: U.S. Census Bureau, Census 2000



SOURCE: U.S. Census Bureau, Census 2000

<u>COUNTY</u>	<u>UNEMPLOYMENT RATE</u>
Hays	4.4%
Calhoun	4.3%
Guadalupe	3.5%
Caldwell	3.2%
DeWitt	3.1%
Victoria	3.0%
Gonzales	2.9%
Refugio	2.8%
Comal	2.4%
Kendall	2.1%

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

Division	Number of Authorized Positions Full Time Equivalent Fiscal Year Ended August 31									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
	General	28.5	30	33.5	34.5	35.5	35.5	36	38	40
Guadalupe Valley Electric	24	24	24	25	25	25	25	25	25	25
Rural Utilities	5	5	5	6	5	6	6	7	7	7
Water Resources	33.5	34	39	41.5	45.5	45	45	46	51	48
Western Canyon	0	0	0	0	7	7	8	9	9	9
Port Lavaca WTP	8	8	8	8	8	8	8	8	8	8
Calhoun County RWSS	4	4	4	4	4	4	4	4	4	4
Victoria Regional WWRS	20	20	21	21	21	21	21	21	21	19
Coletto Creek Park and Reservoir	16.5	16.5	16	16	16	16	16	16	16	16
Luling WTP	5	5	5	5	5	5	5	5	5	5
Canyon Hydroelectric	2	2	2	2	2	2	2	2	2	2
Lockhart WWTP & WTP	9	10	10	10	11	11	11	11	11	11
<b>Total</b>	<b>155.5</b>	<b>158.5</b>	<b>167.5</b>	<b>173</b>	<b>185</b>	<b>185.5</b>	<b>187</b>	<b>192</b>	<b>199</b>	<b>194</b>

**Notes:** A full-time employee is scheduled to work 2,088 hours per year (including vacation and sick leave).



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**GUADALUPE-BLANCO RIVER AUTHORITY  
OPERATING STATISTICS**

<b>Operating Statistics:</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
<b>Water Treatment Customers:</b>					
Total Water Distributed (Gal.)					
Calhoun County Rural Water Supply Division	83,603,000	70,348,000	70,501,000	72,392,000	76,710,000
Total Water Treated (Gal.)					
CRWA-Hays/Caldwell Water Treatment Plant System	--	--	331,000,000	225,000,000	89,818,289
Lockhart Water Treatment System	519,389,102	614,466,054	560,814,000	527,260,000	557,882,000
Luling Water Treatment Plant Division	321,077,000	306,271,000	286,951,000	256,335,000	470,651,000
Port Lavaca Water Treatment Plant Division	798,749,000	753,453,000	642,047,000	686,938,000	692,600,000
San Marcos Water Treatment Plant System	1,498,437,000	1,401,515,000	1,656,000,000	1,586,000,000	1,645,448,005
Western Canyon Water Treatment Plant System	--	--	--	--	--
<b>Waste Water Treatment Customers:</b>					
Total Wastewater Treated (Gal.)					
Buda Wastewater Treatment Plant	--	102,900,000	125,300,000	110,470,000	120,300,000
Crestview Subdivision Wastewater Treatment Plan:	2,846,072	1,867,506	1,910,945	2,433,849	2,523,245
Lockhart Wastewater Reclamation System	459,200,000	516,100,000	588,700,000	542,930,000	609,430,000
Rural Utilities Division	148,990,000	152,410,000	147,100,000	150,410,000	153,054,000
Victoria Regional Wastewater Reclamation Division	2,687,800,000	2,155,900,000	2,741,000,000	2,788,000,000	2,811,000,000
Village of Wimberley Wastewater Treatment Plant	--	--	--	1,760,000	2,974,000
North Hayes County MUD #1	--	--	--	--	--
Sunfield Subdivision Wastewater Treatment					
<b>Water Sales Customers:</b>					
Rice Irrigation (Acres)					
Calhoun Canal System	1,458	1,475	1,897	2,488	2,430
Water Delivered (Gal.)					
Guadalupe Power Partners	599,209,000	821,496,000	846,695,620	898,443,000	966,788,000
Regional Raw Water Delivery System	1,525,000,000	1,445,000,000	1,965,000,000	1,713,000,000	2,151,367,000
<b>Power Sales &amp; Other Services:</b>					
Total Generation (kWh)					
Guadalupe Valley Hydroelectric Division	74,338,600	77,361,500	64,974,600	77,975,500	86,911,400
Canyon Hydroelectric Division	25,930,989	16,493,895	--	14,930,325	24,371,501
Annual Permits					
Lake Wood Recreation Area	59	45	34	35	13
Coleto Creek Regional Park	211	241	246	262	260
Camping Permits					
Lake Wood Recreation Area	2,459	2,105	2,323	2,030	2,264
Coleto Creek Regional Park	11,255	12,326	11,856	12,736	11,800
Camping Cabins					
Coleto Creek Regional Park	--	425	568	573	692
Day Use Permits					
Lake Wood Recreation Area	3,127	2,501	2,671	2,641	2,686
Coleto Creek Regional Park	15,455	15,056	15,052	14,771	16,051

FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
75,334,000	62,684,000	75,006,000	87,252,000	71,381,000
--	--	--	--	--
581,087,000	479,150,000	525,871,000	554,970,000	542,137,000
802,677,000	651,263,000	734,704,000	677,043,000	634,399,000
666,085,000	592,510,000	673,172,000	739,501,000	630,210,000
1,711,018,000	2,129,290,000	2,404,842,000	2,773,635,000	2,685,046,000
1,041,235,000	2,713,775,000	3,648,193,000	3,669,842,000	3,722,663,000
119,580,000	198,200,000	243,800,000	273,300,000	339,800,000
2,404,060	3,256,203	2,191,534	2,184,018	3,059,616
491,100,000	489,000,000	447,100,000	380,250,000	465,830,000
149,520,000	190,740,000	168,630,000	168,400,000	239,600,000
2,741,000,000	2,390,000,000	2,585,000,000	2,209,000,000	2,579,000,000
4,381,000	5,385,000	3,660,000	4,720,000	3,246,000
3,641,000	23,790,000	35,570,000	35,980,000	41,010,000
				2,560,000
2,634	2,086	2,809	2,153	2,177
1,129,607,000	974,680,000	1,157,790,000	1,146,655,000	998,991,000
1,811,222,000	2,129,290,000	3,274,240,000	2,908,782,000	3,280,168,000
44,412,900	64,980,700	66,914,600	25,726,200	71,633,300
7,906,746	9,102,504	19,026,827	2,415,841	17,716,632
23	11	17	9	18
258	274	285	252	254
3,235	2,112	2,635	2,995	3,204
12,554	13,376	14,594	12,941	12,393
664	542	662	725	717
2,860	2,164	2,567	2,739	2,776
16,378	14,177	16,851	15,139	14,465

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

Year	Guadalupe Valley				Port Lavaca	Calhoun	Victoria	Luling				Lockhart	Total
	General	Hydro	Rural	Water	Water	Rural	Regional	Coleto	Water	Canyon			
Division	Division	Utilities	Resource	Treatment	Water	Supply	Wastewater	Creek	Treatment	Hydro	Division	Division	
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	
2004	114,217	26,438	35,959	598,056	29,509	39,592	39,466	13,074	-	-	13,193	\$ 909,504	
2005	86,849	99,352	28,790	334,940	17,721	51,209	66,455	14,451	5,803,879	-	32,030	\$ 6,535,676	
2006	54,012	13,010	118,078	350,993	1,165	114,275	95,199	43,171	275,991	-	27,638	\$ 1,093,531	
2007	114,664	409,952	4,557,535	102,312,530	52,897	107,390	64,896	81,342	131,282	125,553	36,057	\$ 107,994,098	
2008	41,054	990,319	117,216	1,936,806	22,614	113,413	14,254	37,238	5,893	-	29,332	\$ 3,308,138	
2009	485,055	121,593	391,855	14,182,783	1,464,060	28,727	77,120	7,829	-	-	59,264	\$ 16,818,286	
2010	83,824	121,168	591,354	511,881	4,106	48,080	57,852	-	-	-	207,062	\$ 1,625,327	

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

	2003	2004	2005	2006	2007	2008	2009	2010
Land, Water & Storage Rights	\$ 2,077,812	\$ -	\$ 1,088,461	\$ -	\$ 6,718,880	\$ 99,723	\$ 433,650	\$ -
Structures & Improvements	1,984,279	142,425	4,612,873	647,401	99,724,123	2,759,542	15,702,963	1,005,294
Specialized Equipment	1,791	14,738	68,966	60,202	110,451	69,706	142,709	63,522
Auto & Heavy Equipment	402,739	617,808	213,367	195,622	238,477	193,219	248,342	205,812
Office Furniture & Equipment	93,149	84,821	108,694	94,745	102,270	54,612	121,309	23,902
Miscellaneous Equipment	59,952	49,712	443,314	95,561	1,099,896	131,337	169,314	326,797
<b>Total</b>	<b>\$ 4,619,722</b>	<b>\$ 909,504</b>	<b>\$ 6,535,676</b>	<b>\$ 1,093,531</b>	<b>\$ 107,994,097</b>	<b>\$ 3,308,138</b>	<b>\$ 16,818,286</b>	<b>\$ 1,625,327</b>

**Note:** GBRA began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.



INDEPENDENT AUDITOR'S REPORT  
IN ACCORDANCE WITH  
GOVERNMENT AUDITING  
STANDARDS

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equlebasf

# REPORT ON COMPLIANCE AND INTERNAL CONTROLS

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Thompson,  
Williams,  
Biediger,  
Kastor  
&  
Young,  
L.C.



4801 N.W. LOOP 410, SUITE 725  
SAN ANTONIO, TEXAS 78229  
210/341-2581  
FAX 210/341-2588  
cpas@twbky.com

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
Guadalupe- Blanco River Authority

We have audited the financial statements of Guadalupe- Blanco River Authority, as of and for the year ended August 31, 2010, which collectively comprise Guadalupe- Blanco River Authority's basic financial statements, and have issued our report thereon dated December 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Guadalupe- Blanco River Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Guadalupe- Blanco River Authority's internal control over financial reporting.

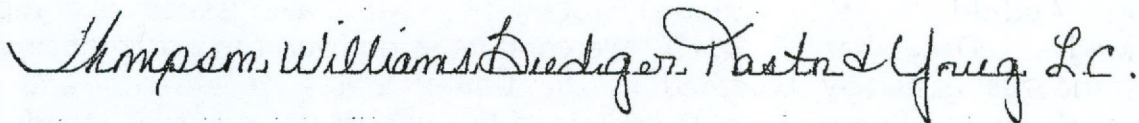
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the audit committee, the board of directors, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants

San Antonio, Texas

December 15, 2010





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

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