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# ANNUAL REPORT

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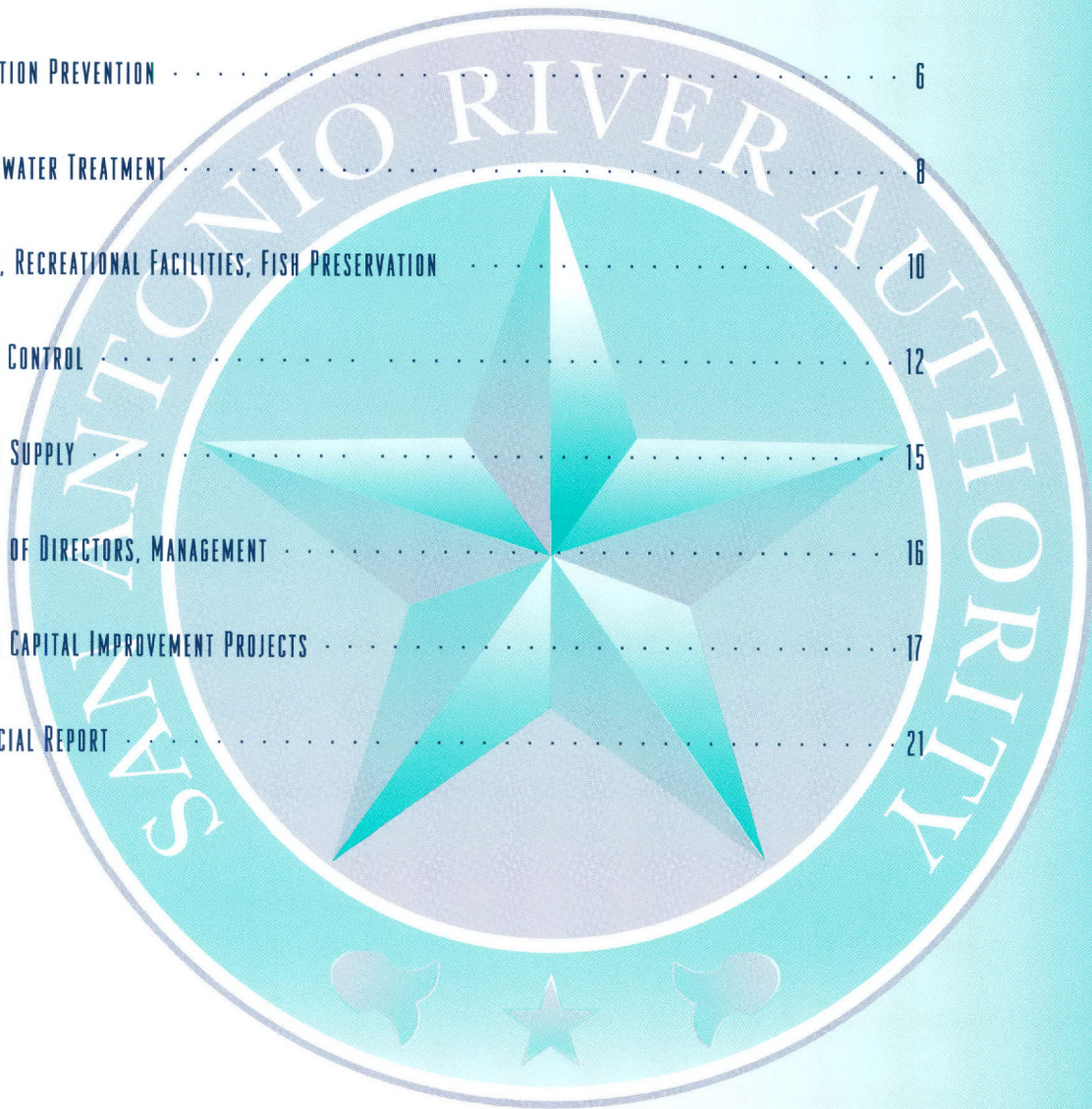
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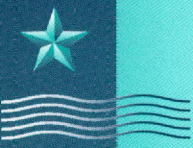
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The water resource picture in the San Antonio region remains muddled. With the passage of S.B. 1477, the Edwards Aquifer Authority was established and scheduled to go into effect September 1, 1993 but the U. S. Justice Department did not clear the appointment of Board members under the Federal Voting Rights Act, thus placing the new Authority on hold and inoperable.

The Applewhite Reservoir Project, part of the San Antonio Water System 2050 Plan, was defeated at the polls in San Antonio. This vote now eliminates one of the projects in the Trans-Texas planning effort being sponsored by a multitude of governmental entities from the Sabine River Basin in East Texas to the Nueces River Basin in West Central Texas. The San Antonio River Authority is the coordinating entity for the West Central Study group which completed the first phase of the study and will begin definition of the second phase in the fall and winter of 1994-95.

A minor but significant step in providing water resources in San Antonio occurred when the San Antonio Water System contracted with SARA to design and incorporate a reuse element in the San Antonio River Flood Control Tunnel Project currently under construction. When completed, highly treated wastewater will be piped to the tunnel outlet near Lone Star Boulevard and transported via the tunnel to the upstream inlet at Josephine Street. Water from the tunnel inlet will be repressurized at a booster station and delivered upstream to provide baseflow for the San Antonio River and Salado Creek as well as irrigation water for parks and golf courses thereby relieving water usage from the Edwards Aquifer. This project is jointly sponsored by SARA, the U. S. Army Corps of Engineers, Bexar County, the City of San Antonio and the San Antonio Water System. The tunnel project should be completed and fully operational in 1996.

The flood control channels at Asylum Creek and No Name Creek in the Missions National Historical Park area were completed in early 1994 and are functioning.



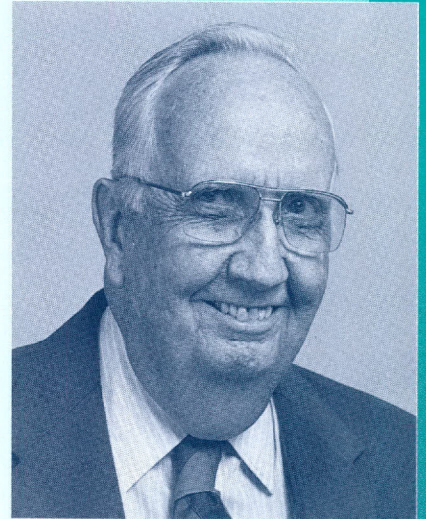
The new Elmendorf Lake Dam is under construction and scheduled for completion in 1995 while plans for the San Pedro Creek Project from Poplar Street to Myrtle Street were nearing completion with construction in 1995.

SARA personnel continued to provide the operation and maintenance of 41 rural flood control dams throughout the basin. In mid 1994, the three dams of the Hondo Creek Watershed in Karnes County were transferred to the Hondo Creek Watershed District for their care and maintenance. SARA also continues to operate the Salatrillo, Upper Martinez and Martinez II wastewater treatment facilities in Bexar County; to provide water quality surveillance and monitoring of streams throughout the basin; to operate a modern regional laboratory certified for water and wastewater analyses; and to provide outdoor recreation at Braunig and Calaveras Lakes.

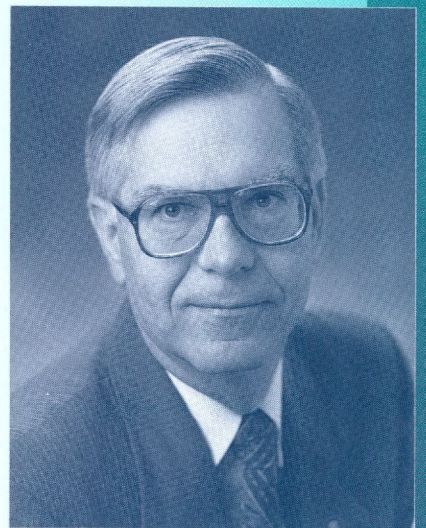
All of SARA activities in Fiscal Year 1994 were funded from user fees, intergovernmental contract revenues and interest earned on investments. SARA was authorized by the Texas Legislature and the voters of the district to levy an Ad Valorem tax to support administrative, planning and operation activities, but no tax has been levied since 1980.

  
WINSTON W. LORENZ  
CHAIRMAN

  
FRED N. PFEIFFER  
GENERAL MANAGER



WINSTON W. LORENZ, CHAIRMAN OF THE BOARD

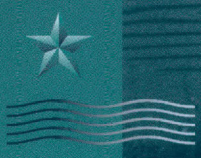
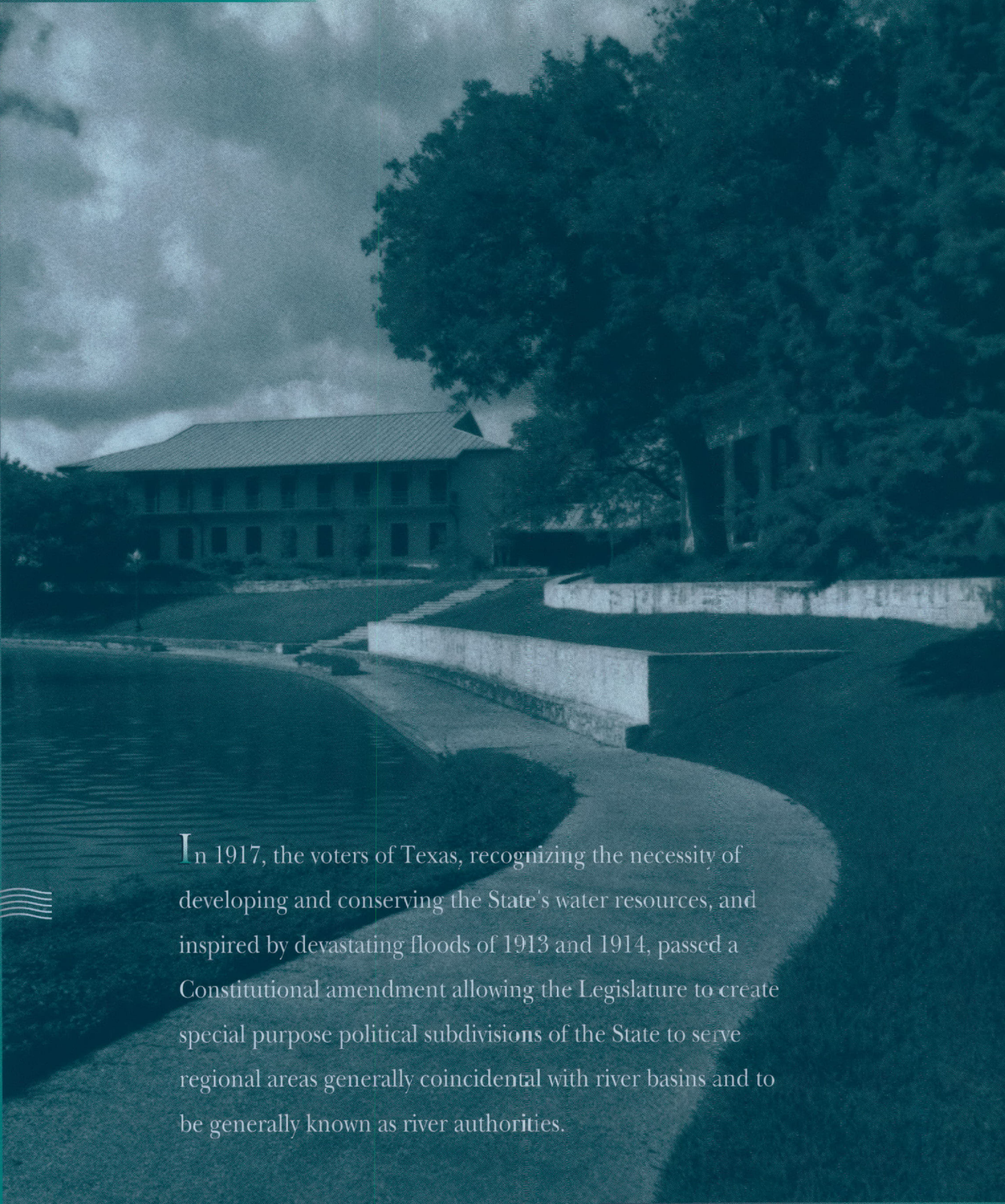


FRED N. PFEIFFER, GENERAL MANAGER





## HISTORY



In 1917, the voters of Texas, recognizing the necessity of developing and conserving the State's water resources, and inspired by devastating floods of 1913 and 1914, passed a Constitutional amendment allowing the Legislature to create special purpose political subdivisions of the State to serve regional areas generally coincidental with river basins and to be generally known as river authorities.

MAIN OFFICE OF THE SAN ANTONIO RIVER AUTHORITY,  
LOCATED AT 100 EAST GUENTHER STREET, SAN ANTONIO, TEXAS.



The San Antonio River Authority, created in 1937, is one of 22 such active organizations in the State. Its jurisdiction covers 3,677 square miles, being all of Bexar, Wilson, Karnes and Goliad Counties, which area substantially represents the watershed of the San Antonio River.



The legislated responsibilities of the San Antonio River Authority include flood control, pollution prevention, soil conservation, sewage treatment, water conservation (including storage, procurement, distribution and supply), irrigation, navigation, parks, recreational facilities, fish preservation and forestation measures.

Development, protection and conservation of the river basin's scarce water resources have always been the highest priorities of the San Antonio River Authority. Structures of the Authority's Salado Creek Watershed Protection Project already serve to recharge the Edwards Aquifer. For over a decade, water-efficient plumbing fixtures have been required in developments served by the Authority's wastewater plants in eastern Bexar County. The beneficial reuse of treated wastewater from these plants is now under consideration. Water quality improvement and water recycling is planned through features being constructed as part of the San Antonio River flood control tunnel project. Guardian of the environment in the streambed of the San Antonio River, the Authority has also helped to create rules protecting water quality in the Edwards Aquifer. For many years, an advocate of the necessity for developing surface water to supplement the limited groundwater supplies in the basin, the San Antonio River Authority stands ready if called, to construct the reservoir projects previously identified in the San Antonio river basin.

The Authority is governed by a twelve member Board of Directors. Six directors are elected from Bexar County and two are elected from each of the three downstream counties with each member serving for six years. Policies established by the Board are executed by a management organization under the direction of a Manager appointed by the Board.





A basin wide water quality monitoring program is maintained by the San Antonio River Authority Environmental Services Division. It includes 173 sampling stations on area streams and reservoirs. The water quality monitoring program also includes routine analysis of all wastewater discharges in the basin as a check for compliance with wastewater discharge permits issued by the Environmental Protection Agency and the Texas Natural Resource Conservation Commission (TNRCC).

The Environmental Services laboratory provides analytical support for the water quality monitoring effort, as well as analytical services for SARA Utilities and SARA Engineering Divisions. The laboratory also provides analytical services to the Edwards Underground Water District, Nueces River Authority, the Texas Natural Resource Conservation Commission, Texas Department of Highways and Transportation, the City of San Antonio and other area municipalities.

Wastewater effluent samples are tested in the laboratory for eighteen municipalities and ten commercial activities who are concerned about regular compliance with State and Federal wastewater discharge permits.

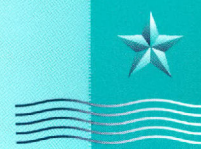
In an effort to assist area wastewater treatment facilities to remain in compliance with new monitoring requirements, the laboratory has expanded its capabilities to include on-site and laboratory biomonitoring of aquatic organisms and toxicity testing of wastewater treatment plant effluents.

The SARA laboratory is certified for bacterial analysis of drinking water by the Texas Natural Resource Conservation Commission. The lab provides analysis of potable water supplies for municipalities, water suppliers, commercial interests and private water wells throughout the San Antonio River basin and South Texas.

The Authority has continued its long-standing practice of pollution complaint and fish-kill investigations within the basin and assisted the Texas Natural Resource Conservation Commission, Texas Parks and Wildlife Department and the San Antonio Metropolitan Health District in those investigations. The Authority has also been active in the monitoring of accidents and chemical spills that have upset the aquatic ecology in portions of the drainage basin. Water quality data gathered by Environmental Services personnel from fish-kill investigations and accidental spills is made available to other agencies involved in impact assessment.



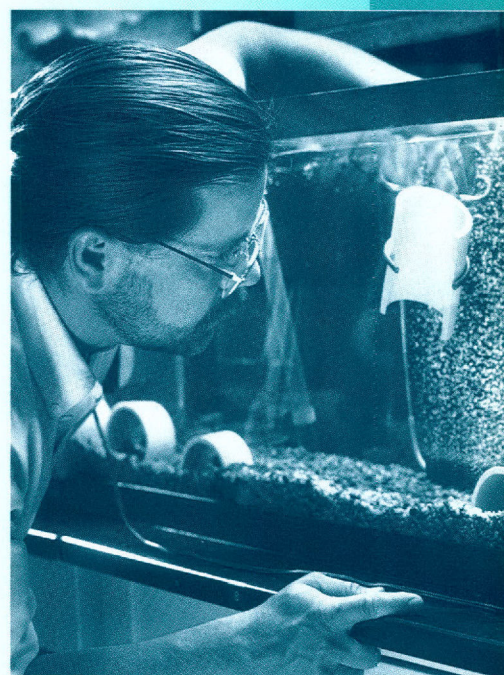




In coordination with the City of San Antonio, the United States Geological Survey (USGS) and others, the Authority is participating in the expanded USGS Water Resource and Water Quality Monitoring program. The expanded system provides instantaneous information on basin stream flow and surface water quality via satellite transmission.

During the 72nd Session, the State Legislature passed the Texas Clean Rivers Act (Senate Bill 818). This legislation has called for a regional assessment of water quality in each river basin of the State. The San Antonio River Authority has been named as the regional agency responsible for the planning, coordination and implementation of the water quality assessment program.

The assessments are intended to identify significant issues affecting water quality in each river basin. Environmental Services Division personnel initiated the water quality assessment of the SARA basin in 1992 with a preliminary organization and review of available water quality related data and information. During Fiscal Year 1994, the Environmental Services Division completed the second biennial assessment of water quality in the San Antonio River basin. The second biennial report included an in-depth analysis of data compiled during the 1992 assessment and an expanded review of the activities in the basin that could impact water quality. A report summarizing the findings has been submitted to the Texas Natural Resource Conservation Commission and the Governor of Texas.



In addition to the Texas Clean Rivers Act Water Quality Assessments, the San Antonio River Authority has agreed with the Texas Natural Resource Conservation Commission to conduct a pilot study that will evaluate the impacts of non-point source pollution within the San Antonio drainage basin. The pilot study will evaluate the relationship between non-point source pollutant loading and the biological condition of the receiving streams. Upon completion, the pilot study is expected to provide information that will significantly advance current capabilities to assess effects of non-point pollution sources statewide. Environmental Services Division personnel have completed the second year of sampling under the pilot study.

As a long term aid to pollution abatement in the SARA basin, the Authority promotes public awareness of aquatic ecology, water pollution, conservation and resource protection. SARA Environmental Services Division personnel continue to present educational programs to scout troops, senior citizen groups, fishing clubs, schools and civic organizations interested in aquatic ecology and environmental preservation.



## WASTEWATER TREATMENT

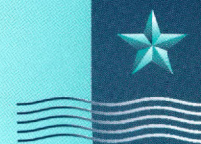
Sanitary sewerage service in eastern Bexar County is provided by the Utilities Operations Division of the San Antonio River Authority, with one sewage treatment plant in the Salatrillo Creek watershed and two sewage treatment plants in the Martinez Creek watershed. These plants use a variety of methods to purify the wastewater so that it can be safely returned to the environment.



THE SALATRILLO WASTEWATER TREATMENT PLANT HAS RETROFITTED THE CHLORINE CONTACT CHAMBER WITH AN ULTRAVIOLET DISINFECTION SYSTEM.








The Salatrillo Creek Wastewater System serves the requirements of the cities of Live Oak, Converse, the western part of Universal City, and the area outside these cities which is within the gravity drainage basin of the treatment plant. Effluent from the Salatrillo Wastewater Treatment Plant is discharged into the receiving waters of the Salatrillo Creek at an average of 2.7 million gallons daily (MGD), where it is used downstream by private owners for livestock and irrigation. The current permitted treatment capacity of the Salatrillo Plant is 4.33 MGD. This plant utilizes the energy efficient carrousel-type extended aeration system and also utilizes a lime stabilized biosolid for beneficial land applications to grow animal feed crops. This environmentally-sound system recycles the by-products of wastewater treatment. In addition, an ultraviolet disinfection system has been installed to eliminate the use of chlorine for disinfection.

In 1993 the EPA issued new regulations governing disposal of sludge from wastewater treatment plants which affects the way SARA beneficially uses its sludge. In anticipation of the new EPA regulations, SARA started design in 1991 of a new system to treat and beneficially use its sludge. The new system, which meets the EPA requirements for treatment and pathogen reduction in sludge, was completed in FY94. Sludge treated to meet the new standards is known as biosolids. SARA is now able to continue its commitment to beneficial use of sludge. The project includes installation of belt filter presses to dewater the sludge at the Salatrillo and Upper Martinez wastewater treatment plants. A lime stabilization system was installed at the Upper Martinez wastewater treatment plant to treat the sludge into biosolids. The biosolids are applied to agricultural land at the Salatrillo and Martinez irrigation sites to grow hay.

The Martinez Creek Wastewater System consists of the Martinez I and Martinez II wastewater treatment plants. These plants provide service to residential and commercial development in an unincorporated area in eastern Bexar County between the City of San Antonio and the Salatrillo System service area. Effluent from the Martinez Wastewater Treatment Plants is discharged into the receiving waters of the Martinez Creek at a combined average of 1.75 million gallons daily (MGD), where it is used downstream by private owners for livestock and irrigation. The energy efficient carrousel-type Martinez I Plant has treatment capacity of 2.21 MGD and utilizes the lime stabilized biosolids for beneficial land disposal for growing animal feed crops. The Martinez II Plant, with its similar type treatment system, is an extension of the Martinez Creek Wastewater system and provides an additional treatment capacity of 1 MGD for the Martinez Creek service area. State permits for both the Martinez I and Martinez II plants were renewed, and dechlorination facilities were installed at each of these plants to meet new permit requirements.





The Authority operates two fee-supported public recreational areas, Calaveras Lake Park and Braunig Lake Park. Lying only four miles apart and within 20 miles of the urban center of San Antonio, both lakes offer a wide variety of water-oriented recreational activities to all residents of South Texas. The parks are located on steam-electric power plant “off-channel” cooling reservoirs and are made possible by long term leases between the City Public Service Board of San Antonio and the Authority. The “off-channel” operating procedure requires that the water lost to evaporation be replaced by pumping “make-up” water from the San Antonio River located nearby.

The pumping of “make-up” water from the San Antonio River over the last twenty years has increased the dissolved salts in the lakes to a point that the waters will now support adaptive saltwater fish. This enables the Texas Parks and Wildlife Department to stock the lakes with both native and adaptive fish in accordance with their fisheries management program. This program has resulted in the highly successful stocking of the saltwater Red Drum (redfish) which has added an exciting new dimension for the area’s freshwater sports fishermen. The current Texas freshwater record Red Drum of 30 pounds 4 ounces came from Braunig Lake in the fall of 1989.

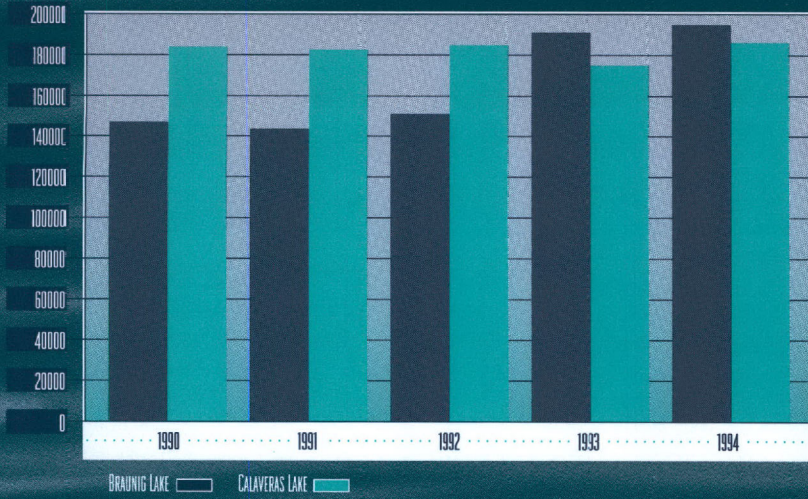
Calaveras Lake is open to the public 24 hours daily year-around, as is Braunig Lake except for the months of December and January when this lake is open only for limited operations during daytime hours. Both parks offer boat launch ramps and complete concession facilities including bait, tackle, picnic supplies and boat rentals. These lakes provide superb fishing for bass, channel and blue catfish, as well as adaptive saltwater fish species. Opportunities for day and overnight camping are also offered with the availability of picnic tables and public restrooms.

During the past five years, the Authority has operated and maintained nursery ponds for the enhancement of largemouth bass fishing at the lakes in a cooperative effort with the Texas Parks and Wildlife and the San Antonio Metropolitan League of Bass Clubs. Texas Parks and Wildlife provides technical assistance and bass fry. Releases from the nursery ponds into Calaveras Lake in the Spring of 1994 totaled 40,000 fingerling bass.

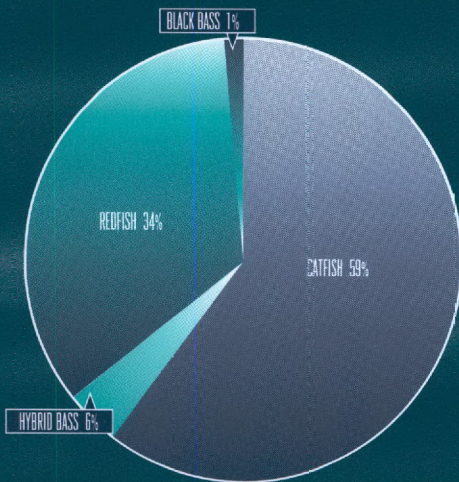
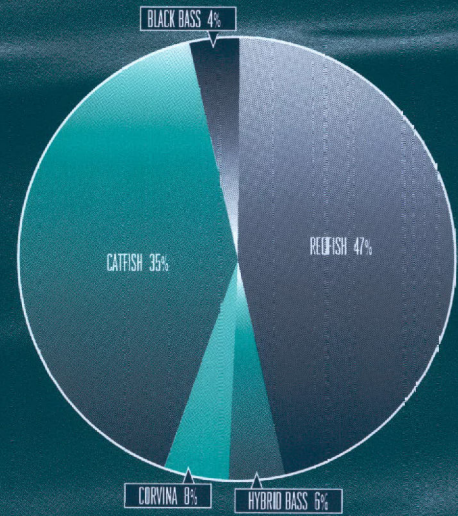




## ANNUAL VISITATION



## FISH HARVEST PROFILE . . . CALAVERAS LAKE



## FISH HARVEST PROFILE . . . BRAUNIG LAKE





## FLOOD CONTROL

The 1921 flood was the catalyst for the City of San Antonio's adoption of a flood control plan. Olmos Dam was constructed in 1926, at a cost of \$1.5 million, to retain flood waters from the northern portion of the City. Additionally, cutoff channels and widening and deepening of sections of the San Antonio River and its four tributary creeks were accomplished at a cost of slightly over \$3.5 million.

However, this work was not sufficient to prevent the extensive property damage and loss of lives that occurred again as a result of the 1946 flood. Following the flood in 1946, the U. S. Army Corps of Engineers completed a comprehensive examination and survey study of the San Antonio River and its tributaries. This report, entitled the "*San Antonio River Channel Improvement Project*" or SACIP, which included the widening, deepening and straightening of 31 miles of the San Antonio River and tributary creeks within the City was approved by Congress in 1954. The San Antonio River Authority was designated the "local interest" participant.

Under this authorization, the Corps of Engineers is responsible for the design and construction of the project. SARA's responsibility as local sponsor includes right-of-way acquisition, utility relocation and construction of bridges and in-channel dams, mainly financed by the Bexar County Flood Control Tax authorized by Bexar County voters in 1951. The City of

CONSTRUCTION OF CONCRETE WALL SECTIONS ON THE  
SAN ANTONIO RIVER FLOOD CONTROL TUNNEL INLET STRUCTURE.



San Antonio finances segments not covered by the County Tax and is required to operate and maintain the completed segments.

The 1967 Bexar County Flood Control Contract included a 1.75 mile extension of the SACIP. It is complete and is being maintained by the Authority. The 1967 Bexar County Flood Control contract also included the Salado Creek Watershed Protection and Flood Prevention Project located in northern Bexar County. This project consists of building fourteen flood control dams on the upstream part of Salado Creek and its tributaries to prevent downstream flooding rather than construction of extensive channelizations of individual creeks. These dams also provide recharge water to the Edwards Aquifer. There are now twelve dams in operation, with Site 10 waiting for final construction of its emergency spillway section.

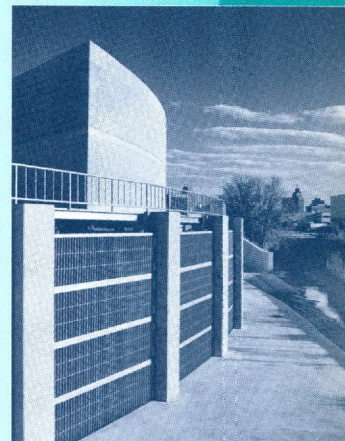
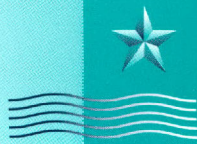
Another agreement in 1976 amended the flood control contract to include work not previously authorized. These projects were: (1) modifications to Olmos Dam, (2) retention dams and reservoirs or downtown bypass, (3) San Antonio River channel modifications from Nueva Street to 8th Street, (4) reconstruction of San Juan Dam, (5) Six Mile Creek channel improvement, (6) San Pedro Creek channel improvements from Travis Street to Myrtle Street and (7) channel dams from Nueva Street to Brackenridge Park. The estimated cost of these projects was \$30 million and the contract called for the work to be done at cost rather than for a fixed sum as in the original and 1967 contract.

In 1990, an amendment to the 1976 contract was accepted for an additional \$40 million for the continued design and construction of some of the previously authorized projects and included funds for new projects. Labeled as priority one projects were: 1) the flood water diversion project, San Antonio River, 2) San Pedro Creek Channel Project, 3) Asylum and No Name Creek Channel Rectification Project and the restoration of the San Juan Acequia associated with both creeks, 4) 19th Street Dam, 5) Flood Gate #3 Reconstruction and 6) the completion of the Olmos and Nueva Street dam projects.

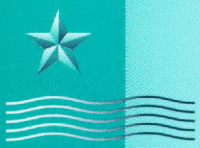
Although most of the San Antonio Channel Improvement Project has been completed, vital sections remain unimproved and these impact downtown San Antonio. In this highly congested area, Corps of Engineers studies determined that conventional methods of flood control were hydraulically and geometrically complex and would prove to be too costly and disruptive. The Corps, therefore, recommended using flood diversion tunnels, one on the San Pedro Creek and the other on the San Antonio River. The tunnels have been designed to divert and carry a major portion of the floodwater beneath downtown San Antonio. With the diversion, existing channels will then be able to safely contain the remaining floodwater.

The San Pedro Creek tunnel begins at Interstate 35 between Santa Rosa and Cameron Streets and continues along the alignment of San Pedro Creek to the outlet at Guadalupe Street. It is 6,000 feet long with a finished inside diameter of 24 feet 4 inches. The inlet structure includes a bypass pumping system to maintain base flow in San Pedro Creek. The San Pedro Creek tunnel project is currently operational.

Construction of the San Antonio River tunnel and liner was completed in 1992. The tunnel is approximately 3 miles long with a finished inside diameter of 24 feet 4 inches. The intake structure is located on the east bank of







the San Antonio River near Josephine Street with construction beginning in September 1993. This site is immediately south of the Brackenridge Park golf course and was designed by the San Antonio River Authority Engineering Department and U.S. Army Corps of Engineers to complement the park setting by incorporating landscaping and a waterfeature that will cascade to almost 30 feet into the San Antonio River. The waterfeature will mask the 120 foot long floodwater intake opening with its trashracks and aerate recirculated river water to improve water quality.

Floodwaters entering the intake structure will be carried through the tunnel and will be discharged at the outlet structure which is located on the west bank of the San Antonio River near Lone Star Boulevard. The tunnel outlet structure is being designed by the San Antonio River Authority Engineering Department and is scheduled for construction to begin in April, 1995. Stormwaters will flow out of the outlet shaft over a 200 foot concrete apron before combining with the flow in the previously improved San Antonio River channel. A park setting with waterfeature is being designed to mask the floodwater discharge structures. The waterfeature will also aerate the river water, thereby improving the water's quality.

The inlet and outlet sites will include pumping facilities for the waterfeatures, a tunnel recirculation system and San Antonio Water System reclaimed water transportation for reuse. The tunnel recirculation system is designed to enhance the base flow in the San Antonio River during low flow periods in order to conserve water, in addition to maintaining the water quality in the San Antonio River tunnel. The waterfeature aerated water can also be used in the tunnel recirculation system. The tunnel will act as a conduct for reuse water transportation to augment the base flow of the San Antonio River and Salado Creek and deliver water for irrigation.

In addition to the tunnels, construction of the Asylum and No Name Creek Channel Rectification Project was completed and final design of the San Pedro Creek Channel Project was wrapping up. Construction for the replacement of the 19th Street Dam also progressed during FY94.

Upon completion of both tunnels and the San Pedro Creek Channel three phase project, the SACIP will provide existing dam reinforcement, new dams, 34 miles of improved channels, 55 all-weather bridges and two flood control tunnels which will protect extensively developed urban property.

In suburban and rural areas throughout the San Antonio River Basin, the Authority's approach to flood control is through development of numerous small flood control dams on tributary streams as opposed to extensive channel improvement measures. The U.S. Soil Conservation Service designs and constructs these floodwater retention dams by agreement with the Authority under the terms of the Small Watershed Protection and Flood Prevention Act of 1944, Public Law 83-566. The Authority and other local sponsors of these projects obtain rights-of-way and maintain the works of improvement upon completion.

Throughout the District, the Authority now operates and maintains thirty-eight flood control structures. In Bexar County the number of completed dams is as follows: 12 dams on Salado Creek, 7 dams on Calaveras, and 6 on the Martinez watershed. In Karnes County: 13 dams on Escondido Creek, 3 dams on Hondo Creek (maintained by Hondo Creek Watershed District) and 2.07 miles of channel on Nichols Creek are complete.



The Cibolo and Goliad reservoirs are projects previously identified for potential development in the San Antonio river basin.

The Cibolo project is projected to be near the City of Stockdale on the Cibolo Creek in Wilson County and has a projected firm yield of between 24,000 and 30,000 acre feet. Its purpose is to provide municipal and industrial water for the region and possibly serve as a staging reservoir for moving bulk raw water from projects in the Guadalupe river basin or from the Trans Texas Water Program.

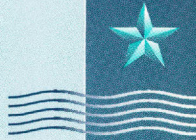
The Goliad Reservoir, located on the San Antonio river near the City of Goliad, would have a firm yield of approximately 115,000 acre feet annually and could serve municipal and industrial needs in both the San Antonio and Corpus Christi area.

These projects and additional Edwards recharge dams in the upper basin on or near the recharge zone are being studied in the Trans Texas Water Program.

The Trans Texas Water Program is a comprehensive water resources planning process focused on evaluating the full range of both near and long term water management strategies for a large area of Texas encompassing an area from the Sabine River Basin in East Texas to the Nueces River Basin in West Central Texas. The overall goal of the program is to identify the most cost effective and environmentally sensitive strategies for meeting the current and future needs of the area under study.

The San Antonio Water System, Edwards Underground Water District, Lower Colorado River Authority, Guadalupe-Blanco River Authority, Nueces River Authority, Bexar Metropolitan Water District and the San Antonio River Authority agreed to cosponsor the Trans Texas Water Program in the area they represent, which is called the West Central Study Area. Joining with the Texas Water Development Board, Texas Natural Resource Conservation Commission and the Texas Parks and Wildlife Department, the comprehensive planning effort will review all options for providing the water needs of the region through the year 2050.

The San Antonio River Authority is the coordinating entity for the West Central Study Area. The Phase I conceptual screening study was completed in the summer of 1994. The participants will begin definition of the second phase in the fall and winter of 1994-1995 and are also evaluating ways to increase public involvement in the study and acceptance of the results.





## BOARD OF DIRECTORS



FRONT ROW (FROM LEFT): Jesse Oveido - *Executive Committee*, Truett Hunt, Nancy M. Steves

MIDDLE ROW (FROM LEFT): Winston W. Lorenz - *Chairman*, Martha Clifton McNeel - *Vice Chairman*, J.C. Turner

BACK ROW (FROM LEFT): Cecil W. Bain, Roger V. Gary, H.B. Ruckman III - *Secretary*, Paul K. Herder

NOT PICTURED: Otis L. Walker - *Treasurer*, R. H. Ramsey

## MANAGEMENT



FRONT ROW (FROM LEFT): Fred N. Pfeiffer - *General Manager*, Judith T. Pavlik - *Controller*,  
Dennis W. Marrin - *Chief, Administrative Services*

BACK ROW (FROM LEFT): F. Blair Warren - *Assistant Manager*, Steven P. Ramsey - *Chief Engineer*



## MAJOR CAPITAL IMPROVEMENT PROJECTS

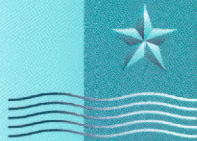
WORKERS APPLYING A CONCRETE FINISH TO THE LABYRINTH WEIR DAM BEING CONSTRUCTED AT ELMENDORF LAKE.

During Fiscal Year 1994, the Authority continued its long standing sponsorship of the San Antonio Channel Improvement Project (SACIP). The engineering department was engaged in a number of projects directly or indirectly associated with this long term flood control project.

### FLOOD CONTROL PROJECTS

#### San Pedro Creek Channel Project (*Poplar to Ashby Place*)

This project is divided into three phases. Construction of Phase I work on Myrtle Street began in March of 1992 and concluded in the fall of 1992. The Phase I work included construction in the vicinity of historic San Pedro Park. Phase II of the project involves channel improvements, box culverts, and street reconstruction from Cypress to Myrtle Street. The open channel segment is designed to provide a natural, maintainable setting on the last open channel section of San Pedro Creek. The Phase II work will be joint bid with a City of San Antonio project along Fredericksburg Road from Woodlief to Princeton and is scheduled for construction during FY95.





Phase III involves box culvert and street reconstruction from Myrtle Street to West Ashby Place with additional work funded by the City of San Antonio for drainage improvements on Hickman, Weymouth, Krempkau, Hess, West Ashby Place, Ripley, West French, and Aganier Streets. Box culverts beneath the Union Pacific Railroad will be required at Weymouth and French Streets. Phase III design is scheduled for the fall of 1994.

#### **San Antonio River Tunnel Project**

During FY94, the Authority assisted the U.S. Army Corps of Engineers with continued construction of the San Antonio River Tunnel Project, which extends from Lone Star Boulevard to U.S. Highway 281. The Engineering Department and U.S Army Corps of Engineers began the design of the tunnel outlet local sponsor improvements and flood control facilities in FY94. In September 1993, construction of the tunnel inlet began. The project provides for the recirculation and aeration of stored tunnel water and augmentation of the baseflow in the San Antonio River during periods of low flow. These facilities will also complement their adjacent surroundings. With final construction completion now scheduled for October 1996, the tunnel will provide additional flood protection for downtown San Antonio, yet its construction can be accomplished without disruptive reconstruction of utilities, bridges, and the existing river channel. Federal appropriations to the Corps have funded the tunnel construction. The Authority's 2.65% local interest cash contribution, right-of-way acquisitions, utility relocations, aeration and recirculation features and engineering activities are funded by the Bexar County Flood Control Tax.

#### **19th Street Gate Replacement Project**

Scheduled for construction completion in February 1995, this project involves construction of a labyrinth weir dam as a low maintenance alternative to create Elmendorf Lake and yet achieve flood control.

#### **San Antonio River Flood Gate #3 Reconstruction**

Scheduled for completion in August 1994, this project consists of modifications to the electrical and mechanical facilities of not only Gate 3 but also Gates 4 and 5. These modifications enable the flood gates to be incorporated into the San Antonio River Tunnel control system.

#### **Asylum and No Name Creek Channel Rectification Project**

Construction of flood control channels on Asylum and No Name Creeks repaired the breached sections of the San Juan Acequia and prevented flood water from entering the San Juan Acequia where it crosses these creeks. Flow from the repaired San Juan Acequia can now be used to irrigate the historic fields of Mission San Juan which are being developed by the National Park Service into a demonstration farm to depict Spanish mission life. Restoration of flow to the acequia satisfied the oldest water right in the state of Texas with a priority date of December 31, 1731.

The project was built at cost of \$5.04 million and was completed in March 1994. This project was financed by the Bexar County Flood Control Tax.

#### **San Antonio Water System (SAWS) Water Reuse Lift Station**

This project is being designed by SARA for the San Antonio Water System (SAWS), in which SAWS proposes to use the San Antonio River Tunnel as a conduit for reuse water from its wastewater treatment plants. A maximum



of 26.6 cfs (11900 GPM) will be designated for reuse purposes during the tunnel's "recirculation" or "reverse flow" mode of operation. Water from the tunnel will be pumped out of the inlet facilities located at U.S. Highway 281 and the San Antonio River, and then gravity flow to a proposed SAWS lift station. The lift station will pump reuse water to sites further north, including Brackenridge Park area golf courses, the botanical center, and return a 10.0 cfs combined flow to Salado Creek and the San Antonio River. The lift station will work as an integral part of the recirculation facility, with coordinated pumps, valves, and instrumentation. The lift station will be located on a portion of the tunnel inlet site, which is part of Brackenridge Park.

#### **Nichols Creek Channel Repair Project**

This project will construct repairs to an existing flood control channel in the City of Kenedy in Karnes County. Work to be accomplished includes channel bottom pavement placement and modifications in several areas to eliminate standing water, replacement of unstable channel walls and floor at a critical location and the installation of additional expansion joints. The original work was installed in Nichols Creek by the Soil Conservation Service as part of the Nichols Creek channelization project in 1968.

### **SALATRILLO WASTEWATER TREATMENT SYSTEM**

The Salatrillo Wastewater Treatment Plant and Collection System serves the sanitary sewage requirements of the cities of Live Oak, Converse and Universal City, and the development outside these cities which is within the gravity drainage basin of the treatment plant.

#### **Salatrillo Plant Expansion and Disinfection Project**

This project consists of design and construction of modifications to the plant's existing chlorine contact chamber and oxidation ditches. These modifications were in response to the Environmental Protection Agency requiring a zero chlorine residual at the point of effluent discharge from the plant. Modifications to the oxidation ditches respond to new requirements by the Texas Natural Resource Conservation Commission concerning aerator backup. Construction on this project was completed in FY93. Activities on this project in FY94 included revising operation and maintenance manuals for the new processes installed.

#### **Lower Salatrillo Parallel Phase I Relief Line**

This project designed in FY93, consists of design, right-of-way acquisition and construction of a parallel outfall sewer line to relieve the current overloaded and deteriorated WCID Outfall sewer line which serves the Cities of Live Oak and Converse. The project begins at the tie of the Old Cimarron Outfall with the WCID Outfall above Gibbs-Sprawl Road and ends with a tie to the WCID Outfall north of Judson High School. The project includes approximately 6,880 linear feet of 24 inch diameter sewer line. Construction was completed in May 1994.

#### **Salatrillo I Plant Expansion to 5.33 MGD**

The project consists of developing a preliminary engineering report for expansion of the plant treatment capacity from 4.33 MGD to 5.33 MGD. Texas Natural Resources Conservation Commission regulations require the plant operator to start development of engineering reports and construction plans when the existing flow into the plant reaches 75 percent of the plant's permitted capacity and to complete construction when existing flow into





the plant reaches 90% of the plant's permitted capacity. Present flow into the plant is near 75 percent of permitted capacity.

#### **Salatrillo Sludge Facilities to Reduce Pathogens**

Currently, waste sludge from the Salatrillo Plant is applied to land at the Salatrillo irrigation site. Regulations governing the application of wastewater sludge to land were promulgated by the Environmental Protection Agency under 40CFR Part 257. Recently, the Environmental Protection Agency promulgated new regulations governing the application of wastewater sludge to land under 40CFR Part 503. Through permit renewal, the Texas Natural Resource Conservation Commission requires that permittees strictly follow EPA criteria establishing processes to reduce pathogens in wastewater sludge. Final design and a substantial portion of project construction was completed during FY93. The project, completed in FY94, will comply with the EPA requirements. Operation and Maintenance manuals were completed as part of the project.

### **MARTINEZ WASTEWATER TREATMENT SYSTEM**

The Martinez Wastewater Treatment Plants and Collection System provides sanitary sewage service to the residential and commercial development in an unincorporated area between the City of San Antonio and the Salatrillo System service area in northeastern Bexar County.

#### **Ventura Parallel Outfall**

This project consists of preliminary design of a parallel outfall to relieve the overloaded Ventura Outfall Line. The project begins where the completed Mid-Martinez/Ventura Diversion Line terminates and ends with a tie to the main Martinez Outfall Line. The project includes approximately 7,250 linear feet of 24 inch diameter sewer line. Construction is scheduled for completion by January 1996.

#### **Glen Shadow Relief Sewer**

Designed in FY93, this project was constructed in FY94. The purpose of construction is to relieve the overload condition of an existing collection line that runs down Glenmont Road and into the East Village Outfall Line. This project will divert excess flow from the Glen Shadow collection line to the Martinez Outfall Line. Construction included approximately 900 linear feet of 12 inch diameter sewer line and two manholes.

#### **Martinez Sludge Facilities to Reduce Pathogens**

Currently, sludge from Martinez Wastewater Treatment Plant is applied to land at the Martinez irrigation site. Regulations governing the application of wastewater sludge were promulgated by the Environmental Protection Agency under 40CFR Part 257. Recently, the Environmental Protection Agency promulgated new regulations governing the application of wastewater sludge to land under 40CFR Part 503. The Texas Natural Resource Conservation Commission, through its permit renewal process, requires that permittees follow current EPA criteria. Final design and a substantial portion of project construction was completed during FY93. The project, completed in FY94, will comply with the EPA requirements. Operation and Maintenance manuals were completed as part of the project.





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## REPORT OF INDEPENDENT AUDITORS

Board of Directors  
San Antonio River Authority

We have audited the accompanying general purpose financial statements and the combining and individual fund and account group financial statements of the San Antonio River Authority as of June 30, 1994, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the San Antonio River Authority management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the San Antonio River Authority as of June 30, 1994, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining and individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the San Antonio River Authority as of June 30, 1994, and the results of operations of such funds and the cash flows of individual proprietary funds for the year then ended in conformity with generally accepted accounting principles.

*Ernst & Young LLP*

August 23, 1994



FINANCIAL STATEMENTS JUNE 30, 1994

**Exhibit I**  
**Combined Balance Sheet – All Fund Types and Account Groups June 30, 1994**

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals
	General	Special Revenue	Debt Service	Capital Projects	Enterprise (Note 12)	Agency	General Fixed Assets (Note 11)	General Long-Term Debt	(Memorandum Only)
<b>Assets and Other Debits</b>									
<b>Assets:</b>									
Cash (Note 2)	\$ 207,233	\$ 23,058	\$ 36,841	\$ 18,355	\$ 105,141	\$ 4,427	\$ -	\$ -	\$ 395,055
Investments (Note 2)	8,678,551	2,855,146	3,884,988	12,222,750	3,915,682	364,425	-	-	31,922,542
<b>Receivables:</b>									
Accounts	13,193	-	-	-	403,214	-	-	-	422,407
Intergovernmental	192,651	-	-	39,461	-	136,345	-	-	368,457
Accrued interest	142,329	887	-	-	24,148	824	-	-	168,188
Taxes	10,309	-	-	-	-	-	-	-	10,309
Allowances for delinquent taxes (deduction)	(10,309)	-	-	-	-	-	-	-	(10,309)
Total receivables	348,173	887	-	39,461	433,362	137,169	-	-	959,052
Due from other funds (Note 3)	606,322	1,589	2,037	331,149	-	-	-	-	940,897
Prepaid expenses and other assets	4,949	-	-	-	9,683	-	-	-	14,632
Concession inventory	-	-	-	-	29,934	-	-	-	29,934
Investments by agent to fund deferred compensation annuities (Note 2)	-	-	-	-	-	443,029	-	-	443,029
<b>Restricted assets (Notes 6 and 7):</b>									
Cash (Note 2)	-	-	-	-	37,318	-	-	-	37,318
Cash with fiscal agent	-	-	3,449,740	-	607,324	-	-	-	4,057,064
Accounts receivable	-	-	-	-	365,000	-	-	-	365,000
Investments (Note 2)	-	-	-	-	2,836,154	-	-	-	2,836,154
Bond sale expense – net of amortization	-	-	-	-	110,263	-	-	-	110,263
Office furniture, fixtures, and equipment	-	-	-	-	133,773	-	1,190,997	-	1,324,770
Other machinery and equipment	-	-	-	-	565,634	-	757,893	-	1,323,527
Automobiles and trucks	-	-	-	-	413,100	-	355,103	-	768,203
Buildings	-	-	-	-	602,331	-	5,088,073	-	5,690,404
Improvements other than buildings	-	-	-	-	1,518,175	-	73,475	-	1,591,650
Sewage treatment facilities	-	-	-	-	22,888,982	-	-	-	22,838,982
Construction in progress (estimated cost of completion – \$32,769)	-	-	-	-	50,191	-	-	-	30,191
Allowances for depreciation (deduction)	-	-	-	-	(8,134,462)	-	-	-	(8,134,462)
Land	-	-	-	-	1,468,723	-	118,973	-	1,587,696
Soil conservation service projects	-	-	-	-	-	-	15,063,097	-	15,063,097
Model cities project	-	-	-	-	-	-	9,109,195	-	9,109,195
Flood control projects (Note 9)	-	-	-	-	-	-	207,360,443	-	207,360,443
<b>Other debits:</b>									
Amount available in Debt Service Funds	-	-	-	-	-	-	-	5,717,471	5,717,471
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-	-	51,786,529	51,786,529
<b>Total assets and other debits</b>	<b>\$ 9,845,228</b>	<b>\$ 2,880,480</b>	<b>\$ 7,373,606</b>	<b>\$12,611,715</b>	<b>\$27,887,308</b>	<b>\$ 949,050</b>	<b>\$239,117,249</b>	<b>\$ 57,504,000</b>	<b>\$358,168,636</b>



## FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 1994

## Exhibit 1

## Combined Balance Sheet – All Fund Types and Account Groups June 30, 1994

	Governmental Fund Types				Proprietary	Fiduciary	Account Groups		
	General	Special Revenue	Debt Service	Capital Projects	Enterprise (Note 12)	Agency	General Fixed Assets (Note 11)	General Long-Term Debt	Totals (Memorandum Only)
<b>Liabilities, Equity, and Other Credits</b>									
Liabilities:									
Accounts payable	\$ 845,108	\$ 914	\$ -	\$ 388,553	\$ 48,894	\$ 462,109	\$ -	\$ -	\$ 1,745,578
Performance deposit	1,500	-	-	-	-	-	-	-	1,500
Amounts held in custody for other taxing units	-	-	-	-	-	213	-	-	213
Payroll deductions	255	-	-	-	-	-	-	-	255
Employees' deferred compensation (Note 5)	-	-	-	-	-	443,029	-	-	443,029
Due to other funds (Note 3)	330,833	119,137	1,474	2,787	442,967	43,699	-	-	940,897
Other accrued liabilities	164,897	-	-	500	2,000	-	-	-	167,397
Deferred income – connection fees	-	-	-	-	249,480	-	-	-	249,480
Liabilities of restricted assets:									
Accounts payable	-	-	-	-	78,771	-	-	-	78,771
Accrued bond interest payable	-	-	-	-	162,253	-	-	-	162,253
Bonds payable within one year (Note 13)	-	-	-	-	485,000	-	-	-	485,000
Matured interest coupons payable	-	-	1,654,661	-	-	-	-	-	1,654,661
Other bonds payable (Notes 6, 7, 8, and 13)	-	-	-	-	5,576,409	-	-	57,430,800	63,006,409
Notes payable	-	-	-	-	-	-	-	74,000	74,000
Total liabilities	1,342,593	120,051	1,656,135	391,840	7,045,774	949,050	-	57,504,000	69,009,443
Equity and other credits:									
Contributed capital	-	-	-	-	8,441,193	-	-	-	8,441,193
Investment in general fixed assets:									
From revenues	-	-	-	-	-	-	66,255,472	-	66,255,472
From contributions	-	-	-	-	-	-	172,861,777	-	172,861,777
Retained earnings	-	-	-	-	12,400,341	-	-	-	12,400,341
Fund balances:									
Reserved for Flood Control Administration (Note 10)	67,959	-	-	-	-	-	-	-	67,959
Reserved for encumbrances	1,527,098	1,800	-	2,333,826	-	-	-	-	3,862,724
Unreserved:									
Designated by management	14,842	-	-	-	-	-	-	-	14,842
Designated for debt service	-	-	5,717,471	-	-	-	-	-	5,717,471
Undesignated	6,892,736	2,758,629	-	9,886,049	-	-	-	-	19,537,414
Total equity and other credits	8,502,635	2,760,429	5,717,471	12,219,875	20,841,534	-	239,117,249	-	289,159,193
Total liabilities, equity, and other credits	\$ 9,845,228	\$ 2,880,480	\$ 7,373,606	\$ 12,611,715	\$ 27,887,308	\$ 949,050	\$ 239,117,249	\$ 57,504,000	\$ 358,168,636

See accompanying notes.



FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 1994

**Exhibit 2****Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – All Governmental Fund Types Year Ended June 30, 1994**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues and other financing sources:					
Revenues:					
Taxes	\$ 202	\$ -	\$ -	\$ -	\$ 202
Interest income	1,027,796	9,386	-	-	1,067,182
Intergovernmental	69,869	5,589,480	-	423,407	6,082,756
Charges for services	462,157	5,566	-	-	467,723
Miscellaneous	69,378	-	-	3,936	93,314
Total revenues	1,679,402	5,604,432	-	427,343	7,711,177
Other financing sources:					
Accrued interest refund on bond issue	-	-	53,112	-	53,112
Adjustment from refunded bond escrow agent	-	-	507,644	-	507,644
Proceeds from sale of bonds	-	-	-	11,880,000	11,880,000
Operating transfers in	-	205,000	4,065,426	-	4,271,426
Total revenues and other financing sources	1,679,402	5,809,432	4,627,182	12,307,343	24,423,359
Expenditures and other financing uses:					
Expenditures:					
Current:					
General government	37,953	-	-	-	37,953
Administration	24,695	19,731	-	66,963	111,389
Environmental services	383,630	-	-	-	383,630
Engineering services	325,752	-	-	-	325,752
Flood control dam maintenance	284,723	203,458	-	3,202	491,388
Contract administration	-	595,033	-	-	595,033
Total current expenditures	1,056,753	818,222	-	70,165	1,945,145
Capital outlay	40,354	-	-	8,673,718	8,714,072
Debt service:					
Bond principal	-	-	1,555,000	-	1,555,000
Interest on bonds	-	-	3,211,382	-	3,211,382
Professional services	-	-	3,689	-	3,689
Total expenditures	1,097,112	818,222	4,770,071	8,743,883	15,429,288
Other financing uses:					
Operating transfers to Interest and Sinking Fund	-	4,066,426	-	-	4,066,426
Operating transfers – other	-	205,000	-	-	205,000
Total expenditures and other financing uses	1,097,112	5,089,648	4,770,071	8,743,883	19,700,714
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	582,290	719,784	(142,889)	3,563,460	4,722,645
Fund balances, July 1, 1993	7,920,345	2,040,645	5,860,360	8,656,415	24,477,765
Fund balances, June 30, 1994	\$ 8,502,635	\$ 2,760,429	\$ 5,717,471	\$ 12,219,875	\$ 29,200,410

See accompanying notes.



FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 1994

**Exhibit 3****Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Special Revenue Fund Types  
Year Ended June 30, 1994**

	General Fund			Special Revenue Funds (Note 14)		
	Budget	Actual	Variance – Favorable (Unfavorable)	Budget	Actual	Variance – Favorable (Unfavorable)
Revenues and other financing sources:						
Revenues:						
Taxes	\$ 300	\$ 202	\$ (98)	\$ –	\$ –	\$ –
Interest income	760,000	1,057,796	297,796	6,500	4,947	(1,553)
Intergovernmental	75,300	69,869	(5,431)	7,541,000	5,589,480	(1,951,520)
Charges for services	495,690	462,157	(33,533)	69,500	5,566	(63,934)
Miscellaneous	35,000	89,378	54,378	–	–	–
Total revenues	1,366,290	1,679,402	313,112	7,617,000	5,599,993	(2,017,007)
Other financing sources:						
Operating transfer in	–	–	–	205,000	205,000	–
Total revenues and other financing sources	1,366,290	1,679,402	313,112	7,822,000	5,804,993	(2,017,007)
Expenditures and other financing uses:						
Expenditures:						
Current:						
General government	42,300	37,953	4,347	–	–	–
Administration	373,391	24,695	348,696	77,070	14,348	62,722
Environmental services	458,216	383,630	74,586	–	–	–
Engineering services	368,757	325,752	43,005	–	–	–
Flood control dam maintenance	308,389	284,728	23,661	217,496	203,458	14,038
Contract administration	–	–	–	836,000	595,033	240,967
Total current expenditures	1,551,053	1,056,758	494,295	1,130,566	812,839	317,727
Capital outlay	1,666,753	40,354	1,626,399	–	–	–
Total expenditures	3,217,806	1,097,112	2,120,694	1,130,566	812,839	317,727
Other financing uses:						
Operating transfers to Interest and Sinking Fund	–	–	–	6,265,000	4,066,426	2,198,574
Operating transfers – other	–	–	–	205,000	205,000	–
Total expenditures and other financing uses	3,217,806	1,097,112	2,120,694	7,600,566	5,084,265	2,516,301
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,851,516)	582,290	(2,433,806)	221,434	720,728	(499,294)
Fund balances, July 1, 1993	7,920,345	7,920,345	–	1,906,759	1,906,759	–
Fund balances, June 30, 1994	\$ 6,068,829	\$ 8,502,635	\$ (2,433,806)	\$ 2,128,193	\$ 2,627,487	\$ ( 499,294)

See accompanying notes.



FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 1994

**Exhibit 4****Combined Statement of Revenues, Expenses, and Changes in Retained Earnings – All Proprietary Fund Types Year Ended June 30, 1994**

	Enterprise Funds			Combined Total
	Sewage Treatment Funds	Parks and Recreation Fund	Pollution Control Contract Fund	
Operating revenues:				
Concession sales	\$ -	\$ 532,759	\$ -	\$ 532,759
Less cost of goods sold	-	(338,741)	-	(338,741)
Gross profit on sales	-	194,018	-	194,018
Entrance fees	-	818,158	-	818,158
Annual permits	-	129,230	-	129,230
Impact fees	325,500	-	-	325,500
Sewer service charges	3,174,562	-	-	3,174,562
Administrative fees	-	-	730	730
Sale of hay and miscellaneous	50,662	6,577	-	57,239
Total operating revenues	3,550,724	1,147,983	730	4,699,437
Operating expenses:				
Regular salaries	727,672	463,698	-	1,191,370
Part-time salaries	-	11,653	-	11,653
Retirement	59,388	37,063	-	96,451
Employer FICA, unemployment, and insurance	144,378	101,350	-	245,728
Office supplies	828	-	-	828
Operating and maintenance – supplies	165,531	48,581	-	214,112
Operating and maintenance – vehicles	29,308	6,015	-	35,323
Photographic supplies	390	357	-	747
Communications	5,616	824	-	6,440
Regulatory commission fees	41,551	-	-	41,551
Professional services	83,072	300	-	83,372
Laboratory services	18,582	363	-	18,945
Travel	6,215	248	-	6,463
Vehicle usage	-	6,567	-	6,567
Binding and printing	-	2,404	-	2,404
Dues, subscriptions, and advertising	1,129	55	-	1,184
General insurance	34,339	9,896	-	44,235
Utilities	230,707	16,680	-	247,387
Repair and maintenance contracts	1,123	280	-	1,408
Rentals	1,812	1,100	-	2,912
Allocation of administrative expenses	465,422	314,970	730	781,122
Depreciation	791,003	110,898	-	901,901
Miscellaneous	7,393	2,536	-	9,929
Total operating expenses	2,815,464	1,135,838	730	3,952,032
Operating income	735,260	12,145	-	747,405
Nonoperating revenues:				
Interest income	284,145	22,870	-	307,016
Intergovernmental revenues:				
Interest requirements on bond issues	-	-	19,710	19,710
Fiscal agent fee requirement	-	-	485	485
Total nonoperating revenues	284,145	22,870	20,195	327,211
Nonoperating expenses:				
Interest on bonds	314,649	-	19,710	334,359
Amortization of bond sale expenses	16,194	-	-	16,194
Fiscal agent fees	-	-	485	485
Total nonoperating expenses	330,843	-	20,195	351,038
Net income	688,563	35,015	-	723,578
Retained earnings, July 1, 1993	10,135,195	1,541,568	-	11,676,763
Retained earnings, June 30, 1994	\$ 10,823,753	\$ 1,576,583	\$ -	\$ 12,400,341

See accompanying notes.



FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 1994

**Exhibit 5****Combined Statement of CASH FLOWS – All Proprietary Fund Types Year Ended June 30, 1994**

	Enterprise Funds			Combined Total
	Sewage Treatment Funds	Parks and Recreation Fund	Pollution Control Contract Fund	
<b>Operating Activities</b>				
Reconciliation of operating income to net cash provided by operating activities:				
Net cash provided by operating activities:				
Operating income	\$ 735,260	\$ 12,145	\$ -	\$ 747,405
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	791,003	110,898	-	901,901
Changes in operating assets and liabilities:				
Receivables	(177,721)	(1,280)	-	(179,001)
Prepaid expenses and other assets	-	(87)	-	(87)
Concession inventory	-	17,506	-	17,506
Accounts payable	(443,344)	(16,206)	-	(459,550)
Other accrued liabilities	-	(123)	-	(123)
Due to other funds	336,386	46,681	-	383,067
Net cash provided by operating activities	1,241,584	169,534	-	1,411,118
<b>Capital and Related Financing Activities</b>				
Cash from intergovernmental agency	-	-	20,195	20,195
Acquisition and construction of capital assets	(1,129,841)	(8,769)	-	(1,138,610)
Bond sale expenses paid	(15,693)	-	-	(15,693)
Principal paid on revenue bond maturities	(430,000)	-	-	(430,000)
Interest paid on revenue bonds	(346,950)	-	(19,710)	(366,660)
Fiscal agent fees	-	-	(485)	(485)
Net cash used by capital and related financing activities	(1,922,484)	(8,769)	-	(1,931,253)
<b>Investing Activities</b>				
Purchase of investment securities	(30,880,921)	(3,320,029)	-	(34,200,950)
Proceeds from sales and maturities of investment securities	31,122,300	3,216,348	-	34,338,648
Interest on investments	284,146	22,870	-	307,016
Net cash provided (used) by investing activities	525,525	(80,811)	-	444,714
Net increase (decrease) in cash	(155,375)	79,954	-	(75,421)
Cash, July 1, 1993	811,500	13,702	2	825,204
Cash, June 30, 1994	\$ 656,125	\$ 93,656	\$ 2	\$ 749,783

See accompanying notes.



## 1. Reporting Entity and Significant Accounting Policies

### *Reporting Entity*

The San Antonio River Authority (the Authority) was created and established in 1937 by a Special Act of the Texas Legislature. This Act, as amended and added to by subsequent legislation, is codified under Article 8280-119, Vernon's Revised Civil Statutes of Texas, Title 128, Chapter 12.

The Authority is a conservation and reclamation district under the authority of Article 16, Section 59 of the Texas Constitution, and is declared to be "a governmental agency, a municipality, body politic and corporate, vested with all the authority and full sovereignty of the State, in behalf of the State, insofar as intended by this Act and with the authority to exercise the powers, rights, privileges and functions hereinafter specified." The legislated responsibilities of the Authority include flood and pollution control, sewage treatment, water and soil conservation, fish preservation, and forestation development. The Authority's territory comprises all of Bexar, Wilson, Karnes, and Goliad Counties, being substantially all of the natural drainage area of the San Antonio river and its tributaries. The Authority is governed by a twelve-member elected board of directors.

As required by generally accepted accounting principles, these financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. A blended component unit, although a legally separate entity, is, in substance, part of the government's operations, and data from these units are combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the government. The Authority has no discretely presented component units. The blended component unit has a June 30 year-end.

### *Blended Component Unit*

The San Antonio River Authority Industrial Development Authority (SARIDA) promotes industrial growth within the four-county area serviced by the Authority furnishing eligible applicants financial assistance through the sale of tax-free industrial development bonds. SARIDA has no direct or contingent liability for these bonds. Net assets and revenues of SARIDA must ultimately be transferred to the Authority by resolution of the directors of SARIDA, who are executives of the Authority. SARIDA is reported as a special revenue fund.

### *Measurement Focus, Basis of Accounting and Basis of Presentation*

The accounts of the Authority are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The Authority has the following fund types and account groups:

**Governmental funds** are used to account for the Authority's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Amounts receivable from property taxes are due from years prior to 1981 and are fully reserved because amounts that might be considered "available" are immaterial. The Authority uses a one-year availability period for revenue recognition. Those revenues susceptible to accrual are interest income and charges for services. Fees, sale of hay, and miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash. Intergovernmental revenues are recognized as revenues when reimbursable expenditures are incurred under contract terms with other governments or when contract payments are due from other governments.

Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Interest due July 1, 1994 on general bonded debt has been accrued and reported as matured interest coupons payable in the Debt Service Fund because resources have been provided during the fiscal year for payment of such expenditures and because the cash to pay this interest is on deposit with the fiscal agent at June 30, 1994.

Governmental funds include the following fund types:

The *general fund* is the Authority's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *special revenue funds* account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

The *debt service fund* accounts for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.



## NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 1994

**1. Reporting Entity and Significant Accounting Policies (continued)**

The *capital projects funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

*Proprietary funds* are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Authority applies all applicable Financial Accounting Standards Board pronouncements in accounting and reporting for its proprietary operations. Proprietary funds of the Authority consist entirely of enterprise funds.

*Enterprise funds* are used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

*Fiduciary funds* account for assets held by the Authority in a trustee capacity or as an agent on behalf of others. All fiduciary funds of the Authority are agency funds.

An *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the Authority holds for others in an agency capacity.

*Account Groups.* The *general fixed assets account group* is used to account for fixed assets not accounted for in proprietary or trust funds. The *general long-term debt account group* is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

**Fixed Assets and Depreciation**

All fixed assets purchased or constructed for general purposes are recorded as expenditures in the fund that finances the asset acquisition. Such assets are capitalized at cost in the general fixed assets account group. Gifts or contributions are recorded in general fixed assets at fair market value at the time received. It is the Authority's policy to report public domain or infrastructure fixed assets which include dams, river and creek channel improvements, bridges, curbs, gutters, and similar assets that are immovable. In some cases, the fixed assets have been constructed or installed on sites owned by other governments, such as streets and rights-of-way of the City of San Antonio. Records of all fixed assets, including these infrastructure fixed assets, are maintained for both management and accountability purposes.

Beginning in fiscal year 1994, amounts deposited irrevocably into an escrow account to be used by only the U.S. Corps of Engineers for contracted construction are recorded as expenditures when the deposit is made. Assets are capitalized in the general fixed assets account group when the funds are utilized. This resulted in an additional expenditure of \$1,201,273 to the SACIP Phase III Fund.

All fixed assets of the enterprise funds are recorded in those funds at cost or at fair market value in the case of contributed or donated assets. Depreciation is provided using the straight-line method over the estimated useful lives of the assets of the enterprise funds. Estimated useful lives of major classes of enterprise fund fixed assets are as follows:

Asset Class	Life
Office furniture, fixtures, and equipment	5 – 20 years
Other machinery and equipment	3 – 20 years
Automobiles and trucks	3 – 10 years
Buildings	3 – 20 years
Improvements other than buildings	5 – 30 years
Sewage treatment facilities	5 – 50 years

The Authority's policy is to expense interest on proprietary fund construction projects as incurred due to the immateriality of amounts involved.

**Concession Inventory**

Concession inventory is stated using the lower of cost (first-in, first-out) method or market. Inventory purchases are recorded as inventory acquisitions (current assets) at the time of purchase and expensed when issued.

**Amortization of Bond Sale Expenses**

Bond sale expenses related to enterprise funds are amortized using the straight-line method over the life of the bonds.

**Ad Valorem Tax**

In 1961, an ad valorem tax of two cents per one hundred dollars assessed valuation was approved by Authority voters and was collected annually at its maximum rate by the tax collector of each county. Effective July 1, 1977, the tax was reduced to one and one-half cents per one hundred dollars, and effective July 1, 1979, the tax was further reduced to one cent per one hundred dollars valuation by action of the Authority. Use of this tax income is



## NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 1994

**1. Reporting Entity and Significant Accounting Policies (continued)**

limited to general administration, maintenance of completed projects, and updating of the Authority's master plan for water resource development. This tax revenue may not be pledged to debt service on any bonds nor may it be used to construct works of improvement. No tax was levied for fiscal year 1981 and subsequent years, and it is anticipated that no tax will be levied in future years; however, the authority to levy the tax is being retained for usage if required.

**Budgeting**

By-laws of the Authority require the Board of Directors to adopt an annual budget in which is estimated the amount of funds available from all sources and to allocate the amount of funds that may be expended during the forthcoming fiscal year. The responsibility for such allocation rests in the manager of the Authority. After adoption of the allocations by the Board of Directors, the manager has full authority to expend within the departmental allocations which become the appropriation level. In practice, the manager submits all changes in departmental line items to the Board for its approval. The annual budgetary data for governmental fund types included in the financial statements represent the original budget and immaterial amendments as adopted by the Board of Directors of the Authority and is on the same modified accrual basis used to reflect revenues and expenditures of the General Fund and Special Revenue Funds except SARIDA. The Debt Service Fund is controlled by provisions of the bond orders and appropriated transfers from the General Fund. The Capital Projects Funds are budgeted by project period rather than by fiscal year.

Unencumbered appropriations lapse at the end of the fiscal year. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation – is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and are reappropriated for expenditures in the following fiscal year.

The Board of Directors of SARIDA adopts an annual budget, which authorizes total expenditures based on estimated revenues and available resources. As a not-for-profit corporation, SARIDA's budget is not a legally appropriated budget as is the Authority's. SARIDA's budget is, however, managed similarly to the Authority's own special revenue fund budgets. The budget comparison in the general purpose financial statements therefore excludes SARIDA's budgeted and actual amounts, as reconciled in Note 14.

**Allocation of Administrative Expenses**

An allocation plan is utilized to charge the various operating divisions for administrative costs recorded in the General Fund. The allocations are recorded as reimbursements of expenditures (negative expenditures) in the General Fund and as expenditures/expenses in each fund receiving an allocation.

**Total Columns – Memorandum Only**

Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles nor are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**2. Cash and Investments**

Cash includes currency on hand and demand deposits with financial institutions. Statutes and bond covenants allow the Authority to invest in (1) obligations guaranteed or insured by the United States of America, which in the opinion of the Attorney General of the United States are backed by its full faith and credit or represent its general obligations; (2) obligations of the United States of America, including, but not limited to, evidence of indebtedness issued, insured, or guaranteed by such governmental agencies as the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, United States Postal Service, Farmers Home Administration, Federal Home Loan Mortgage Association, Small Business Administration, Federal Housing Association, or Participation Certificates in the Federal Assets Financing Trust; (3) certificates of deposit that are insured by the Federal Deposit Insurance Corporation or secured by obligations having a market value of at least the principal amount of the certificates; and (4) fully collateralized direct repurchase agreements.

The Authority's deposits and investments in repurchase agreements were entirely covered by federal depository insurance and collateral held in safekeeping by agents of the Authority in the Authority's name throughout the fiscal year.

The Authority's investments are categorized below to give an indication of the level of risk (Category 1 – lowest level of risk to Category 3 – highest level of risk) assumed by the Authority at June 30, 1994. Category 1 includes investments that are insured or registered or for which the securities are held by the Authority's agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by the counterparty's trust department or agent, but not in the Authority's name. The Authority does not have any investments in Categories 2 or 3. Investments are carried at cost or amortized cost in all funds except the agency fund for the deferred compensation plan, which are reported at current market value of \$443,029. Carrying amounts and market values of other investments are as follows:



## NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 1994

**2. Cash and Investments (continued)**

	<u>Carrying Amount</u>	<u>Market Value</u>
U.S. government securities	\$ 34,206,535	\$ 29,875,928
Certificates of deposit	70,675	70,675
Repurchase agreements	481,486	483,571
	<u>\$ 34,758,696</u>	<u>\$ 30,430,174</u>

For the purpose of the statements of cash flows, the Authority considers all certificates of deposit with a maturity of three months or less to be cash equivalents. All other short-term, highly liquid investments are classified as investments.

**3. Interfund Receivables and Payables**

The interfund receivables and payables consist primarily of items arising at year-end from the allocation of administrative costs for the year.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Berg's Mill & Salado Creek Maintenance	\$ 14,889
	SARIDA	150
	Trans-Texas Water Program	103,773
	Debt Service	1,474
	SARA/CSA ROW	18,215
	Deferred Compensation Trust	1
	San Antonio Water System	25,483
	Parks and Recreation	60,162
	Martinez/Salatrillo System	380,345
	Contract Plant	1,828
	Pollution Control – City of Kenedy	2
	<hr/>	
Improvement Bonds Revenue	General	9
Berg's Mill & Salado Creek Maintenance	SACIP Phase II	750
	Parks and Recreation	630
		<hr/>
		1,380
Debt Service	SACIP Phase III	2,037
	General	2,865
Original SACIP	General	26,810
SACIP Phase II	General	301,149
SACIP Phase III	General	325
Improvement Bonds	Revenue	<hr/>
		301,474
		<hr/>
		\$ 940,897

**4. Pension Plan**

The Authority has a defined contribution (money purchase) pension plan (Plan) that was adopted in 1979. To be eligible for the Plan, a participant must be a full-time employee with one year's service. A participant is fully vested after seven years of service. The Authority is required to contribute a minimum of 8% of eligible payroll each plan year. The Plan also allows voluntary after-tax employee contributions. Effective January 1, 1987, voluntary employee contributions (made after December 31, 1986) may no longer be withdrawn without penalty. The Plan allows for early and late retirement.

The Authority's covered payroll for the year ended June 30, 1994 was \$3,105,640, compared to total current-year payroll for all employees (full-time and part-time) of \$3,364,206. Employer contributions to the Plan were \$308,726. The Authority's policy is to fund all Plan costs as they accrue.



## 5. Deferred Compensation Plan

The Authority offers its employees a deferred compensation plan (Plan) created September 2, 1975 in accordance with the Internal Revenue Code Section 457. The Plan, available to all Authority employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Contributions to the Plan are handled on a payroll deduction basis and are remitted to a trustee biweekly. The fund that accounts for the Plan is reported as an agency fund. Plan assets are reported at fair market value. All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Authority (without being restricted to the provisions of benefits under the Plan), subject only to the claims of the Authority's general creditors. Participants' rights under the Plan are equal to those of general creditors of the Authority in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the Authority's legal counsel that the Authority has no liability for losses under the Plan but does have the duty of due care that would be required of an ordinary prudent investor. The Authority believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

## 6. San Antonio Channel Improvement Project (SACIP) Funds

A 1955 contract and amendments with Bexar County, Texas have provided to the Authority all proceeds from a flood control tax levied by the County. The 1979 Amendatory Contract provides that the County will set a tax rate which, at 90% current collections, will provide revenues sufficient to pay each year's requirements for principal and interest of Authority bonds which are payable from the proceeds of the County flood control tax. The tax is levied against all taxable property in Bexar County, and the tax rate set by the County may not exceed 15 cents per \$100 assessed valuation. SACIP Improvement Bonds have been issued pledging revenues of the Bexar County flood control tax for retirement of the bonds.

On October 17, 1990, the Authority and Bexar County further amended their contract to increase the scope and term to provide additional specific flood control programs and projects in Bexar County. The 1990 Amendatory Contract provides for continuation and expansion of the capital expenditures or payment of debt service incurred for capital expenditures as described in this Note. The 1990 Amendatory Contract further provides for an operation and maintenance component of the Flood Control Tax for each year after 1990 provided that such annual rate shall not exceed 0.1 cent per \$100 of assessed valuation.

In order to comply with the contract and bond resolutions authorizing the bonds issued thereunder, the Authority has established various funds as follows.

### *Capital Projects Funds*

These funds were created for projects designated in the 1955 contract and amendments. They received proceeds from the various Channel Improvement Bonds. Individual funds are as follows:

Original SACIP – Channel improvements of the San Antonio River and Alazan, Apache, San Pedro, and Martinez Creeks.

SACIP Phase II – Improvements to the Berg's Mill section of the San Antonio River and development of the Salado Creek Watershed and Flood Prevention Project.

SACIP Phase III – Various additional flood control projects in Bexar County.

### *Special Revenue Fund—Improvement Bonds Revenue Fund*

This fund is the "Gross Revenue Fund" designated by the bond resolutions. It receives all revenues from the contract with Bexar County. From it deposits are made to the debt service funds required by the bond resolutions. Any surplus amounts in the Gross Revenue Fund may be used for any lawful purpose under provisions of the Amendatory Contract.

### *Debt Service Fund*

The bond resolutions require accounts (called funds) to be established, as follows, and they are accounted for in the Debt Service Fund:

The Channel Improvement Revenue Bonds Interest and Sinking Fund (the Interest and Sinking Fund) – Established for the purpose of paying the principal and interest on all bonds. Deposits from the Gross Revenue Fund to the Interest and Sinking Fund are made on or before each December 31 and June 30 in amounts sufficient to pay the principal and interest coming due on the bonds on the next succeeding interest payment date.

The Channel Improvement Revenue Bonds Reserve Fund (the Reserve Fund) – Established to pay the principal and interest on any bonds to the extent the amounts in the Interest and Sinking Fund are not sufficient for such purpose. No additional deposits are to be made into the Reserve Fund as long as the market value of investments and money is at least equal to the average annual principal and interest requirements on all outstanding bonds, which was \$3,538,035 at June 30, 1994.



## NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 1994

**6. San Antonio Channel Improvement Project (SACIP) Funds (continued)**

At June 30, 1994, the balances of cash and investments in the required funds were: Interest and Sinking Fund, \$3,485,106; and Reserve Fund, \$3,886,463.

***Channel Improvement Revenue Bonds***

These bonds are reported in the General Long-Term Debt account group (see Note 13).

The Authority has irrevocably placed assets in trusts to satisfy scheduled payments of both interest and principal for the Series 1987 and 1989 Channel Improvement Revenue Bonds. This debt is considered extinguished and not part of the general long-term debt account group. These transactions were entered into primarily to take advantage of lower interest rates. At June 30, 1994, the amount of bonds outstanding for the 1987 and 1989 Series were \$3,525,000 and \$4,435,000, respectively.

**7. Revenue Bonds Payable – Martinez-Salatrillo Creeks Sewage System**

The Authority has issued revenue bonds for the purpose of constructing sewage facilities and improvements to the Martinez-Salatrillo Creeks Sewage System (System). The bond covenants authorizing issuance of these bonds provide for creation and maintenance of separate accounts that are accounted for within an enterprise fund as follows:

1. Revenue Fund: All gross revenues of the System must be deposited into this account, from which disbursements for current expenses of the System are made. After all required deposits have been made to the Interest and Sinking Fund and Reserve Fund, at the end of each fiscal year one-half of the money remaining in the Revenue Fund, to the extent considered available, is to be deposited into the Contingency and Improvement Fund.
2. Interest and Sinking Fund: This account is to be used only for the payment of principal and interest on outstanding bonds. On or before the fifteenth day of each month, in equal monthly installments, an amount must be deposited as is necessary for the payment of principal and interest on the next interest and/or principal payment date.
3. Reserve Fund: The minimum amount to be in this account is an amount equal in market value to the average annual principal and interest requirements of all outstanding sewage system revenue bonds. The Reserve Fund complied with this requirement during fiscal 1994. The Fund may be used only to pay principal of and interest on the bonds for which the Interest and Sinking Fund is not adequate.
4. Contingency and Improvement Fund: This account is used only for making replacements that are not considered as current expenses; improvements, additions, and extensions to the System; payment of principal and interest on bonds if the Interest and Sinking Fund and Reserve Fund are insufficient; and for the purchase of outstanding bonds for redemption.
5. Construction Fund: Moneys in this account are used only for paying the cost of constructing improvements to the System.

At June 30, 1994, the balances of cash, investments, and cash with fiscal agent in the required funds were: Interest and Sinking Fund, \$607,614; Reserve Fund, \$773,239; Contingency and Improvement Fund, \$1,981,533; and Construction Fund, \$118,409.

Interest expense on bonded debt for the Martinez-Salatrillo Creeks Sewage System is apportioned between Martinez and Salatrillo plant operations based on the ratio of the net book values of noncontributed assets. The interest earned on investments from the Construction Fund and Reserve Fund accounts is apportioned based on the same ratio. Other interest income is apportioned based on the ratio of the prior year's revenues for the System.

The Martinez-Salatrillo Creeks Sewage System Revenue Bonds are due serially through the year 2006, with interest rates of 5.5% to 10.0% and are callable at a premium from July 1, 1995 through January 1, 2000 on any interest payment date.

Additional bonds on a parity with all outstanding bonds may be issued when the net revenues of the System are (1) at least 1.25 times the average annual principal and interest requirements on all outstanding bonds and the then-proposed additional bonds for the past fiscal year or twelve-month period ending within 90 days of the sale of the additional bonds, and (2) are estimated by a Registered Professional Engineer to be at least 1.50 times the future principal and interest requirement on the then-outstanding bonds and the then-proposed additional bonds.

In the prior year, the Authority advance refunded Martinez-Salatrillo Creeks Sewage System Series 1985 Revenue Bonds. U.S. government securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments for the Series 1985 bonds. As a result, the Series 1985 bonds are considered to be defeased, and the liability for these bonds has been removed from the liabilities of the Martinez-Salatrillo Creeks Sewage System. At June 30, 1994, the amount of Series 1985 bonds outstanding was \$3,450,000.



## NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 1994

**8. Pollution Control Contract – City of Kenedy**

On May 15, 1974, the Authority entered into an agreement with the City of Kenedy, Texas whereby the Authority would issue revenue bonds for the purpose of constructing sewage facilities for the City of Kenedy. The Authority issued bonds dated April 1, 1974 in the amount of \$365,000 for this purpose. The bond resolution authorizing the issuance of these bonds provides for the creation of a Revenue Fund to account for all revenues received by the Authority under the contract with the City and an Interest and Sinking Fund that can only be used for the payment of principal and interest on outstanding bonds. On or before March 25 and September 25 of each year, as long as bonds are outstanding, deposits must be made to the Interest and Sinking Fund for the interest and principal due. The Authority has established the Pollution Control Contract Fund as an enterprise fund to account for the requirements.

The City of Kenedy Waste Disposal Contract Revenue Bonds are due serially from fiscal year 1995 through fiscal year 2003, with interest of 5.4%. Principal and interest requirements range from a high of \$53,765 in fiscal year 1995 to a low of \$48,640 in fiscal year 2000.

**9. Participation in Federal Construction Projects**

The Authority and the United States Army Corps of Engineers (Corps) have entered into an agreement that provides that the agencies will cooperate in improving the channel of the San Antonio River and its four tributaries within the City of San Antonio. The agreement further provides that the Authority will pay 2.65% of actual federal costs. The Authority expended \$67,204 during the year ended June 30, 1994. Pursuant to the agreement, the Corps transfers to the Authority all improvements as they are completed, and the cost to the Corps is used as the basis of the additions to the Authority's General Fixed Assets Account Group.

**10. Reservations and Designations of Fund Balance – General Fund**

In prior years, the Legislature of the State of Texas donated certain ad valorem taxes to the Authority. At June 30, 1994, the fund balance of the General Fund included \$67,959 of these state-donated taxes, which are restricted for the construction of improvements, structures, dams, reservoirs, and other works suitable for use in connection with flood control, for the employment of necessary personnel, maintenance of offices, financial aid to the Corps and other governmental agencies. During the year, no funds were used in connection with flood control.

The Authority had been self-insured in prior years. As no significant claims remain outstanding as of June 30, 1994, the Authority's management has returned the \$300,000 fund balance designated in prior years for self insurance to the undesignated fund balance.

**11. General Fixed Assets**

The following table summarizes the changes in the components of the General Fixed Assets Account Group:

	Balance July 1, 1993	Additions	Deletions	Balance June 30, 1994
Office furniture, fixtures, and equipment	\$ 1,171,128	\$ 19,869	\$ –	\$ 1,190,997
Other machinery and equipment	745,679	16,545	4,331	757,893
Automobiles and trucks	344,504	10,599	–	355,103
Buildings	5,042,958	45,115	–	5,088,073
Improvements other than buildings	70,041	3,434	–	73,475
Land	118,973	–	–	118,973
Soil conservation service projects	15,063,097	–	–	15,063,097
Model cities project	9,109,195	–	–	9,109,195
Flood control projects	193,380,726	13,979,717	–	207,360,443
	<u>\$ 225,046,301</u>	<u>\$ 14,075,279</u>	<u>\$ 4,331</u>	<u>\$ 239,117,249</u>

**12. Segment Information for Enterprise Funds**

The significant portion of the Authority's enterprise funds consists of the Sewage Treatment Funds and the Parks and Recreation Fund. Segment information for the year ended June 30, 1994 is as follows:

	Sewage Treatment Funds	Parks and Recreation Fund	Other Funds	Total Enterprise Funds
Property, plant, and equipment	\$ 25,322,560	\$ 2,248,349	\$ –	\$ 27,570,909
Property additions	1,120,841	8,768	–	1,138,609
Accumulated depreciation	6,803,243	1,331,219	–	8,134,462
Working capital	3,221,598	774,416	4,927	4,000,941
Total equity	19,149,988	1,691,546	–	20,841,534
Total assets	25,748,489	1,768,889	369,930	27,887,308
Long-term liabilities:				
Payable from operating revenues	5,246,409	–	–	5,246,409
Payable from other sources	–	–	330,000	330,000
Operating revenues	3,550,724	1,147,983	730	4,699,437
Depreciation	791,003	110,898	–	901,901
Operating income	735,260	12,145	–	747,405
Net income	688,563	35,015	–	723,578



## NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 1994

## 13. Summary of Long-Term Debt

The following is a summary of changes in long-term debt of the Authority during the year ended June 30, 1994:

Series	Effective Interest Rate	Original Amount	Outstanding July 1, 1993	Additions	Deletions	Outstanding June 30, 1994
<b>General Bonded Debt</b>						
SACIP Improvement Bonds:						
1982	9.97%	\$ 6,000,000	\$ 255,000	\$ -	\$ 255,000	\$ -
1983	9.3697	6,000,000	175,000	-	175,000	-
1987	8.3502	6,060,000	1,760,000	-	200,000	1,560,000
1989	6.8145	12,340,000	6,900,000	-	470,000	6,430,000
1991	6.374635	5,000,000	4,890,000	-	145,000	4,745,000
1992	5.76412859	19,205,000	19,205,000	-	310,000	18,895,000
1993A	6.74602136	12,150,000	12,150,000	-	-	12,150,000
1993B	5.5	1,650,000	1,650,000	-	-	1,650,000
1994	5.170603	12,000,000	-	12,000,000	-	12,000,000
		<u>\$ 80,405,000</u>	<u>\$ 46,985,000</u>	<u>\$ 12,000,000</u>	<u>\$ 1,555,000</u>	<u>\$ 57,430,000</u>
<b>Enterprise Fund Bonds</b>						
Sewage Treatment Funds:						
Martinez-Salatrillo Creeks						
Sewage System Revenue Bonds:						
1969	6.4976%	\$ 300,000	\$ 55,000	\$ -	\$ 25,000	\$ 30,000
1972	6.249258	500,000	310,000	-	15,000	295,000
1982	5.5	2,200,000	1,225,000	-	150,000	1,075,000
1985	9.14	4,750,000	530,000	-	160,000	370,000
1993	5.14844472	4,070,000	4,070,000	-	80,000	3,990,000
		<u>11,820,000</u>	<u>6,190,000</u>	<u>-</u>	<u>430,000</u>	<u>5,760,000</u>
Less discount on bonds		-	63,593	-	2	63,591
		<u>11,820,000</u>	<u>6,126,407</u>	<u>-</u>	<u>429,998</u>	<u>5,696,409</u>
Contract Funds:						
San Antonio River Authority,						
City of Kenedy,						
Waste Disposal Contract						
Revenue Bonds:						
1974	5.35636%	365,000	365,000	-	-	365,000
		<u>\$ 12,185,000</u>	<u>\$ 6,491,407</u>	<u>\$ -</u>	<u>\$ 429,998</u>	<u>\$ 6,061,409</u>

Principal and interest requirements to maturity for all long-term debt of the Authority as of June 30, 1994 are as follows:

General Long-Term Debt	Principal	Interest	Total
Channel Improvement Bonds – Note 6:			
1995	\$ 1,790,000	\$ 3,315,505	\$ 5,105,505
1996	2,150,000	3,244,717	5,394,717
1997	2,280,000	3,107,993	5,387,993
1998	2,415,000	2,965,183	5,380,183
1999	2,555,000	2,814,650	5,369,650
2000 – 2004	15,135,000	11,548,753	26,683,753
2005 – 2009	13,770,000	7,090,157	20,860,157
2010 – 2014	12,465,000	3,061,470	15,526,470
2015 – 2019	3,290,000	864,528	4,154,528
2020 – 2021	1,580,000	83,999	1,663,999
	<u>\$ 57,430,000</u>	<u>\$ 38,096,955</u>	<u>\$ 95,526,955</u>



## NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 1994

## 13. Summary of Long-Term Debt (continued)

	Principal	Interest	Total
<b>Enterprise Funds</b>			
Martinez-Salatrillo Creeks Sewage System Revenue Bonds – Note 7:			
1995	\$ 450,000	\$ 298,974	\$ 748,974
1996	505,000	265,559	770,559
1997	520,000	235,396	755,396
1998	540,000	209,576	749,576
1999	585,000	181,491	766,491
2000 – 2004	2,200,000	535,222	2,735,222
2005 – 2006	960,000	53,393	1,013,393
	<u>\$ 5,760,000</u>	<u>\$ 1,779,611</u>	<u>\$ 7,539,611</u>
<b>City of Kenedy</b>			
Waste Disposal Contract Bonds – Note 8:			
1995	\$ 35,000	\$ 18,675	\$ 53,765
1996	35,000	16,875	51,875
1997	35,000	14,985	49,985
1998	40,000	12,960	52,960
1999	40,000	10,800	50,800
2000 – 2003	180,000	20,250	200,250
	<u>\$ 365,000</u>	<u>\$ 94,635</u>	<u>\$ 459,635</u>

**Notes Payable**

The Authority is authorized by the Texas Water Development Board to borrow up to \$100,000 from the Water Loan Assistance Fund of the Water Assistance Fund to pay for a portion of a planning study relating to the Trans-Texas Water Program. The debt accrues no interest and is due August 30, 2003. As of June 30, 1994, the Authority had received and owed \$74,000.

**Pollution Control Bonds**

San Antonio River Authority Pollution Control Revenue Bonds totaling \$7,535,000 have been issued in prior fiscal years by the Authority pursuant to applicable laws including the Texas Clean Air Financing Act. These bonds were issued for the construction of pollution control facilities on premises of various local corporations. The Authority has entered into installment sales agreements that provide for funding of these bonds from the various corporations. The bonds are special revenue obligations of the Authority, and the principal, redemption premium, and interest on the bonds are payable solely from and secured by a first lien on the pledge of the payments from the installment sale agreements. The corporations are absolutely and unconditionally obligated to pay each installment. At June 30, 1994, the outstanding balance of these Pollution Control Bonds was \$780,000.

The Authority has assigned and transferred to a Trustee all payments under the installment sales agreements. The Trustee has agreed to hold debt service funds and construction funds required by the bond resolutions and to administer such funds in accordance with the bond resolutions and trust indentures. As a result of these agreements, the obligations for these bonds have not been recorded in the financial statements of the Authority.

## 14. Reconciliation of Budgetary Entity Differences

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Special Revenue Fund Types (Exhibit 3) does not include in Special Revenue Funds amounts for SARIDA. As explained in Note 1, SARIDA is a component unit of the Authority and does not adopt an “appropriated” budget. Since these entity differences exist between Exhibit 3 and the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – All Governmental Fund Types (Exhibit 2), a reconciliation of the differences is presented as follows:

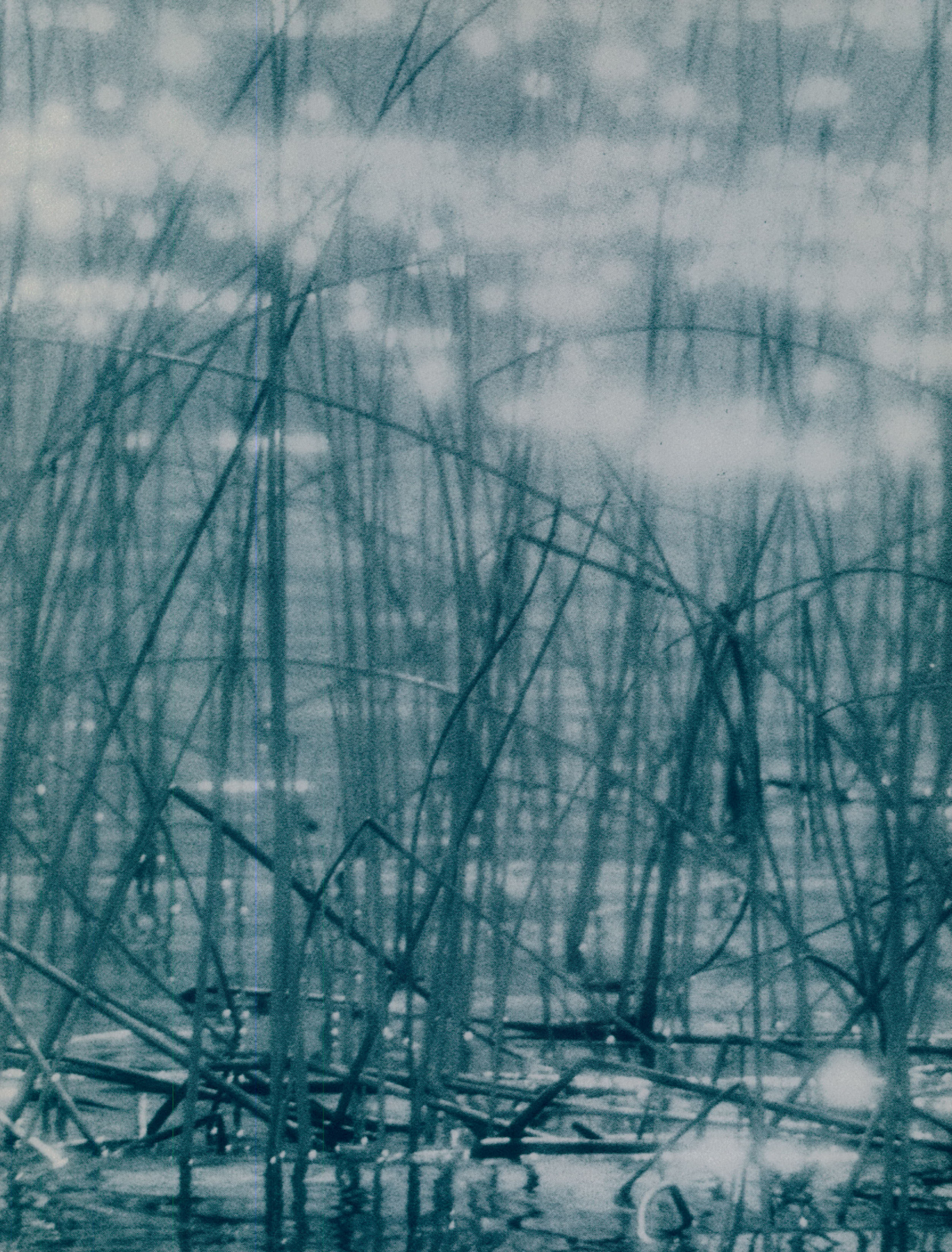
	Totals Exhibit 3	SARIDA	Totals Exhibit 2
Total revenues and other financing sources	\$ 5,804,993	\$ 4,439	\$ 5,809,432
Total expenditures and other financing uses	5,084,265	5,383	5,089,648
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 720,728</u>	<u>\$ (944)</u>	<u>\$ 719,784</u>

## 15. Contingencies

The Authority was named as defendant in a cause filed by a contractor. The amount of the estimated loss has been accrued as of June 30, 1994 in the General Fund and is reported in other accrued liabilities.

The Authority is subject to various other litigation and claims arising out of the course of its operations. While the results of the lawsuits cannot be predicted with certainty, management does not believe these matters will have an adverse effect on the Authority's financial position.









SAN ANTONIO RIVER AUTHORITY

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