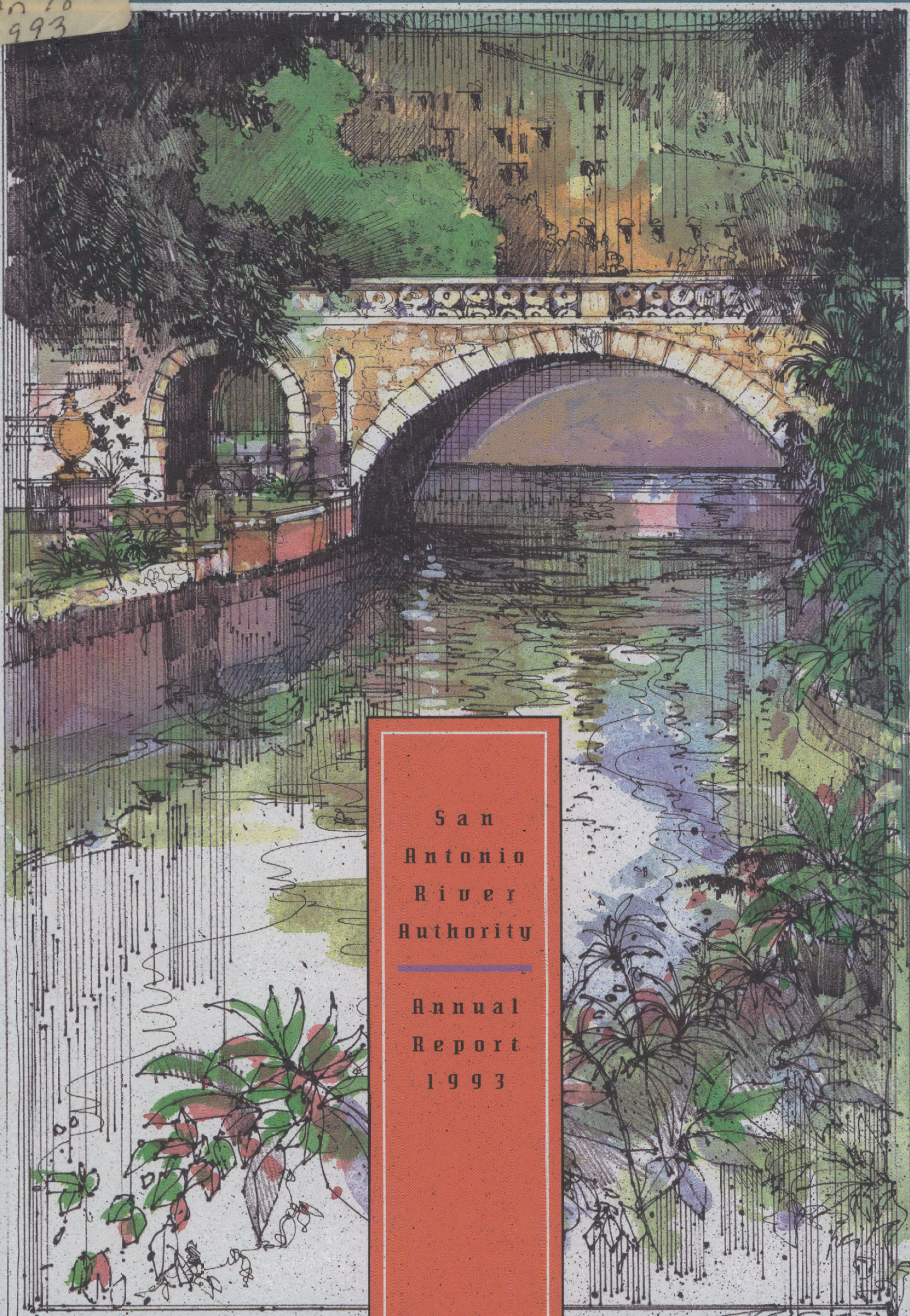


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San
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Annual
Report
1993

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**Comments
from the
Chairman
and
General
Manager**

Winston W. Lorenz
Chairman of the Board

Fred N. Pfeiffer
General Manager

During the past year, two major events occurred which will direct water resource conservation and development in South Central Texas.

First, the Texas Legislature passed legislation which established a new water authority to protect and manage the Edwards Aquifer. By promulgation of SB 1477, the Edwards Aquifer Authority was established and granted powers to regulate withdrawals from the aquifer. With limited underground water withdrawals, new emphasis will be put on conservation and reuse as well as development of new recharge and surface water projects.

The second major event occurred when the San Antonio Water System, Edwards District, Lower Colorado River Authority, Guadalupe-Blanco River Authority, Nueces River Authority, Bexar Metropolitan Water District and the San Antonio River Authority agreed to co-sponsor the Trans Texas Water project in the South Central Texas area they represent. Joining with the Texas Water Development Board, Texas Water Commission and the Texas Parks and Wildlife, the comprehensive planning effort will review all options for providing the water needs of the region through the year 2050. SARA is the coordinating entity for the study and will provide the

administrative support for the first phase of the project which is scheduled for completion in May 1994.

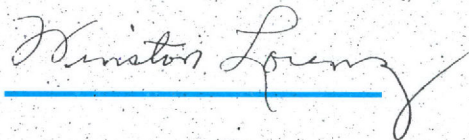
The U.S. Army Corps of Engineers and San Antonio River Authority completed plans for the San Antonio Flood Control Tunnel Inlet Structure. The inlet structure will not only divert flood water from downtown San Antonio but is also designed for recycling the base flow of the river and for accepting highly treated wastewater for nonpotable uses such as golf course and landscape irrigation. The tunnel modifications will conserve Edwards water, provide better water quality and assure an adequate base flow of the river through downtown San Antonio even during severe drought conditions. This project is jointly undertaken by SARA, the Corps of Engineers, the City of San Antonio, the San Antonio Water System and Bexar County. The tunnel project should be completed in 1995.

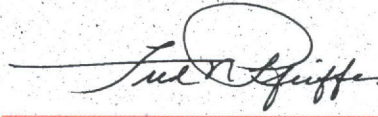
The flood control channels at Asylum Creek and No-Name Creek in the Missions National Historical Park area were nearing completion and should be operational at the beginning of 1994. Plans for the new Elmendorf Lake dam were completed and construction began in the Fall of 1993. The new dam was designed by SARA with funds provided by Bexar

County and the City of San Antonio.

SARA personnel continue providing water quality surveillance and monitoring of streams in the basin; wastewater purification at the Salatrillo, Upper Martinez and Martinez II treatment facilities; operation of a modern regional laboratory certified for water and wastewater analyses; outdoor recreation at Braunig and Calaveras Lakes; and operation and maintenance of 41 rural flood control dams throughout the basin.

Although SARA has authorization from both the Texas Legislature and the voters of the District to levy an Ad Valorem tax to support administrative, planning and operation activities no tax has been levied since 1980. All of SARA activities in Fiscal Year 1993 were funded from user fees, intergovernmental contract revenues and interest earned on investments.







Construction of the Phase II Main Office of the San Antonio River Authority located at 100 East Guenther Street was completed in fiscal year 1993.

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.

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 now 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.

Major Capital Improvement Projects

During Fiscal Year 1993, 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 segments will be designed and constructed 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 FY94. 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 spring of 1994.

SAN ANTONIO RIVER TUNNEL PROJECT

During FY93, 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 the U.S. Army Corps of Engineers completed the design of the tunnel inlet local sponsor improvements and flood control facilities. 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 construction completion scheduled for January 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 a construction start in October 1993, 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

This project consists of preparing plans and specifications for modifications to the electrical and mechanical facilities of not only Gate 3 but

also Gates 4 and 5. These modifications will enable the flood gates to be incorporated into the San Antonio River Tunnel control system.

ASYLUM AND NO NAME CREEK CHANNEL RECTIFICATION PROJECT

The San Antonio River was the focal point and lifeline of the early Spanish colonists and missionaries, with all the missions and settlements located adjacent to the river. Mission San Juan Capistrano was relocated from East Texas to its present location on the San Antonio River in 1731. Spaniards and Native Americans built the historic San Juan Dam and Acequia to provide irrigation water from the San Antonio River for the mission fields.

Water flow to the San Juan Acequia from the natural San Antonio River channel was altered by the construction of the flood control channel built as part of the San Antonio Channel Improvement Project. The San Juan Acequia was subsequently breached by flood waters from the Asylum and No Name Creeks and could not carry water to the mission fields.

Construction of new flood control channels on Asylum and No Name Creeks will repair the breached sections of the San Juan Acequia and prevent flood waters from entering the San Juan Acequia where it crosses these creeks. Flow from the repaired San Juan Acequia will 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 will again satisfy the oldest water right in the state of Texas with a priority date of December 31, 1731.

The project is being built at a cost of \$4.995 million and is scheduled for completion by February 1994. This project is being financed by the Bexar County Flood Control Tax.

Salatrillo Wastewater Treatment System

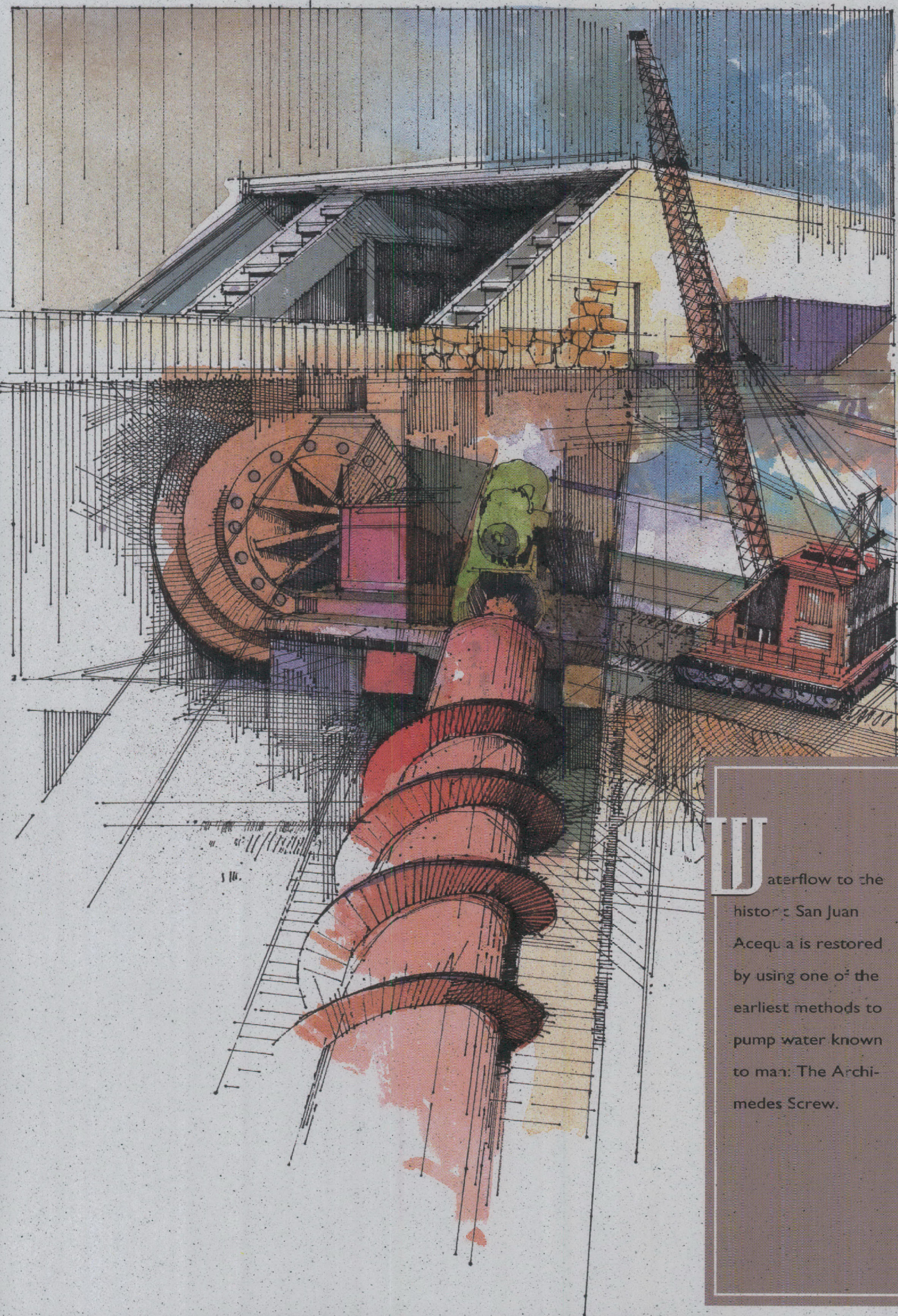
The Salatrillo Wastewater Treatment Plant and Collection System serves the sanitary sewage requirements of the cities of Live Oak, Converse and Universal City, and the development outside these cities which is within the gravity drainage basin of the treatment plant.

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 Water Commission concerning aerator backup. Construction on this project was completed in FY 93.

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



Waterflow to the historic San Juan Acequia is restored by using one of the earliest methods to pump water known to man: The Archimedes Screw.

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. This project is scheduled to be completed by March 1994.

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 Water 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 completed project will comply with the EPA requirements.

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 12 to 15 inch diameter sewer line. Construction is scheduled for completion by March, 1994.

GLEN SHADOW RELIEF SEWER

Designed in FY93, this project is scheduled for construction 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 includes approximately 900 linear feet of 12 inch diameter sewer and two manholes.

MARTINEZ SLUDGE FACILITIES TO REDUCE PATHOGENS

Currently, sludge from the 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 Water 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 completed project will comply with the EPA requirements.

Pollution Prevention

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 Water Commission.

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 Water 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 sixteen 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 Department of Health. The lab provides analysis of potable water supplies for municipalities,

water suppliers, commercial interests and private water wells throughout the SARA basin and South Texas.

The Authority has continued its long-standing practice of pollution complaint and fish-kill investigations within the basin and assisted Texas Water 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. This data and information has been evaluated and a report summarizing the findings has been submitted to the Texas Water 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 Water Commission to conduct a pilot study that will evaluate the impacts of non-point source 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.

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.

Water Supply

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

The Applewhite project was sponsored by the City of San Antonio and partially constructed when stopped by a referendum. Located on the Medina River in Bexar County, the project would have an average yield of approximately 50,000 acre feet annually.

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 project.

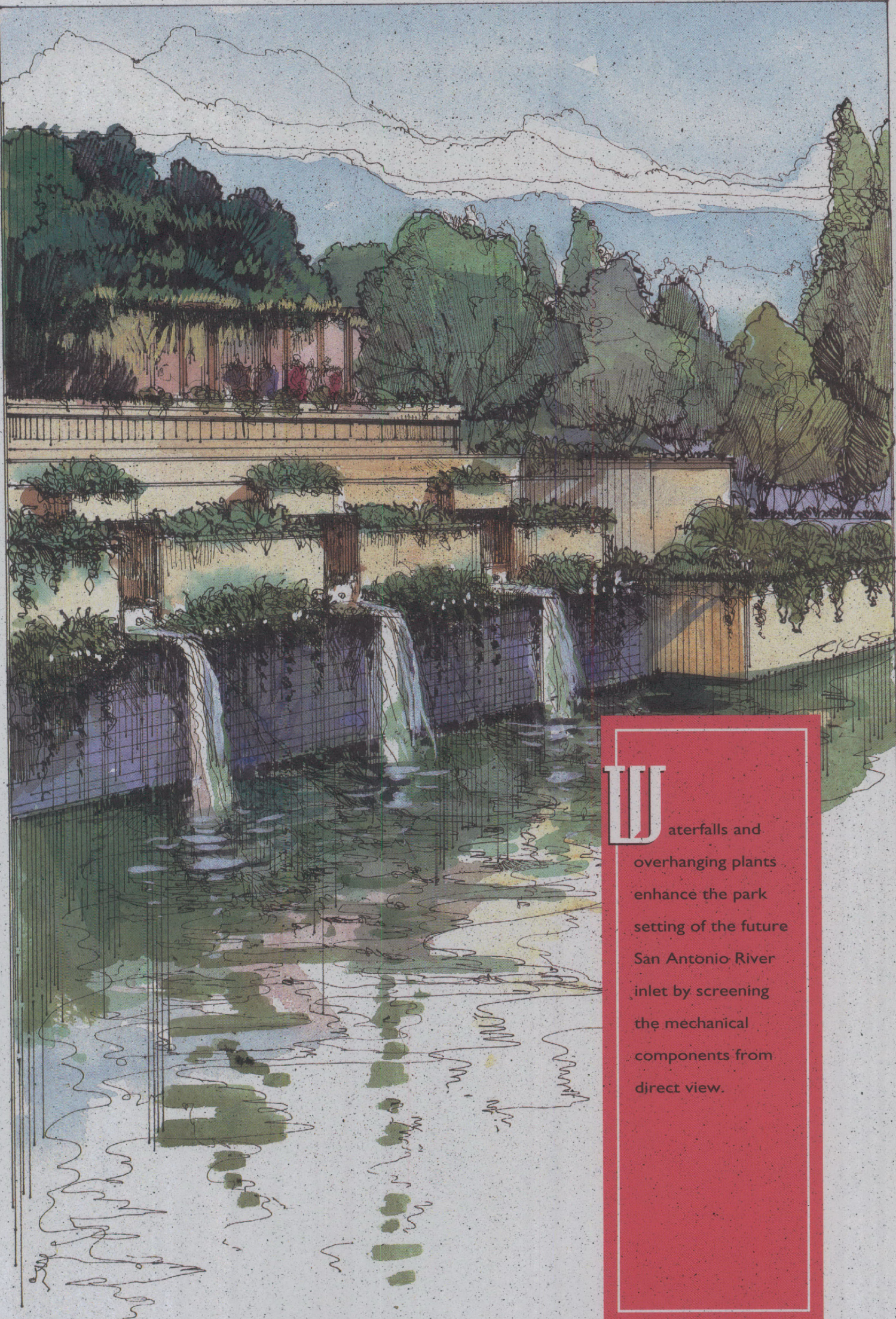
The Goliad Reservoir, located on the San Antonio river near the City of Goliad, would have a firm yield of approximately 115,000 acre feet annually and could serve municipal and industrial needs in both the San Antonio and Corpus Christi area.

These projects and additional Edwards recharge dams in the upper basin on or near the recharge zone will be studied in the Trans Texas Planning Program.





SARA biologists apply “electro-fishing techniques” to efficiently evaluate the impact pollutants may have on local water resources.



W

aterfalls and
overhanging plants
enhance the park
setting of the future
San Antonio River
inlet by screening
the mechanical
components from
direct view.

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 its tributary creeks within the City was approved by Congress in 1954. The San Antonio River Authority was designated as the "local interest" participant.

Under this authorization, the Corps of Engineers was responsible for the design and construction of the project. SARA's responsibility as local sponsor included 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 San Antonio financed 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 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 perform 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. The 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 baseflow 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 and is scheduled for

construction 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 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. 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 two waterfeatures is being designed to mask the floodwater discharge structures. These waterfeatures 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, the Asylum and No Name Creek Channel Rectification Project was well into its construction phase and final design of the San Pedro Creek Channel Project was wrapping up. Design for the replacement of the 19th Street Dam was also completed in FY93, with construction scheduled to begin in October, 1993.

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 forty-one 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 Esccondido Creek, 3 dams on Hondo Creek and 2.07 miles of channel on Nichols Creek are complete.

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 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 carousel-type extended aeration system and has center-pivot irrigation systems for the land application of liquid sludge residual 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 affect 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. A

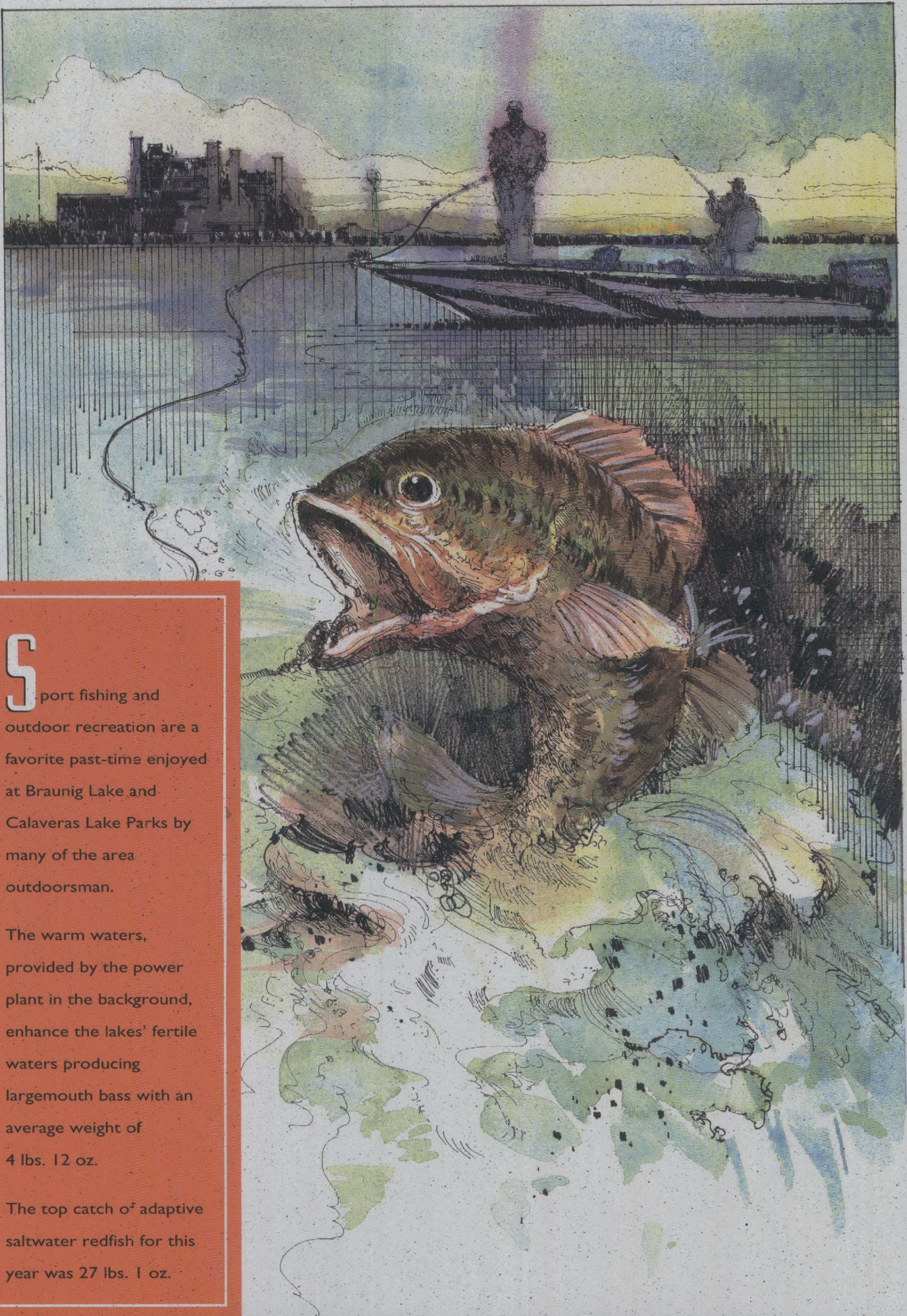
substantial portion of the new system, which meets the EPA requirements for treatment and pathogen reduction in sludge, was constructed in FY93. Sludge treated to meet the new standards is known as biosolids. SARA is now able to continue its commitment to beneficial use of sludge. The project includes 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 1.5 million gallons daily (MGD), where it is used downstream by private owners for livestock and irrigation. The energy efficient carousel-type Martinez I Plant has treatment capacity of 2.21 MGD and utilizes the center-pivot irrigation system for the disposal of liquid sludges. The Martinez II Plant, with its similar type treatment system, is an extension of the Martinez Creek Wastewater system and provides an additional 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.



A

belt filter press removes water from the waste sludge by gravity drainage and squeezes the sludge between two belts before adding lime to reduce pathogens.



Sport fishing and outdoor recreation are a favorite past-time enjoyed at Braunig Lake and Calaveras Lake Parks by many of the area outdoorsman.

The warm waters, provided by the power plant in the background, enhance the lakes' fertile waters producing largemouth bass with an average weight of 4 lbs. 12 oz.

The top catch of adaptive saltwater redfish for this year was 27 lbs. 1 oz.

Parks, Recreational Facilities, Fish Preservation

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.

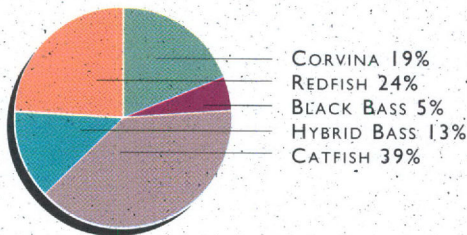
The pumping of "make-up" water from the San Antonio River over the last twenty years has increased the dissolved salts in the lakes to a point that the waters will now support adaptive saltwater fish. This enables the Texas Parks and Wildlife Department to stock the lakes with both native and adaptive 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.

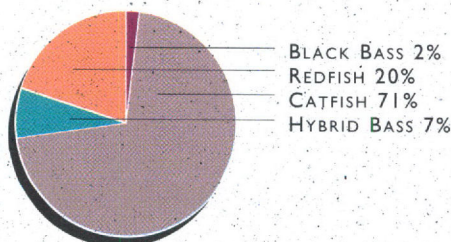
Calaveras Lake is open to the public 24 hours daily year-around, as is Braunig Lake except for the months of December and January, when this lake is open only for limited operations during the daytime hours. Both parks offer boat launch ramps and complete concession facilities including bait, tackle, 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 in Calaveras Lake in the Spring of 1993 totaled 40,000 fingerling bass.

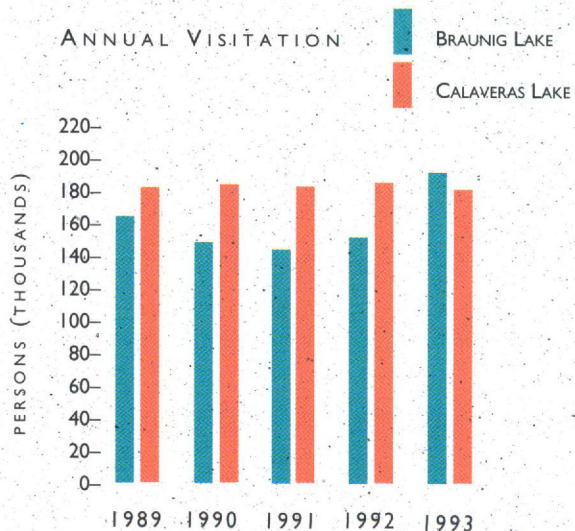
FISH HARVEST PROFILE
CALAVERAS LAKE



FISH HARVEST PROFILE
BRAUNIG LAKE



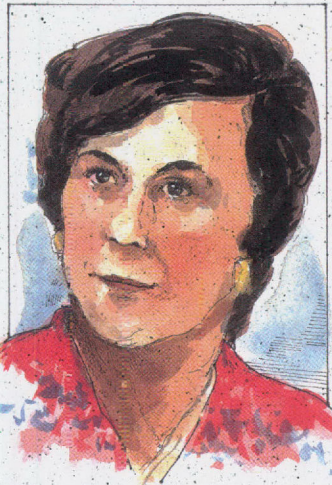
ANNUAL VISITATION



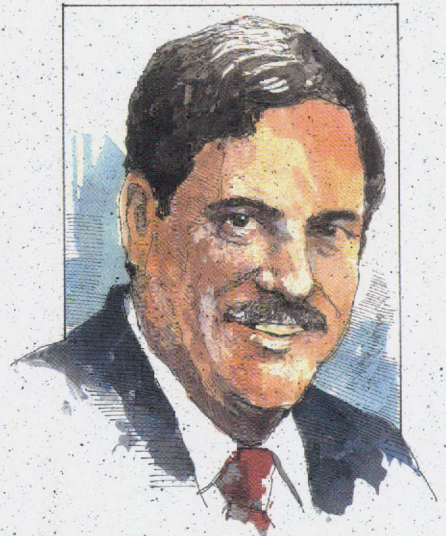
Board of Directors



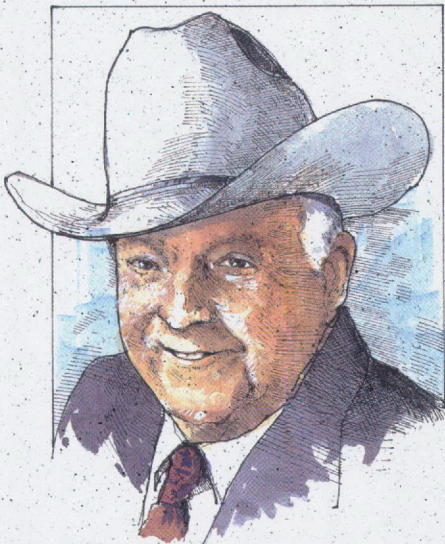
W.W. Lorenz, Chairman
Wilson County



Martha Clifton McNeel,
Vice-Chairman
Bexar County, District 2



H.B. Ruckman, III, Secretary
Karnes County



Otis L. Walker, Treasurer
Goliad County



Jesse Oviedo
Executive Committee
Bexar County, District 1



Cecil W. Bain
Bexar County, District 3



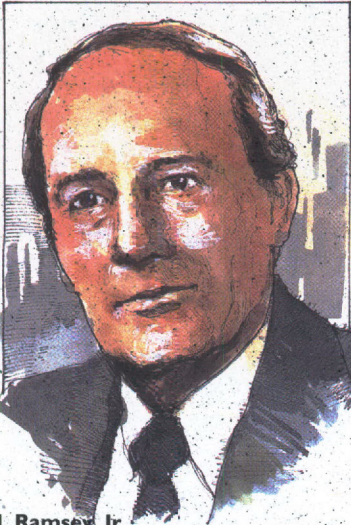
Roger V. Gary
Bexar County At Large



Paul K. Herder
Bexar County, District 4



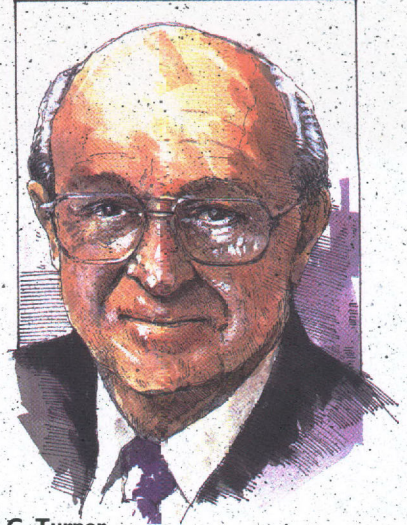
Truett Hunt
Karnes County



R.H. Ramsey, Jr.
Goliad County

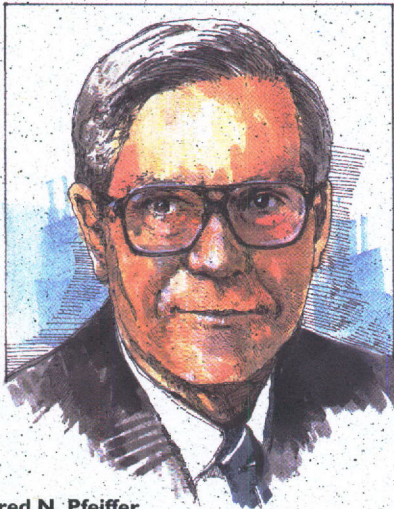


Nancy M. Steves
Bexar County, At Large



J.C. Turner
Wilson County

Management



Fred N. Pfeiffer
General Manager



F. Blair Warren
Assistant Manager



Judith T. Pavlik
Controller



Steven P. Ramsey
Chief Engineer



Dennis Marrin
Chief, Administrative Services

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the San Antonio River Authority for its Comprehensive Annual Financial Report for the fiscal years ended June 30, 1991 and June 30, 1992.

**S a n
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**A n n u a l
R e p o r t
1 9 9 3**

**F i n a n c i a l
I n f o r m a t i o n**

The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. The San Antonio River Authority has again submitted the Comprehensive Annual Financial Report to GFOA for fiscal year ended June 30, 1993 for consideration of the Certificate of Achievement for Excellence in Financial Reporting.



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100 West Houston St.
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San Antonio, Texas 78299

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Report of Independent Auditors

Board of Directors
San Antonio River Authority

We have audited the accompanying general purpose financial statements of the San Antonio River Authority as of June 30, 1993, and for the year then ended, as follow: combined balance sheet—all fund types and account groups; combined statement of revenues, expenditures, and changes in fund balances—all governmental fund types; combined statement of revenues, expenditures, and changes in fund balances—budget and actual—general and special revenue fund types; combined statement of revenues, expenses, and changes in retained earnings—all proprietary fund types; and combined statement of cash flows—all proprietary fund types. 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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, 1993, 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.

Ernst + Young

August 30, 1993

COMBINED BALANCE SHEET — ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1993

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
Assets:				
Cash—Note B	\$ 445,918	\$ 100,965	\$ 207,577	\$ 315,821
Investments—Note B	9,003,259	1,834,477	4,721,699	9,377,408
Receivables:				
Accounts	15,987			
Intergovernmental	107,747	134,796		23,738
Accrued Interest	97,891	116		
Taxes	10,309			
Allowances for Delinquent Taxes (Deduction)	(10,309)			
Total Receivables	221,625	134,912		23,738
Due from Other Funds—Note C	495,546	255,679	119,705	24,430
Prepaid Expenses and Other Assets				
Concession Inventory				
Investments by Agent to Fund Deferred				
Compensation Annuities—Note B				
Restricted Assets—Notes F and G:				
Cash—Note B				70,031
Cash with Fiscal Agent			2,791,795	
Accounts Receivable				
Investments—Note B				
Bond Sale Expense—Net of Amortization				
Office Furniture, Fixtures, and Equipment				
Other Machinery and Equipment				
Automobiles and Trucks				
Buildings				
Improvements Other Than Buildings				
Sewage Treatment Facilities				
Construction in Progress (Estimated Cost of Completion—\$1 278,209)				
Allowances for Depreciation (Deduction)				
Land				
Soil Conservation Service Projects				
Model Cities Project				
Flood Control Projects—Note I				
Other Debits:				
Amount Available in Debt Service Funds				
Amount to be Provided for Retirement of General Long-Term Debt				
Total Assets and Other Debits	\$ 10,166,348	\$ 2,326,033	\$ 7,840,776	\$ 9,811,428
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts Payable	\$ 869,693	\$ 3,045	\$ 102,317	\$ 799,560
Performance Deposit	1,500			
Amounts Held in Custody for Other Taxing Units				
Payroll Deductions	275			
Employees' Deferred Compensation—Note E				
Due to Other Funds—Note C	24,321	282,343	138,740	354,953
Other Accrued Liabilities	1,350,214			500
Deferred Income—Connection Fees				
Liabilities of Restricted Assets:				
Accounts Payable				
Accrued Bond Interest Payable				
Bonds Payable Within One Year—Note M				
Matured Interest Coupons Payable			1,739,359	
Other Bonds Payable—Notes F, G, H, and M				
Total Liabilities	2,246,003	285,388	1,980,416	1,155,013
Equity and Other Credits:				
Contributed Capital				
Investment in General Fixed Assets:				
From Revenues				
From Contributions				
Retained Earnings				
Fund Balances:				
Reserved for Flood Control Administration—Note J	67,959			
Reserved for Encumbrances	115,640	839		2,755,956
Unreserved:				
Designated by Management	14,842			
Designated for Self Insurance—Note J	300,000			
Designated for Debt Service			5,860,360	
Undesignated	7,421,904	2,039,806		5,900,459
Total Equity and Other Credits	7,920,345	2,040,645	5,860,360	8,656,415
Total Liabilities, Equity, and Other Credits	\$ 10,166,348	\$ 2,326,033	\$ 7,840,776	\$ 9,811,428

See notes to financial statements.

EXHIBIT I

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets- Note K	General Long-Term Debt	
Enterprise- Note L	Agency			
\$ 174,018	\$ 266			\$ 1,244,565
2,865,980	430,000			28,232,823
235,346				251,333
19,015	57,972			324,253
	281			117,303
				10,309
				(10,309)
<u>254,361</u>	<u>58,253</u>			<u>692,889</u>
9,596				895,360
47,440				9,596
				47,440
	364,926			364,926
49,367	21,643			141,041
601,819				3,393,614
365,000				365,000
4,024,554				4,024,554
110,764				110,764
116,771		\$ 1,171,128		1,287,899
513,711		745,679		1,259,390
385,588		344,504		730,092
598,601		5,042,958		5,641,559
1,518,175		70,041		1,588,216
20,061,672				20,061,672
1,769,059				1,769,059
(7,232,562)				(7,232,562)
1,468,723		118,973		1,587,696
		15,063,097		15,063,097
		9,109,195		9,109,195
		193,380,726		193,380,726
			\$ 5,860,360	5,860,360
			41,124,640	41,124,640
<u>\$ 27,702,637</u>	<u>\$ 875,088</u>	<u>\$ 225,046,301</u>	<u>\$ 46,985,000</u>	<u>\$ 330,753,611</u>
\$ 508,444	\$ 474,846			\$ 2,757,905
	213			1,500
				213
	364,926			275
59,900	35,103			364,926
2,123				895,360
249,480				1,352,837
				249,480
78,771				78,771
194,556				194,556
430,000				430,000
<u>6,061,407</u>			\$ 46,985,000	<u>53,046,407</u>
7,584,681	875,088		46,985,000	61,111,589
8,441,193				8,441,193
		\$ 57,487,223		57,487,223
		167,559,078		167,559,078
11,676,763				11,676,763
				67,959
				2,872,435
				14,842
				300,000
				5,860,360
<u>20,117,956</u>		<u>225,046,301</u>		<u>15,362,169</u>
<u>\$ 27,702,637</u>	<u>\$ 875,088</u>	<u>\$ 225,046,301</u>	<u>\$ 46,985,000</u>	<u>\$ 330,753,611</u>

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES — ALL GOVERNMENT FUND TYPES**

EXHIBIT 2

YEAR ENDED JUNE 30, 1993

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
REVENUES AND OTHER FINANCING SOURCES:					
Revenues:					
Taxes	\$ 241				\$ 241
Interest Income	1,071,541	\$ 12,213			1,083,754
Intergovernmental	65,223	5,673,041		\$ 42,367	5,780,631
Charges for Services	433,369	6,840			440,209
Miscellaneous	23,534			24,528	48,062
Total Revenues	1,593,908	5,692,094		66,895	7,352,897
Other Financing Sources:					
Proceeds from Sale of Bonds			\$ 22,443,170	10,133,435	32,576,605
Operating Transfers In	50,000	255,210	5,953,289		6,258,499
Total Revenues and Other Financing Sources	1,643,908	5,947,304	28,396,459	10,200,330	46,188,001
EXPENDITURES AND OTHER FINANCING USES:					
Expenditures:					
Current:					
General Government	119,583				119,583
Administration	955,597	22,473		93,941	1,072,011
Environmental Services	294,380				294,380
Engineering Services	278,566				278,566
Flood Control Dam Maintenance	296,806	162,664		6,788	466,258
Arbitration	702,155				702,155
Total Current Expenditures	2,647,087	185,137		100,729	2,932,953
Capital Outlay	892,606	2,720		5,894,681	6,790,007
Debt Service:					
Bond Principal			1,135,000		1,135,000
Interest on Bonds			2,718,557		2,718,557
Professional Services — Issuance Costs			310,815		310,815
Payment to Refunded Bond Escrow Agent			757,344		757,344
Total Expenditures	3,539,693	187,857	4,921,716	5,995,410	14,644,676
Other Financing Uses:					
Operating Transfers to Interest and Redemption Fund		5,953,289			5,953,289
Operating Transfers — Other		305,210			305,210
Payment to Refunded Bond Escrow Agent			21,822,201		21,822,201
Total Expenditures and Other Financing Uses	3,539,693	6,446,356	26,743,917	5,995,410	42,725,376
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,895,785)	(499,052)	1,652,542	4,204,920	3,462,625
Fund Balances, July 1, 1992	9,816,130	2,539,697	4,207,818	4,451,495	21,015,140
Fund Balances, June 30, 1993	\$ 7,920,345	\$ 2,040,645	\$ 5,860,360	\$ 8,656,415	\$ 24,477,765

See notes to financial statements.

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES —
BUDGET AND ACTUAL — GENERAL AND SPECIAL REVENUE FUND TYPES

EXHIBIT 3

YEAR ENDED JUNE 30, 1993

	General Fund			Special Revenue Funds — Note N		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES AND OTHER FINANCING SOURCES:						
Revenues:						
Taxes	\$ 300	\$ 241	\$ (59)			
Interest Income	920,000	1,071,541	151,541	\$ 8,000	\$ 6,634	\$ (1,366)
Intergovernmental	76,300	65,223	(11,077)	5,700,000	5,673,041	(26,959)
Charges for Services	429,800	433,369	3,569	1,700	6,840	5,140
Miscellaneous	31,000	23,534	(7,466)			
Total Revenues	1,457,400	1,593,908	136,508	5,709,700	5,686,515	(23,185)
Other Financing Sources:						
Operating Transfer In	50,000	50,000		255,210	255,210	
Total Revenues and Other Financing Sources	1,507,400	1,643,908	136,508	5,964,910	5,941,725	(23,185)
EXPENDITURES AND OTHER FINANCING USES:						
Expenditures:						
Current:						
General Government	138,700	119,583	19,117			
Administration	1,221,152	955,597	265,555	69,150	9,455	59,695
Environmental Services	332,725	294,380	38,345			
Engineering Services	458,721	278,566	180,155			
Flood Control Dam Maintenance	322,649	296,806	25,843	187,659	162,664	24,995
Arbitration		702,155	(702,155)			
Total Current Expenditures	2,473,947	2,647,087	(173,140)	256,809	172,119	84,690
Capital Outlay	1,081,509	892,606	188,903	2,847	2,720	127
Total Expenditures	3,555,456	3,539,693	15,763	259,656	174,839	84,817
Other Financing Uses:						
Operating Transfers to Interest and Redemption Fund				5,200,000	5,953,289	(753,289)
Operating Transfers - Other				255,210	255,210	
Total Expenditures and Other Financing Uses	3,555,456	3,539,693	15,763	5,714,866	6,383,338	(668,472)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,048,056)	(1,895,785)	152,271	250,044	(441,613)	(691,657)
Fund Balances, July 1, 1992	9,816,130	9,816,130		2,348,372	2,348,372	
Fund Balances, June 30, 1993	\$ 7,768,074	\$ 7,920,345	\$ 152,271	\$ 2,598,416	\$ 1,906,759	\$ (691,657)

See notes to financial statements.

**COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS — ALL PROPRIETARY FUND TYPES**
YEAR ENDED JUNE 30, 1993

EXHIBIT 4

	Enterprise Funds			
	Sewage Treatment Funds	Parks and Recreation Fund	Pollution Control Contract Fund	Combined Total
OPERATING REVENUES:				
Concession Sales		\$ 526,249		\$ 526,249
Less Cost of Goods Sold		(294,878)		(294,878)
		<hr/>		<hr/>
Gross Profit on Sales		231,371		231,371
Entrance Fees		780,584		780,584
Annual Permits		120,165		120,165
Impact Fees	\$ 87,516			87,516
Sewer Service Charges	2,847,310			2,847,310
Administrative Fees			\$ 730	730
Sale of Hay and Miscellaneous	35,454	5,671		41,125
	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Revenues	2,970,280	1,137,791	730	4,108,801
OPERATING EXPENSES:				
Regular Salaries	660,987	460,714		1,121,701
Part-Time Salaries		12,945		12,945
Retirement	55,260	38,746		94,006
Employer FICA, Unemployment, and Insurance	133,234	102,942		236,176
Office Supplies	503			503
Operating and Maintenance Supplies	119,416	35,517		154,933
Operating and Maintenance — Vehicles	24,580	7,075		31,655
Photographic Supplies	135	457		592
Communications	5,387	808		6,195
Regulatory Commission Fees	38,037			38,037
Professional Services	83,127	1,594		84,721
Laboratory Services	19,330	354		19,684
Travel	7,618	472		8,090
Vehicle Usage		9,656		9,656
Binding and Printing		1,068		1,068
Dues, Subscriptions, and Advertising	889	55		944
General Insurance	33,662	9,936		43,598
Utilities	221,314	14,862		236,176
Repair and Maintenance Contracts	1,283	150		1,433
Rentals	751	1,000		1,751
Allocation of Administrative Expenses	407,759	313,168	730	721,657
Depreciation	840,196	136,294		976,490
Miscellaneous	8,066	1,595		9,661
	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Expenses	2,661,534	1,149,408	730	3,811,672
Operating Income (Loss)	308,746	(11,617)	—	297,129
NONOPERATING REVENUES:				
Interest Income	263,507	20,933		284,440
Gain on Disposal of Assets	1,502			1,502
Intergovernmental Revenues:				
Interest Requirements on Bond Issues			19,710	19,710
Fiscal Agent Fee Requirement			450	450
	<hr/>	<hr/>	<hr/>	<hr/>
Total Nonoperating Revenues	265,009	20,933	20,160	306,102
NONOPERATING EXPENSES:				
Interest on Bonds	395,459		19,710	415,169
Amortization of Bond Sale Expenses	5,476			5,476
Fiscal Agent Fees			450	450
	<hr/>	<hr/>	<hr/>	<hr/>
Total Nonoperating Expenses	400,935		20,160	421,095
Income before Extraordinary Loss	172,820	9,316		182,136
Extraordinary Loss on Bond Refunding—Note G	488,779			488,779
	<hr/>	<hr/>	<hr/>	<hr/>
NET INCOME (LOSS)	(315,959)	9,316	—	(306,643)
Retained Earnings, July 1, 1992	10,451,154	1,532,252		11,983,406
	<hr/>	<hr/>	<hr/>	<hr/>
RETAINED EARNINGS, JUNE 30, 1993	\$ 10,135,195	\$ 1,541,568	\$ —	\$ 11,676,763

See notes to financial statements.

COMBINED STATEMENT OF CASH FLOWS — ALL PROPRIETARY FUND TYPES

EXHIBIT 5

YEAR ENDED JUNE 30, 1993

	Enterprise Funds			Combined Total
	Sewage Treatment Funds	Parks and Recreation Fund	Pollution Control Contract Fund	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ 308,746	\$ (11,617)		\$ 297,129
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	845,672	136,294		981,966
Loss on Bond Refunding	(488,779)			(488,779)
Changes in Assets/Liabilities:				
(Increase) in Accounts Receivable	(7,670)			(7,670)
(Increase) in Inventory		(11,288)		(11,288)
(Increase) in Prepaids		(2,358)		(2,358)
Increase (Decrease) in Accounts Payable	335,493	(3,969)		331,524
Increase in Other Liabilities		123		123
(Decrease) in Interfund Payables	(240,366)	(73,332)		(313,698)
Net Cash Provided by Operating Activities	753,096	33,853		786,949
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from Sale of Assets	1,502			1,502
Cash Received from Intergovernmental Agency Acquisition and Construction of Capital Assets			\$ 20,160	20,160
Bond Proceeds	(1,923,938)	(8,083)		(1,932,021)
Principal Paid on Revenue Bond Maturities	3,955,885			3,955,885
Interest Paid on Revenue Bonds	(3,775,000)			(3,775,000)
Fiscal Agent Fees	(441,801)		(19,710)	(461,511)
			(450)	(450)
Net Cash Used by Capital and Related Financing Activities	(2,183,352)	(8,083)	—	(2,191,435)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of Investment Securities	(31,506,119)	(5,214,299)		(36,720,418)
Proceeds from Sales and Maturities of Investment Securities	32,908,365	5,137,278		38,045,643
Interest on Investments	254,948	21,258		276,206
Net Cash Provided (Used) by Investing Activities	1,657,194	(55,763)	—	1,601,431
Net Increase (Decrease) in Cash and Cash Equivalents	226,938	(29,993)	—	196,945
Cash and Cash Equivalents, July 1, 1992	584,562	43,695	1	628,258
Cash and Cash Equivalents, June 30, 1993	\$ 811,500	\$ 13,702	\$ 1	\$ 825,203

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1993

NOTE A—REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES**FINANCIAL REPORTING ENTITY:**

For financial reporting purposes, the San Antonio River Authority (the Authority) includes all funds and account groups and component units for which the Authority's Board of Directors may exercise oversight responsibility.

In evaluating how to define the entity for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria of the Governmental Accounting Standards Board (GASB). The basic—but not the only—criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

Based on the foregoing criteria, the San Antonio River Industrial Development Authority (SARIDA) is a component unit of the San Antonio River Authority; therefore, its financial statements are included in the accompanying financial statements as a special revenue fund. On July 18, 1979, the Board of Directors of the Authority approved the formation of SARIDA, an industrial development corporation, to act on behalf of the Authority. SARIDA was officially formalized July 27, 1979, through issuance of a Certificate of Incorporation by the Secretary of State of the State of Texas for the purpose of promoting industrial growth within the four-county area serviced by the Authority. Eligible applicants are furnished financial assistance through the sale of tax-free industrial development bonds. The Authority has no direct or contingent liability for these bonds. Assets and revenue of SARIDA may ultimately be transferred to the Authority through passage of a resolution by the directors of the Corporation.

FUND ACCOUNTING:

The Authority uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of

general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to outside parties (enterprise funds) as described in Note L.

Fiduciary funds consist of agency funds that are used to account for assets that the Authority holds on behalf of others as their agent.

BASIS OF ACCOUNTING:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both 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 be used 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 other revenue recognition for all governmental funds. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, with the following exception that is in conformity with generally accepted accounting principles: costs for accumulated unpaid vacation and sick leave are reported as expenditures in the period due rather than in the period earned by employees, and any such amounts due are immaterial. Interest due July 1, 1993 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, 1993.

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.

The accrual basis of accounting has been utilized in the enterprise funds. Under the accrual basis, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1993

NOTE A—REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES—CONTINUED

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.

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.

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 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 that 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 represents 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.

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 River Authority's. SARIDA's budget is, however, managed similarly to the River 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 N.

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 expenses (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.

NOTE B—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

NOTES TO FINANCIAL STATEMENTS—CONTINUED

JUNE 30, 1993

NOTE B—CASH AND INVESTMENTS—CONTINUED

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, 1993. 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 is reported at current market value.

	Carrying Amount	Market Value
U.S. Government Securities	\$ 32,186,702	\$ 32,482,090
Certificates of Deposit	70,675	70,675
	<u>\$ 32,257,377</u>	<u>\$ 32,552,765</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.

NOTE C—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.

Receivable Fund	Payable Fund	Amount	
General	Berg's Mill & Salado		
	Creek Maintenance	\$ 26,808	
	Debt Service	138,740	
	Original SACIP	247	
	SACIP Phase III	235,001	
	Martinez/Salatrillo System	44,904	
	Contract Plant	883	
	Parks & Recreation	13,858	
	Pollution Control-City of Kenedy	2	
	Deferred Compensation Trust	1	
	SARA/CSA ROW	35,102	
	<u>495,546</u>		
Improvement			
Bond Revenue	General	9	
Berg's Mill & Salado	Creek Maintenance	Improvement Bond Revenue	255,210
		Parks & Recreation	253
		<u>255,463</u>	
SARIDA	General	207	
Debt Service	SACIP Phase III	119,705	
SACIP Phase II	General	24,105	
SACIP Phase III	Improvement Bond Revenue	325	
		<u>\$ 895,360</u>	

NOTE D—PENSION PLAN

The Authority has a defined contribution (money purchase) pension 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 7 years of service. The Authority is required to contribute 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, 1993 was \$2,865,039, compared to total current-year payroll for all employees (full-time and part-time) of \$3,127,438. Employer contributions to the Plan were \$278,842. The Authority's policy is to fund all pension plan costs as they accrue.

NOTE E—DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created September 2, 1975 in accordance with 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.

NOTE F—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 that 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¢ per \$100 assessed valuation. SACIP Improvement Bonds have been issued pledging revenues of the Bexar County flood control tax for retirement of the bonds.

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

NOTES TO FINANCIAL STATEMENTS—CONTINUED

JUNE 30, 1993

NOTE F—SAN ANTONIO CHANNEL IMPROVEMENT PROJECT (SACIP) FUNDS—CONTINUED**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 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 \$3,693,189 at June 30, 1993.

At June 30, 1993, the balances of cash and investments in the required funds were: Interest and Sinking Fund, \$3,811,320; and Reserve Fund, \$3,909,751.

CHANNEL IMPROVEMENT REVENUE BONDS:

These bonds are reported in the General Long-Term Debt account group. See Note M.

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.

As of October 15, 1992, the Authority issued \$19,205,000 of Channel Improvement and Refunding Revenue Bonds, Series 1992, with an

average interest rate of 5.80%. Of this total, \$8,810,000 was to advance refund \$3,525,000 of the outstanding Channel Improvement Revenue Bonds, Series 1987, and \$4,435,000 of the outstanding Series 1989 bonds, which together had an average interest rate of 8.06%.

As of May 1, 1993, the Authority issued \$12,150,000 of Channel Improvement Taxable Refunding Revenue Bonds, Series 1993A, with an average interest rate of 6.95%. It also issued \$1,650,000 of Channel Improvement Refunding Bonds, Series 1993B, with an average interest rate of 5.80%. Both series of bonds were to advance refund all the \$13,045,000 outstanding balance of the Series 1980 bonds, which had an average interest rate of approximately 8.30%.

The net proceeds of these advance refundings (after payment of underwriter fees, insurance, and other issuance costs) plus an additional \$757,344 of sinking fund monies of the refunded bonds were used to purchase U. S. government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the Series 1992 and 1993 refunding bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group.

The Authority advanced refunded the Series 1980, 1987 and 1989 Channel Improvement Revenue Bonds to reduce its total debt service payments over the next 21 years by approximately \$1,862,000 and to obtain economic gains (the difference between the present values of the debt service payments on the old and the new debt) of approximately \$1,099,000.

NOTE G—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. 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 1993. 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.

NOTES TO FINANCIAL STATEMENTS—CONTINUED

JUNE 30, 1993

**NOTE G—REVENUE BONDS PAYABLE—
MARTINEZ-SALATRILLO CREEKS
SEWAGE SYSTEM—CONTINUED**

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: Monies in this account are used only for paying the cost of constructing improvements to the System.

At June 30, 1993, the balances of cash, investments, and cash with fiscal agent in the required funds were: Interest and Sinking Fund, \$603,056; Reserve Fund, \$810,806; Contingency and Improvement Fund, \$3,147,879; and Construction Fund, \$113,998.

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 (1) are 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.

As of January 1, 1993, the Authority issued \$4,070,000 of Martinez-Salatrillo Creeks Sewage System Refunding Revenue Bonds, Series 1993, with an average interest rate of 5.95% to advance refund \$3,450,000 of the Series 1985 Revenue Bonds with an average rate of 8.88%. The net proceeds of \$3,859,400 (after payment of underwriting fees, insurance and other issuance costs) plus \$14,877 from the Revenue Bonds Interest and Sinking Fund was used to purchase U. S. government securities. These 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.

Although the Advance refunding resulted in the recognition of an accounting loss of \$488,779 for the year ended June 30, 1993, the Authority in effect reduced its aggregate debt service payments by almost \$343,000 over the next thirteen years and obtained an economic gain (the difference between present values of the old and the new debt service payments) of over \$239,000.

**NOTE H—POLLUTION CONTROL CONTRACT FUND—
CITY OF KENEDY**

On May 15, 1974, the Authority entered into an agreement with the City of Kennedy, Texas, whereby the Authority would issue revenue bonds for the purpose of constructing sewage facilities for the City of Kennedy. 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 Kennedy Waste Disposal Contract Revenue Bonds are due serially from fiscal year 1994 through fiscal year 2002, with interest of 5.4%. Principal and interest requirements range from a high of \$53,765 in fiscal year 1994 to a low of \$48,640 in fiscal year 1999.

**NOTE I—PARTICIPATION IN FEDERAL
CONSTRUCTION PROJECTS**

The Authority and the United States Army Corps of Engineers 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 \$153,500 during the year ended June 30, 1993. Pursuant to the agreement, the Corps transfers to the Authority all improvements as they are completed, and the cost to the Corps of Engineers is used as the basis of the additions to the Authority's General Fixed Assets Account Group.

**NOTE J—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 San Antonio River Authority. At June 30, 1993, 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 U. S. Army Corps of Engineers and other governmental agencies. During the year, \$1,420 was used in connection with flood control.

The Authority had been self-insured in prior years. As a result of various claims still outstanding and unresolved, the Authority's management has designated \$300,000 of the fund balance of the General Fund for resolution of these claims.

NOTES TO FINANCIAL STATEMENTS—CONTINUED

JUNE 30, 1993

NOTE K—GENERAL FIXED ASSETS

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

	Balance July 1, 1992	Additions	Deletions	Balance June 30, 1993
Office Furniture, Fixtures, and Equipment	\$ 1,137,874	\$ 40,358	\$ 7,104	\$ 1,171,128
Other Machinery and Equipment	692,640	57,768	4,729	745,679
Automobiles and Trucks	335,569	21,226	12,291	344,504
Buildings	4,145,103	897,855		5,042,958
Improvements Other Than Buildings	70,041			70,041
Land	118,973			118,973
Soil Conservation Service Projects	15,063,097			15,063,09
Model Cities Project	9,109,195			9,109,195
Flood Control Projects	178,361,854	15,018,872		193,380,726
	<u>\$ 209,034,346</u>	<u>\$ 16,036,079</u>	<u>\$ 24,124</u>	<u>\$ 225,046,301</u>

NOTE L—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, 1993, is as follows:

	Sewage Treatment Funds	Parks and Recreation Fund	Other Funds	Total Enterprise Funds
Property, Plant, and Equipment	\$ 24,192,719	\$ 2,239,581		\$ 26,432,300
Property Additions	1,923,938	8,083		1,932,021
Accumulated Depreciation	6,012,240	1,220,322		7,232,562
Working Capital	2,138,729	637,272	\$ 4,927	2,780,928
Total Equity	18,461,425	1,656,531		20,117,956
Total Assets	25,629,185	1,703,522	369,930	27,702,637
Long-Term Liabilities:				
Payable From Operating Revenues	5,696,407			5,696,407
Payable From Other Sources			365,000	365,000
Operating Revenues	2,970,280	1,137,791	730	4,108,801
Depreciation	840,196	136,294		976,490
Operating Income (Loss)	308,746	(11,617)		297,129
Net Income (Loss)	(315,959)	9,316		(306,643)

NOTES TO FINANCIAL STATEMENTS—CONTINUED

JUNE 30, 1993

NOTE M—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, 1993:

Series	Effective Interest Rate	Original Amount	Outstanding July 1 1992	Additions	Deletions	Outstanding June 30 1993
GENERAL BONDED DEBT						
SACIP Improvement Bonds:						
1980	7.7923%	\$ 13,045,000	\$ 13,045,000		\$ 13,045,000	
1982	9.97	6,000,000	485,000		230,000	\$ 255,000
1983	9.3697	6,000,000	340,000		165,000	175,000
1987	8.3502	6,060,000	5,470,000		3,710,000	1,760,000
1989	6.8145	12,340,000	11,780,000		4,880,000	6,900,000
1991	6.374635	5,000,000	5,000,000		110,000	4,890,000
1992	5.76412859	19,205,000		\$ 19,205,000		19,205,000
1993A	6.74602136	12,150,000		12,150,000		12,150,000
1993B	5.5	1,650,000		1,650,000		1,650,000
		<u>\$ 81,450,000</u>	<u>\$ 36,120,000</u>	<u>\$ 33,005,000</u>	<u>\$ 22,140,000</u>	<u>\$ 46,985,000</u>
ENTERPRISE FUND BONDS						
Sewage Treatment Funds						
Martinez-Salatrillo						
Creeks Sewage System						
Revenue Bonds:						
1969	6.4976%	\$ 300,000	\$ 75,000		\$ 20,000	\$ 55,000
1972	6.249258	500,000	320,000		10,000	310,000
1982	5.5	2,200,000	1,375,000		150,000	1,225,000
1985	9.14	4,750,000	4,125,000		3,595,000	530,000
1993	5.14844472	4,070,000		\$ 4,070,000		4,070,000
		<u>11,820,000</u>	<u>5,895,000</u>	<u>4,070,000</u>	<u>3,775,000</u>	<u>6,190,000</u>
Less Discount on Bonds				<u>63,593</u>		<u>63,593</u>
		<u>11,820,000</u>	<u>5,895,000</u>	<u>4,006,407</u>	<u>3,775,000</u>	<u>6,126,407</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>\$ 6,260,000</u>	<u>\$ 4,006,407</u>	<u>\$ 3,775,000</u>	<u>\$ 6,491,407</u>

Principal and interest requirements to maturity for all long-term debt of the River Authority as of June 30, 1993 are as follows:

	Principal	Interest	Total
General Long-Term Debt			
Channel Improvement			
Bonds—Note F			
1994	\$ 1,555,000	\$ 2,788,435	\$ 4,343,435
1995	1,790,000	2,750,435	4,540,435
1996	1,900,000	2,634,527	4,534,527
1997	2,020,000	2,510,553	4,530,553
1998	2,150,000	2,380,868	4,530,868
1999-2000	4,700,000	4,340,520	9,040,520
2001-2005	14,335,000	8,097,955	22,432,955
2006-2010	10,665,000	4,193,437	14,858,437
2011-2014	7,870,000	875,247	8,745,247
TOTAL	<u>\$ 46,985,000</u>	<u>\$ 30,571,977</u>	<u>\$ 77,556,977</u>

NOTES TO FINANCIAL STATEMENTS—CONTINUED

JUNE 30, 1993

NOTE M—SUMMARY OF LONG-TERM DEBT—CONTINUED

	Principal	Interest	Total
Enterprise Funds			
Martinez-Salatrillo Creeks			
Sewage System Revenue			
Bonds—Note G			
1994	\$ 430,000	\$ 329,145	\$ 759,145
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
1999-2000	1,185,000	332,674	1,517,674
2001-2005	2,065,000	423,819	2,488,819
2006	495,000	13,613	508,613
TOTAL	\$ 6,190,000	\$ 2,108,756	\$ 8,298,756
City of Kenedy			
Waste Disposal Contract			
Bonds—Note H			
1994	\$ 35,000	\$ 18,765	\$ 53,765
1995	35,000	16,875	51,875
1996	35,000	14,985	49,985
1997	40,000	12,960	52,960
1998	40,000	10,800	50,800
1999-2000	85,000	14,985	99,985
2001-2002	95,000	5,265	100,265
TOTAL	\$ 365,000	\$ 94,635	\$ 459,635

POLLUTION CONTROL BONDS:

San Antonio River Authority Pollution Control Revenue Bonds totaling \$7,535,000 have been issued in prior fiscal years by the River 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 River 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 River 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, 1993, the outstanding balance of these Pollution Control Bonds was \$937,000.

The River 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 River Authority.

NOTE N—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 the San Antonio River Industrial Development Authority (SARIDA). As explained in Note A, SARIDA is a component unit of the River 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	\$ 5,941,725	\$ 5,579	\$ 5,947,304
Total Expenditures and Other Financing Uses	6,383,338	63,018	6,446,356
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (441,613)	\$ (57,439)	\$ (499,052)

NOTE O—CONTINGENCIES

The San Antonio River Authority was named as defendant in a cause filed by a contractor. The complaint arose from disagreements between the parties concerning a construction contract. The cause was submitted to the American Arbitration Association for determination, and such determination is binding on both parties. In August 1993, the arbitration decision was made in the contractor's favor. The amount of the loss in excess of an amount accrued in prior years was accrued as of June 30, 1993 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.

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