

Making Memories

**OUTDOOR
TEXAS**

**Guadalupe-Blanco River Authority of Texas
Comprehensive Annual Financial Report
Fiscal Year Ended August 31, 2012**



Guadalupe-Blanco River Authority
933 E. Court Street • Seguin, Texas 78155
830 • 379 • 5822

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at (830) 379-5822, (800) 413-5822
or visit our website at <http://www.gbra.org>.**

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Guadalupe Valley Hydroelectric Division
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Rural Utilities Division
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Coletto Creek Division
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Seguin, Texas 78155**

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*Guadalupe-Blanco River Authority of Texas
Annual Financial Report
Fiscal Year Ended August 31, 2012*

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

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origin, political affiliation, veteran status or disability.



Outdoor Texas

Making Memories

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Guadalupe-Blanco River Authority of Texas

Established by the Texas Legislature

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

Sound Management and Administration

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

Planning for the Basin and Texas

GBRA's primary responsibilities are to develop, conserve and protect the water resources within its 10-county statutory district, which begins near the headwaters of the Guadalupe and Blanco Rivers, ends at San Antonio Bay, and includes Kendall, Comal, Hays, Caldwell, Guadalupe, Gonzales, DeWitt, Victoria, Calhoun and Refugio counties. Planning and resource development efforts for the Guadalupe River basin are carefully coordinated within the broader consideration of regional and statewide water needs.

Self-Supporting Operations

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

Vision

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

Mission

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

GBRA Board of Directors



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



Oscar H. Fogle, Vice-Chair
Caldwell County
Reappointed: 2011, Gov. Rick Perry



Arlene N. Marshall, Secretary-Treasurer
Calhoun County
Reappointed: 2011, Gov. Rick Perry



Myrna P. McLeroy, Director
Gonzales County
Reappointed: 2011, Gov. Rick Perry



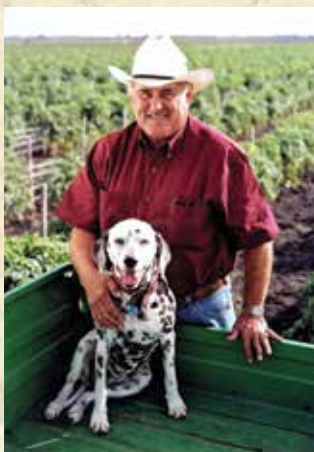
Dennis L. Patillo, Director
Victoria County
Appointed: 2011, Gov. Rick Perry



Rusty Brockman, Director
Comal County
Appointed: 2011, Gov. Rick Perry



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



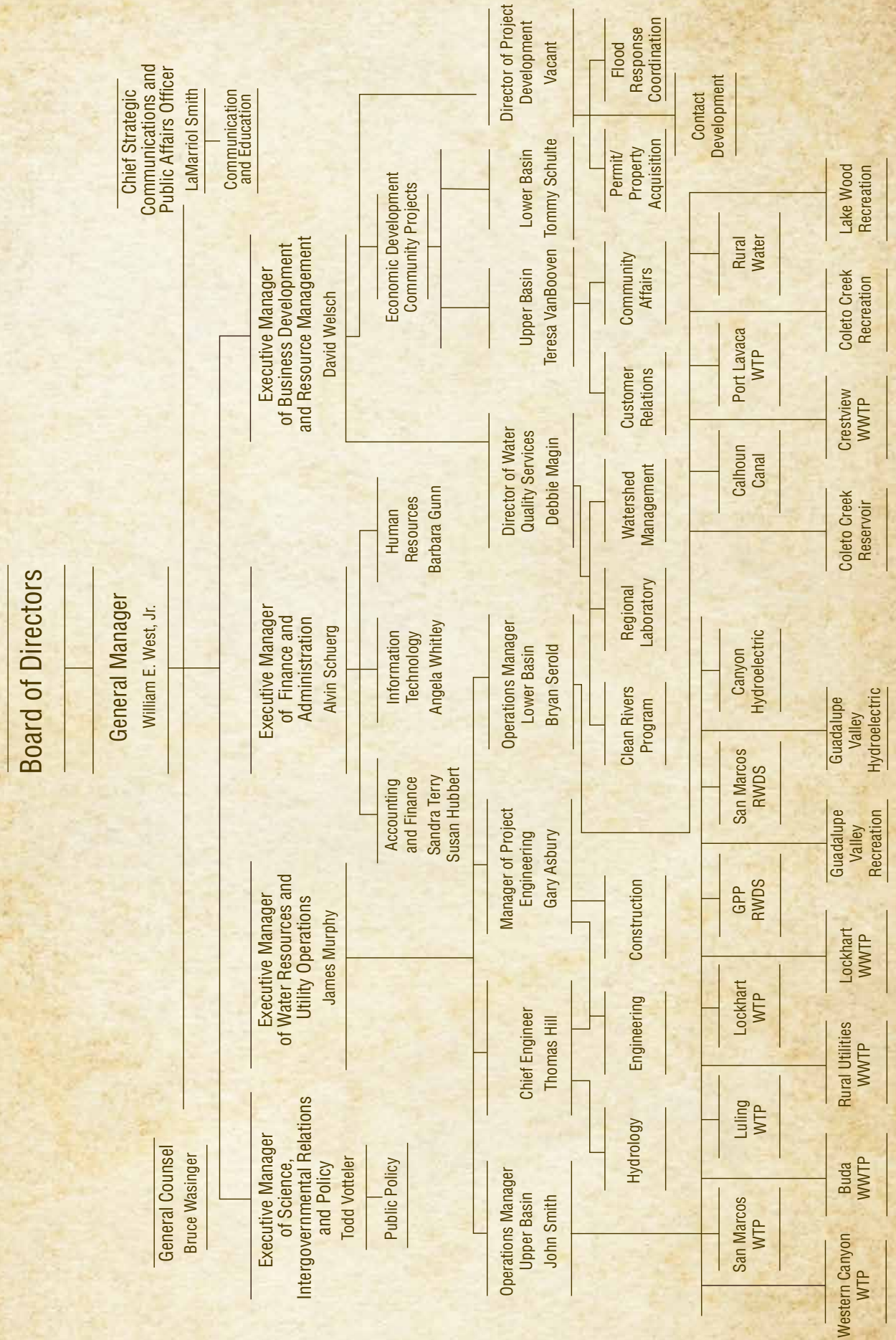
Frank J. Pagel, Director
Refugio County
Reappointed: 2008, Gov. Rick Perry



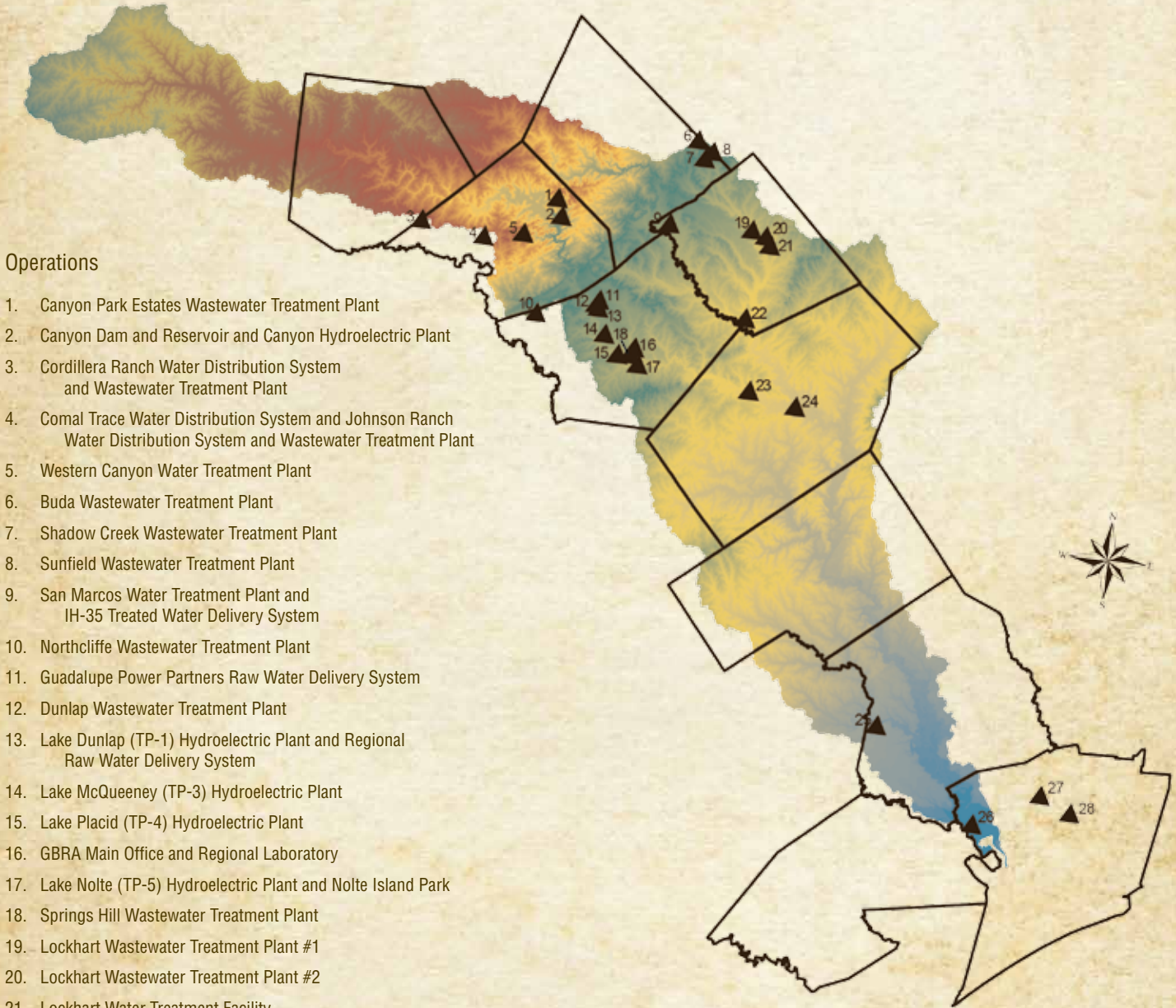
Tommy Mathews, Director
Kendall County
Appointed: 2011, Gov. Rick Perry

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

Guadalupe-Blanco River Authority Operational Chart



Basin Map



Operations

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

GBRA Year in Review

September 2011

- The Austin-San Antonio Corridor Growth Summit, held Sept. 9, 2011, in San Marcos, Texas, provided more than 450 attendees with insight into the various infrastructure needs, population movement and explosive development occurring along the Interstate 35 and Highway 130 corridors. Bill West, GBRA general manager, served as a panelist at the forum and explained what projects GBRA was undertaking in order to address the water supply and related infrastructure needs in that region.
- During the GBRA Board of Directors meeting in September, the Board voted unanimously in favor of a resolution supporting Proposition 2, a constitutional amendment that allowed for the issuance of additional general obligation bonds by the Texas Water Development Board in an amount not to exceed \$6 billion. Voters ultimately approved the measure in the November 2011 elections.

October 2011

- On Saturday, Oct. 1, more than 50 participants in 29 boats set off in Gonzales paddling down the Guadalupe River from Lake Wood to the U.S. Hwy. 183 Bridge in the Come and Take It Canoe Race.
- The GBRA Board of Directors adopted several changes to its “rules and regulations” governing Coletto Creek Park and Recreational Facility during its October board meeting held in Port Lavaca, Texas. The most significant change had to do with the prohibition of boats with above-water exhaust.

November 2011

- Twenty-four members of the Edwards Aquifer Recovery Implementation Program (EARIP) steering committee, including a representative of the GBRA, voted in favor of approving the draft habitat conservation plan (HCP) and associate documents during a meeting Monday, Nov. 7 at the GBRA River Annex in Seguin, Texas. About 60 people attended the meeting that put forth the vote culminating four years of EARIP work balancing aquifer water use and supply with the needs of endangered and threatened species.
- GBRA's Lake Wood Recreational Area boat ramp was temporarily closed on Monday, Nov. 21, to deepen the existing ramp cove and to prepare for construction of a new ramp. GBRA and a Texas Parks and Wildlife Department boat ramp grant funded the construction of the ramp.

December 2011

- A trial that began Dec. 5 in U.S. District Court in Corpus Christi stemming from a lawsuit filed by The Aransas Project (TAP) against the Texas Commission for Environmental Quality (TCEQ) threatened to upend Texas' water regulatory scheme and profoundly affect the authority of the state to regulate the use of its water. The suit alleged that the TCEQ violated the “taking” provision of Section 9 of the federal Endangered Species Act. TAP contended that during the of 2008-09, a reduced amount of fresh water reaching the coastal marshes caused the salinity to rise so high that the wintering whooping cranes were unable to find sufficient food and water. TAP alleged that those conditions weakened the birds and led to the deaths of 23 whooping cranes. GBRA filed for and was granted defendant intervener status in the case. The well observed trial, which lasted through Dec. 16, featured more than 20 expert witnesses, hundreds of exhibits and thousands of documents. At press time, no ruling had been issued on the case.



Photo by Connie Rothe



Photo by Liz Sedlacek

- The GBR Trust in December purchased 170 acres in Calhoun County immediately adjacent to the existing 646 acre Hog and Schwing's Bayou Preserve. With funding provided from the Coastal Impact Assistance Program through the Texas General Land Office the GBR Trust acquired an important parcel of wetlands and wildlife habitat that will link the original preserve property to the Guadalupe Delta Wildlife Management Area administered by the Texas Parks and Wildlife Department. This area of the Texas Coast is winter home to large numbers of waterfowl who migrate up and down the Central Flyway and also supports endangered species such as the whooping crane.

- The Texas Water Development Board approved by resolution a \$4,400,000 loan from the Water Infrastructure Fund to the GBRA (Gonzales, Lee, Caldwell, Hays, Comal, Guadalupe, and Kendall counties) to finance development costs of the Mid-Basin Water Supply Project. The GBRA plans to use the funding to perform a feasibility study for the GBRA's Mid-Basin Water Supply Project to identify surface and groundwater supplies and transmission delivery options to meet the needs for entities in Hays, Caldwell, Comal, Guadalupe and Kendall Counties. The study will include population and water demand projections, customer identification, evaluation of alternative water management strategies, and evaluation of infrastructure configurations to deliver the water supply.

January 2012

- New officers were installed and began presiding at the GBRA Board of Directors meeting in January 2012. Newly re-elected officers included Grace Kunde of Guadalupe County as chair, Oscar Fogle of Caldwell County as vice-chair, and Arlene Marshall of Calhoun County as secretary/treasurer.
- Because of illegal activity undertaken in the stump field on Lake Dunlap that resulted in the lake level remaining low until the end of January, the Guadalupe-Blanco River Authority (GBRA) Board of Directors had its monthly meeting Wednesday, Jan. 18, 2012, authorizing the general manager to act, as necessary, regarding the lake level. Additionally, GBRA officials published stump-removal guidelines for its hydroelectric lakes in Comal, Guadalupe, and Gonzales counties.
- The GBR Trust recognized GBRA's Board Chair Grace Kunde with a resolution at GBRA's January board meeting for her service as a trustee. GBR Trust Executive Director Steve Jester presented Kunde with a framed copy of the resolution.

February 2012

- In a notification letter from the Water Environment Association of Texas (WEAT), the organization named GBRA's Cordillera Ranch Wastewater Treatment Plant as its "Municipal Wastewater Treatment Plant of the Year, Category 1." WEAT officials said the award is presented to a municipal wastewater treatment plant in Texas that has consistently exhibited outstanding performance of daily activities beyond the normal call of duty. Category 1 facilities are those that have flow rates of less than a million gallons per day. The Cordillera facility is a membrane wastewater treatment plant and is authorized to discharge 64,000 gallons per day. Cordillera plant operators received the award during a ceremony in April.

March 2012

- The Texas Water Utilities Association (TWUA) recognized GBRA's Regional Laboratory Director Josephine "Josie" Longoria with an "Outstanding Service" award for the Lab Analyst Section during its Annual School held March 4 in Corpus Christi. The award is given for Longoria's contributions to the industry, the environment and public health.
- The GBR Trust along with resource management specialists from Texas Parks and Wildlife Department and the U.S. Department of Agriculture's Natural Resources Conservation Service offered a free riparian area workshop for landowners. The workshop was held on March 28 in Victoria.
- Officials with GBRA and Walton International (Walton) signed a Letter of Intent (LOI) in March to negotiate toward a plan to bring new water to the fast-developing region of Hays, Caldwell, Comal, Guadalupe and Gonzales counties and, together with other stakeholders, positioning it for responsible and sustainable growth. The action brought GBRA's Mid-Basin Project — a recommended strategy in the 2011 South Central Texas Regional Water Planning Group's projects in the State Water Plan — closer to fruition.

April 2012

- For the first time since the Canyon Lake Hydro Plant began operation in January of 1989, GBRA crews dewatered the aeration weir in April to replace the weir gates. The project required hydro crews to wedge in place and sand bag plywood covers outside gate openings so that the weir areas could be dewatered. All existing hinge systems and remaining pieces of metal gates inside of the weir area were removed. New hinge systems were installed as well as new gates and latches.



Weir Repair Work

Photo by Mike Schultze



Canyon Lake Gorge Anniversary

Photo by LaMarriol Smith

to all youth between ages 2 and 16, the event aims to help them discover the joys of fishing and develop an appreciation of lakes, rivers and the wildlife around them.

May 2012

- The Honorable Arlene N. Marshall, GBRA director for Calhoun County and former Calhoun County judge, died May 21 at the age of 71. Marshall had been appointed to GBRA's Board of Directors in January 2008 by Gov. Rick Perry. During her tenure on the board, Marshall was elected and served as Secretary/Treasurer of the board beginning Dec. 15, 2010, and was re-elected to that position for the 2012 calendar year.
- GBRA officials awarded five \$2,000 academic scholarships to five area students within the Authority's 10-county district. The scholarships, presented annually, are part of GBRA's Employee Volunteer Program. Recipients included Ana Laura Gonzales and Haley Imhoff, both from Seguin High School in Guadalupe County, Christopher Sestak from Navarro High School in Guadalupe County, Matthew Clark from Canyon Lake High School in Comal County, and Marshal Hanzel from San Marcos High School in Hays County.

June 2012

- About 135 paddlers and kayakers hopped in the waters of the San Marcos River near the former Aquarena Springs Center on June 9 for the start of the 50th Texas Water Safari – the “world’s toughest canoe race.” At the conclusion of the race in Seadrift, 94 of the original 135 entrants crossed the finish line.
- To commemorate the 10-year anniversary of the flood event and creation of the Canyon Lake Gorge, the Gorge Preservation Society (GPS), GBRA and the U.S. Army Corps of Engineers, hosted a “media day” and “VIP celebration.” The June 27 “media day” provided members of the media an opportunity to tour, photograph and videotape the gorge first hand. Two days later, more than 60 local officials and gorge enthusiasts met on the Canyon Lake Spillway and at the Tye Preston Memorial Library to recognize the people and share memories of the event. Comal County Judge Sherman Krause also offered a proclamation from the county.

July 2012

- Officials of the GBRA Port Lavaca Water Treatment Plant temporarily substituted chlorine as the disinfecting agent in the drinking water treatment process in place of its regularly used chlorine/ammonia compound. The TCEQ recommends the substitution procedure on a periodic basis in order to provide more stability to the disinfecting process and to remove any excess ammonia that might accumulate in the distribution systems over time.

August 2012

- GBRA officials modified a designated “no-wake” speed area on Lake Dunlap to a “no-wake” area in a tree stump field designated by buoys. The modification was made through cooperation with representative of the Preserve Lake Dunlap Association, including a number of past presidents and other who have worked with GBRA historically, in an effort to maximize the recreational area of Lake Dunlap while maintaining safe conditions and a balance for all the various types of lake usages.

- On April 29, 2012 Lake Nolte (Meadow Lake) was lowered approximately 18 inches for several days so that GBRA hydroelectric crews could perform maintenance.
- The certified public accounting firm of Thompson, Williams, Biediger, Kastor & Young, L.C., of San Antonio thoroughly reviewed a variety of policy, management and fiscal processes at GBRA and found the organization had “no management process control deficiencies.” From the period of April 23 through June 5, 2012, the firm conducted its audit as mandated by the Texas Commission on Environmental Quality.
- On April 13, GBRA released a “request for qualifications (RFQ)” inviting engineering firms to submit qualifications for preparing a feasibility study for the new regional water supply and power generation project.
- The GBRA's Coletto Creek Park and the Texas Parks and Wildlife Department's 19th Annual Coletto Creek Kids Fishing Tournament was held at Coletto Creek Park and Reservoir. Open



GBRA Scholarship Recipients

Photo by Tammy Beuthagel

Outdoor Texas – Making Memories

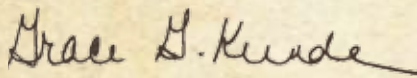
One of the park hosts interviewed for our stories about majestic parks in Texas reveals that his wife once wanted to try out a “new” park. He told her to find one she liked and they would go there. After all, the ease of packing up quickly to see new places is a perk of living in a house with wheels.

Her search brought them full circle, right back to the same park. Why? “This is home,” he says.

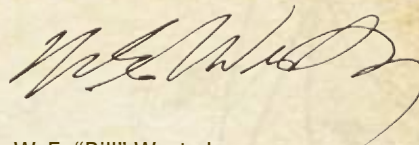
One of the main reasons people feel comforted by and affectionate toward their homes on wheels is not the home itself, but the people they find along the way — other campers and park staff. Every park featured in this report is different in size, recreational activities, camping amenities and proximity to fun and interesting non-camping activities. But almost every camp visitor interviewed said one of their favorite things about “their” park is the people they see each year. They cherish these friendships.

Part of this is a result of being on vacation 24-7, which encourages a relaxed state of mind. But the closeness of nature in a park setting erodes barriers. The public puts up privacy fences and plants hedges and trees to separate themselves from strangers or traffic. People drive to and from work in cars, park in enclosed garages and spend evenings behind the walls of their homes.

In the parks, the barriers are rocks, water and stands of trees or brush. People sleep in cabins, tents and RVs, and then they go outside to enjoy nature and other people. They can row, swim, hike or bike to get away from human beings, but in the end, nature brings people back together. Whether hiking or fishing together, or sitting around a campfire, or moving a neighbor’s camp in the face of rising floodwaters, or attending a butterfly festival, living in nature’s house unites us. Enjoy these peeks into nature’s house — with or without an RV.



Grace G. Kunde
Chair, Board of Directors



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

Vignettes Written
by Barbara Elmore



Photo by LaMarriol Smith



Stock



Photo by Connie Rothe



Photo by Connie Rothe

Guadalupe River State Park

Highlights: The Guadalupe River

Less than an hour's drive from San Antonio, the 2,000 acres of Guadalupe River State Park is the anti-frantic alternative to interstate highways. Life here is busy, but in a rugged sense, with the flowing Guadalupe River in place of flowing traffic. "The river is a magical place," says Scott Taylor, park superintendent. Where the river has cut its way through, 40-foot bluffs are exposed on the opposite side of the day-use area of the park.

This slice of Hill Country became more magical in September, when the state added 640 acres, including five more miles of trails. They call the new section the Bauer Unit, and the land is untouched except for trails, giving visitors the chance to experience nature in the raw.

The nearness to San Antonio offered Tom and Carole Anderson, both teachers, the chance to spend family time camping with their three sons. "If there were quick changes in the weather, we were not far from home," says Tom. About 15 years ago, he began volunteering for the park and is president of the Friends of the Guadalupe River/Honey Creek State Natural Area. His group plans events to benefit the park. An annual Halloween party has attracted between 1,100 and 1,200 local residents in recent years. A butterfly festival brought in nearly 300 visitors.

Campsites offer several choices, from nine walk-in spots to 37 with water only and 48 with water and electricity. The latter are the most popular, says Taylor, because campers can use their RVs. The sites are multi-use.

Visitors can also take organized wildlife tours. Park employees are responsible for the adjacent Honey Creek State Natural Area, where Friends volunteers lead Saturday morning tours. Activities are free with \$7 admission for anyone 13 and older.

Guadalupe River State Park
350 Park Road 31
Spring Branch

Camping: Yes

Reservations: Recommended

Fees: \$14-\$20 nightly plus daily entrance fee (\$7); weekly rates available

WiFi: Yes, in some areas

Water-electricity



Photos by Connie Rothe



Coletto Creek Park

Highlights: Squeaky clean and great fishing

When Coletto Creek Park opened three decades ago, Helen Meyer of Refugio and her sister brought their children there to celebrate birthdays. When Helen and Sonny Meyer retired and sold their home, they decided to try full-time RV life. Now in their third RV, they are still living in parks and relishing the culture.

For six months each year from right after Labor Day to April 15, you can find the Meyers here. Sometimes they visit Victoria, a 10-minute drive, to eat. They return to Refugio, 38 miles away, to get mail. But for 31 years, they have not missed a trip to Coletto Creek.

As park pioneers, they saw few fellow campers at first. "We have been here when there were only three trailers," says Helen. Now 250,000 people visit annually to camp, fish, swim and hike. The Meyers have learned to reserve their spot a year in advance. Their favorite activities over the years have been fishing, reuniting with old friends, and enjoying the services of the park rangers or park hosts when they need help.

The Meyers are not alone in their affection for the park. In 2010, readers of the Victoria Advocate gave the park a "best lake" nod in a survey. Chief Ranger Wilfred Korth credits the park's grooming and blue waters for its popularity. "We strive to maintain it and people consistently say we are the cleanest park they come to," he says. The chief ranger has also won the Texas Travel Industry Association's award for Outstanding Achievement in Nature Tourism.

Coletto Creek Park
365 Coletto Park Road
Victoria

Camping: Yes

Reservations: Yes, up to one year in advance

Fees: Primitive camping, \$23 per vehicle (eight people maximum); RVs, \$29 to \$35 nightly; rental RVs, \$105 nightly; camping cabins, \$65-\$85 nightly

WiFi: Yes

Water-electricity; dump station



Photo by Janet Thome



Photos by Connie Rothe



Photo by Janet Thome



Photo by Janet Thome



Photo by Connie Rothe



Photo by Marella Dalme



Photos by Connie Rothe





Photos by Connie Rothe



Stock



Lockhart State Park

Highlights: The only state-maintained golf course in Texas

When a flash flood swelled Clear Fork Creek in Lockhart State Park some time back, John and Kathy Danner were prepared to move. Some campers had already relocated because of the five-hour downpour.

The Danners, Michigan residents who have been hosts at the park for three years, stayed put. But they did help with the cleanup and will have memories of the flash flood for years to come.

Unlike many park hosts who are year-round RV inhabitants, the Danners maintain a lake home in Michigan. They enjoy returning to Lockhart each winter because of its small size, its location near major cities, and because of their roles. John mows the golf course and plays five or six times a week. "That's part of the benefit of volunteering -- you get your golf free." Kathy works with the park's school programs.

In addition to the nine-hole golf course, Lockhart State Park has a swimming pool, three miles of hiking trails, and a recreational hall overlooking town, says J Hess, park superintendent. "Visitors come to camp and play golf, and we are also accessible to other places in Texas because of our location."

The Danners found Lockhart to be a good fit. "We are not into the big parks where you have hundreds of campers," says John. "The park is quiet and very close to town -- it's not remote." Austin, with a major airport, is 40 minutes away. San Antonio is an hour's drive.

As for the flood, the creek dropped quickly, leaving only memories, says John. "It was my first time to see a true flash flood."

Lockhart State Park
4179 State Park Road
Lockhart

Camping: Yes

Fee: \$18 to \$21 nightly, plus \$3 park entry fee

Reservations: Recommended

WiFi: No

Water, electricity, sewer



Photos by Connie Rothe



Lions-Shelly Park

Highlights: Bottomland forests flush with migrant birds

Green Kingfishers live in Texas year-round, but if you want to narrow down the viewing area a bit, visit this pretty little park on the banks of the Mission River. Because of its forests, it's a main stop on the Great Texas Coastal Birding Trail. Refugio Chamber of Commerce clerk Aggie Hurst says the kingfisher lives at the park and "sometimes you can see him."

Seen less often (and maybe just a legend) is an alligator that may or may not make its home in a park pond.

Although Lions-Shelly Park is for day use only, the adjacent Jeter RV Park, with 14 camping spaces, hosts overnight visitors when they can find a camping spot.

The park enchants people because of its natural beauty. "It's secluded and quiet, and people like that," says Kevin Shreckengost, park superintendent. Lions-Shelly also features a complete bathroom where people can shower. Visitors return annually, he says.

That's likely because the park offers something for everyone, adds longtime resident Hurst. "There are trails that go down by the river. Kids go down there and fish when the river has water." A Boy Scout troop helped build a bird-watching deck, which has benches all the way around it, she adds. Pecan trees fill the park. A large, open-air pavilion offers a spot for family reunions and other parties. There are basketball hoops and a playground for children.

And there's still the matter of that alligator. Does she believe it's there? "I've been told one lives there, but I've never seen it," Hurst said.

Lions-Shelly Park
301 W. Empresario St.
Refugio

Camping: Yes, at Jeter RV Park, adjacent

Reservations: No

Fees: \$35 per night/\$200 per week/\$450 per month

WiFi: No

Water-electricity-sewer



Photos by Connie Rothe





Photos by Connie Rothe



Stock Photo





Photos by Connie Rothe



Photo by LaMarriol Smith





Photos by Connie Rothe



Palmetto State Park

Highlights: Sea of purple wild iris and spiderwort in early spring

Children who arrive here each June for the Wild Outdoor Adventure and Ecology Program are doing what children do naturally. Meanwhile, they are also helping pay for future park cabins.

Two summers of the action-packed day camps, run by Friends of Palmetto, have built one sleeping cabin, says Park Superintendent Todd Imboden. The camps offer a bonus for families who want to spend vacation time together. While the children take archery lessons and learn about reptiles, adults watch birds, fish, swim in the San Marcos River, hike on the five miles of trails, or head off in a canoe.

The new cabin, one of five planned, sleeps six and features a heater and air-conditioner, microwave oven, refrigerator and a wraparound porch.

Named for the dwarf palmettos (*Sabal minor*) that populate watery areas, the lush state park opened in 1936 thanks to construction by the Civilian Conservation Corps. The 19 RV hookups and 18 tent sites stay constantly occupied, Imboden says.

Checking in visitors might be "Park Host George," whose full name is George Page, or his wife Janis. The Pages are fifth wheelers who stay in Palmetto each August to December. As hosts, they offer 25 hours of work each week in exchange for a campsite. While there they might help build a bridge or a canoe rack, mow the grass, empty the grills and pick up trash.

For people who enjoy camp life, Palmetto offers a rich experience. "The grandkids can visit and ride their bikes," Page says. With a fun staff and no set hours, it's a dream job.

Palmetto State Park
78 Park Road 11
Gonzales

Camping: Yes
Reservations: Yes
Call for fees: 830-672-3266
WiFi: No
Water-electricity-sewer

Matagorda Island Wildlife Management Area

Highlights: Matagorda Lighthouse

Matagorda Island WMA shimmers amidst briny water like an mirage: People want to visit because it's remote. Because it's remote, few people go.

This was not always so. When it was Matagorda Island State Park, a state-operated ferry named the McBride carried passengers to the island. There, workers shuttled visitors inland, says Matt Nelson, project leader for the Central Coast Wetlands Ecosystem Project.

An electrical fire disabled the McBride in 2003, and the 38-mile-long barrier island, which ranges from a half-mile to 4 miles wide, became a wildlife management area with no budget and no employees, in 2005. The only way to get there now is by private boat. Once on dry land, visitors are on their own and rely on walking or bicycling to get around.

Still, the ambience attracts campers to the 12 primitive shelters on the island's bay side, says Pam Yeamans, administrative assistant in Nelson's office. Campers must plan well, as they will not find restrooms, electricity or water. The campsites are not crowded, she adds. "Sometimes a Boy Scout troop uses them."

Visitors who want to see the Matagorda Lighthouse, a cast iron, 92-foot-tall beacon which holds a spot on the National Register of Historic Places, should plan on walking or pedaling three miles.

Island wildlife includes deer, hogs, rabbits and birds, says Yeamans, who visits the island occasionally. "Shelling is good," she adds. "And it is quiet and peaceful."

To locate transportation, contact the Port O'Connor Chamber of Commerce at 361-983-2898, or visit its website, www.portoconnorchamber.org. The chamber maintains a list of guides who ferry visitors for a fee.

Matagorda Island Wildlife Management Area
Between Espirito Santo Bay and Gulf of Mexico

Camping: Primitive

Reservations: No

Fees: Limited Public Use Permit (\$12)

Camp free on Sunday Beach

WiFi: No



Photos by Connie Rothe





Photos by Connie Rothe





Photos by Connie Rothe



Canyon Lake Corps of Engineers Park

Highlights: Canyon Lake Gorge

If painted arrows point you to your destination, thank a park host. If your children have taught you about water safety after attending a Canyon Lake program, thank a park host -- maybe Ron Gable, because working with children is his favorite activity.

This deer-packed park is halfway between Austin and San Antonio. Because of its location and features, it attracts people from all over the world, says Park Ranger Samuel Price.

One of the features visitors often enjoy is a hike through the nearby Canyon Lake Gorge. It was formed in July 2002 when floodwaters flowed from Canyon Reservoir over the spillway at 67,000 cubic feet per second. Unearthed in the gorge were 110-million-year-old dinosaur tracks, millions of fossils, geologic formations and beautiful lagoons and waterfalls.

Ron Gable and his wife Rose have been living in the park in their RV for two years. They helped open the new Crane's Mill Park, where they are staying now. They also have been gate attendants when their help was needed. For the most part, however, they enjoy the park host role the most.

The Gables enjoy their relationships with other campers and with the Corps. And the clear waters of the park make for good boating and fishing, Ron adds. You can find the couple in the park on weekends, but in the middle of the week, they might take overnight jaunts.

Canyon Lake Core of Engineers Park
601 C.O.E. Rd.
Canyon Lake

Camping: Yes. Four parks for public; two parks for military only

Reservations: Yes. Call 877-444-6777

Fees for Potter's Creek and Crane's Mill (RV hookups available):
\$24 per night for single RV; \$40 per night for screened-in shelter;
\$18 per night for tent

Fees for tent camping in Canyon and North: \$12 per night

WiFi: No

Water, electricity, dump stations



Photos by LaMarriol Smith





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Presented to

Guadalupe-Blanco River Authority
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
August 31, 2011

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Christopher P. Morille

President

Jeffrey R. Egan

Executive Director



December 19, 2012

The Honorable Grace G. Kunde, Chair
and Members of the Board of Directors

Dear Chair Kunde and Directors,

The Comprehensive Annual Financial Report (CAFR) of the Guadalupe-Blanco River Authority (GBRA) for the fiscal year ended August 31, 2012, is hereby submitted. Responsibility for both the accuracy of the data, as well as the completeness and fairness of the presentation, including all disclosures, rests with GBRA. One of the principal foundations of GBRA's financial recording and reporting system is a framework of internal controls designed to better assure the appropriate use of all GBRA assets and the timely recording of the essence of each financial transaction. As a result of these controls, it is GBRA's belief that the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds (divisions) of GBRA. All disclosures necessary to enable the reader to gain an understanding of GBRA's financial activities have also been included.

One of the important components of the CAFR is the Management Discussion and Analysis (MD&A) report included immediately following the Independent Auditor's Report. The MD&A provides an overview or executive summary of sorts for the information contained in the CAFR. As such, it is an easily readable, easily understandable source of information related to GBRA's financial activities for fiscal year 2012 and furthermore, this data is presented in comparison to the two previous years. GBRA encourages all users of this CAFR to read the information contained in the MD&A.

PROFILE OF THE GUADALUPE-BLANCO RIVER AUTHORITY

The Texas Legislature created GBRA in 1935 as a political subdivision of the State of Texas with the mandate to develop, conserve and protect the water resources of the Guadalupe River Basin and to make those waters available for beneficial use. While there have been many milestones during GBRA's almost eighty years of existence, perhaps none are more important than working with the U.S. Army Corps of Engineers in the creation of Canyon Reservoir during the 1950's and 1960's. GBRA now holds a permit to 90,000 acre-feet of water per year from Canyon Reservoir for use within the river basin. GBRA's permit to this water further facilitates other operations such as hydroelectric generation; water and wastewater treatment; treated water distribution; municipal, industrial and agricultural raw water supply; laboratory analyses; and recreation operations. These operations are accounted for in the following divisions.

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

The *Guadalupe Valley Hydroelectric Division* operates six hydroelectric plants in Guadalupe and Gonzales counties capable of producing 16 megawatts. All electricity produced by the division is delivered to the Guadalupe Valley Electric Cooperative for consumption principally within the river basin. Division personnel are responsible for the operation and maintenance of the generating stations as well as the associated dams, lakes, ancillary equipment and adjacent properties.

The *Rural Utilities Division* operates and maintains six wastewater treatment plants in Comal, Hays and Guadalupe counties. These small plants serve housing subdivisions in areas where septic tanks do not provide proper or safe wastewater disposal and the extension of municipal services is not cost effective. The most recent wastewater treatment plant operation to be added to the Rural Utilities Division is the Sunfield Municipal Utility District's (MUD) Wastewater Treatment Plant. GBRA began operating the plant in Fiscal Year 2009 utilizing personnel from the nearby City of Buda and Shadow Creek wastewater plants that are also operated by GBRA. GBRA's operation of these three plants using the same personnel provides a cost effective means for both the City and MUDs to safely and properly meet their wastewater treatment needs.

The development and operation of water supply sources and raw water delivery systems is the responsibility of the *Water Resource Division*. The division contracts with municipal, industrial and agricultural users throughout the river basin to provide a dependable supply of surface water. This division is anchored in the upper reaches of the river basin by Canyon Reservoir and in the lower reaches of the basin by the Guadalupe River Diversion Dam and Salt Water Barrier. This division is also responsible for GBRA's water quality program as well as the operation of a regional water quality laboratory located at the general office in Seguin. The regional water quality laboratory provides services to GBRA's other operations in addition to individuals, municipalities, industries and private entities. Additional operations recognized within the Water Resource Division are the Calhoun Canal System, the City of San Marcos Water Treatment Plant, the City of Buda Wastewater Treatment Plant, the Western Canyon Water Treatment Plant, and the relatively new treated water delivery and wastewater treatment systems in Comal County for the Comal Trace, Johnson Ranch, and Cordillera real estate developments.

GBRA also operates and maintains a water treatment plant for the benefit of the City of Port Lavaca, the Calhoun County Rural Water Supply System, and the Port O'Connor Municipal Utility District (MUD) through its *Port Lavaca Water Treatment Plant Division*. The division, which commenced operation in 1969, receives raw water from the Guadalupe River delivered through 20 miles of canals. GBRA then treats and disinfects the water to drinking water standards before delivering it to the City, Rural Water System, and MUD.

The *Calhoun County Rural Water Supply Division* began in 1974 and currently operates and maintains a treated water distribution system to supply approximately 1,338 homes and businesses located throughout most of the unincorporated areas of Calhoun County.

The *Coletto Creek Division* operates and maintains the Coletto Creek Reservoir located thirteen miles southwest of Victoria just off State Highway 59. The reservoir, which was completed and filled in 1981, serves as a cooling pond for a coal-fired electric generating plant owned by Coletto Creek Power, LP. This division also operates and maintains recreation facilities that provide grounds for camping and picnicking as well as public access to the lake for fishing, swimming, and boating.

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

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

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

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

ECONOMIC CONDITION AND OUTLOOK

The Texas Economy. According to the Texas Comptroller of Public Accounts, the Texas State economy represents one of the world's largest economies outpacing most countries around the globe. Data collected by the Comptroller's office reveals that job growth, sales tax collections, and new vehicle sales are all signaling the fact that Texas has emerged from the recession and embarked on a renewed growth path better than most other states. In fact unlike most states, Texas has regained over 100% of the jobs lost during the recession while nationally, only 48% of the "recession lost" jobs have been recovered. There are a number of factors which allowed Texas to dodge many of the recession's worst consequences. Historically these factors included large natural resource deposits and plentiful land used for cattle ranching and farming. Today however, the State boasts a growing diversity of business opportunities with substantial growth in the transportation, computer, semiconductor and telecommunication industries. These are further aided by the ocean going import-export trade via four large Texas seaports, a large trading partner just across the Rio Grande international border, a banking sector better capitalized than most of the remainder of the nation, and a housing market which had not inflated to unsustainable "bubble" levels prior to the recession. Furthermore, the Federal Reserve Bank (FED) of Dallas believes at least 35% of the State's employment is in "basic or exportable" industries that provides out-of-state revenue and a stimulation of growth. One additional factor that the President of the Dallas FED notes that is beneficial to the Texas economic story is the business attitude of the State which encourages firms to invest.

One unfortunate aspect of the Texas economic story continues to be the exceptional drought which for all practical purposes covers the western two-thirds of the State. Conversation storage in the State's water supply reservoirs has dropped precipitously over the last three years. Several reservoirs, principally in West Texas, have less than 5% of capacity remaining behind the dam. This has caused agricultural losses which when coupled with losses in agricultural support industries are in the billions of dollars. While water rationing and conservation has allowed most residents, municipalities, and industries to cope with the drought, significant rain and perhaps a new round of State water projects will be required to allow the State to recover and mitigate the effects of future droughts.

The Local Economy. GBRA's service area is geographically part of south central Texas. It stretches from the Texas Hill Country through the IH-35 Corridor and onto the Gulf Coast. This geographic diversity in turn provides economic diversity with a unique combination of agriculture, oil and gas, defense, high tech, higher education centers, tourism, seawater ports, and heavy industry. This diversity allows the local economy to be among the State's growth leaders and outpace the national economy. The State Comptroller divides the GBRA service area into three principal areas for reporting purposes. These include the Alamo Region being the counties surrounding the City of San Antonio, the Capital Region being the counties surrounding the City of Austin, and the Coastal Bend Region being the counties surrounding the Cities of Corpus Christi and Victoria. GBRA's 10 county district includes three counties in the Alamo Region, two in the Capital Region, with the remaining five counties being in the Coastal Bend Region.

The northern region of the GBRA district is sandwiched between the Austin and San Antonio MSAs. This location and the vibrant economies of these two cities have correspondingly elevated the economy of the northern Guadalupe River Basin over the last several decades. Noted Baylor University economist Dr. Ray Perryman, states in his July Financial Newsletter that the Austin MSA is forecasted to

have a 3.55% real gross product increase over the next three decades while the San Antonio MSA is likely to see a 3.28% growth rate. In fact, both of these cities are ranked in the top twenty nationally when judged on job growth and this will obviously float the economic possibilities of the surrounding areas of the GBRA district along with them. Another noteworthy growth factor for the local economy has been the oil and gas exploration boom related to the Eagle Ford Shale discovery. This formation stretches across 23 Texas counties and two of those counties are located in the middle stretch of the GBRA district. The economic impacts of this discovery and the corresponding well drilling and servicing activity cannot be understated. Millions of dollars of new economic activity related to the Eagle Ford Play is flowing through the communities located within Gonzales and DeWitt Counties of the GBRA district. The economic ripple effects can be seen in new housing, new hotel/motel construction, expanding automobile dealerships, and growth in agricultural related business to name a few. GBRA's role in assisting the area's economy and population growth is to continue providing high quality water and wastewater treatment while also seeking future water supplies in order to better assure the district's future economic vitality.

MAJOR INITIATIVES

For the Year. GBRA's major initiative for Fiscal Year 2012 was the provision of adequate water resources for the Guadalupe River Basin along with the planning necessary for additional, future supplies of water. This initiative was evident in GBRA's work with committees and stakeholder groups established by the Texas Legislature related to instream surface water flows, fresh water flows for bays and estuaries, the future desired conditions for Texas groundwater aquifers, and the proper regulation of the Edwards Aquifer. Because of the Guadalupe River's dependency upon water emanating from the Edwards Aquifer's Comal and San Marcos springs, GBRA helped to establish and participated in the development of a Recovery Implementation Plan for the aquifer. A major milestone was recently reached by GBRA, a local stakeholder group, and the Edwards Aquifer Authority when a formal Habitat Conservation Plan (HCP) was adopted and sent to the United States Fish and Wildlife (USFWS) for their review and adoption. With the hoped for adoption of the HCP by the USFWS, it should end decades of contentiousness over the use of the Edwards Aquifer and establish a more equitable use regime, particularly during times of drought. Another major water and environmental related study project that GBRA participated in during the year was the Senate Bill 3 – Bays and Basin Area Stakeholder Group. The principal focus of this stakeholder effort was the determination of the range of water volumes in the Guadalupe River Basin that are necessary under various seasonal and other events to support environmental needs. This stakeholder group also recently completed its work and submitted a report to the Texas Commission on Environmental Quality. The TCEQ subsequently approved the stakeholder groups "flow" recommendations along with amendments suggested by GBRA. While GBRA continued to protect the existing Guadalupe River Basin water supplies during 2012, it was also planning the development of future supplies. Throughout Fiscal Year 2012, GBRA's staff and consultants were actively exploring future water supply projects including both groundwater and surface water sources. GBRA's principle effort on this front included the issuance of \$4.4M in new bonds to fund a feasibility study related to the conjunctive use of Guadalupe River surface water and groundwater in the Gonzales County stretch of the river.

Still another major initiative that GBRA participated in during Fiscal Year 2012 was a whooping crane endangered species lawsuit filed against the Texas Commission on Environmental Quality (TCEQ) by a group of parties located along the Texas Gulf Coast. The suit alleges that the TCEQ has mismanaged the water in the Guadalupe and San Antonio River basins during drought conditions to the detriment of the endangered whooping cranes. Since many of GBRA's water rights might be affected by this suit, GBRA sought and was granted intervention into the suit on the side of the TCEQ. The case went to trial in the Corpus Christi Federal Court in December 2012. Although the judge has not rendered her opinion yet, GBRA's belief is that the Plaintiff's case is without merit since the current whooping crane flock numbers are at a level higher than at any time since recovery efforts began.

A list of significant initiatives for Fiscal Year 2012 also must include GBRA's continuing support for three tax-exempt organizations which it helped to create and which work side-by-side with GBRA in

the protection of the Guadalupe River Basin's natural resources. These organizations include the Guadalupe Blanco River Trust, San Antonio Bay Foundation, and the Gorge Preservation Society. GBRA's financial and staff support of these organizations allows each of them to work with volunteers, interested landowners, and other conservation minded organizations to recognize and protect many of the unique natural attributes of the Basin.

From an operational perspective, in many respects Fiscal Year 2012 was reasonably routine. No major storms impacted the Texas Gulf Coast and no major floods occurred in the Guadalupe River Basin. The absence of any emergency conditions resulted in minimal overtime and call out hours and the completion of numerous maintenance and repair projects. However, Fiscal Year 2012 was not a normal year from a rainfall perspective. The Guadalupe River Basin as well as most of Texas suffered through a continuing drought. Operationally, the lack of rainfall significantly decreased GBRA's hydroelectric energy generation to approximately one-half of the long term annual average. The drought also resulted in Canyon Reservoir declining from a "full pond" at 909 feet mean sea level (msl) down to approximately 900 msl at fiscal year-end. If the drought persists another year, more stringent conservation measures may become necessary to stretch the remaining water until the drought subsides.

For the Future. As touched on above, GBRA's efforts to insure adequate water supplies have complemented the work of the Texas State Legislature. Emanating from the 1997 legislative session was a new State Water Policy labeled Senate Bill One (SB1). One of the principal provisions of this new water plan was the establishment of regional water planning areas. GBRA has been actively involved in and helps to underwrite the administrative costs of the South Central Texas Regional Water Planning Group which was charged with developing a water plan for this area of Texas. While the new water plan has been completed and approved by the Texas Water Development Board, the regional planning groups continue to update projected future water demands and the water supply projects that are anticipated to meet those demands. The plan includes several major water supply projects within the Guadalupe River Basin that will require GBRA's future participation.

While much of GBRA's water supply planning has traditionally focused on developing additional surface water supplies within the Guadalupe River Basin, GBRA's focus in recent years has been on committing existing surface water supplies that are currently not fully utilized. Consistent with this focus, GBRA has worked with a number of entities and potential water customers to determine how GBRA's run-of-river water rights located near the mouth of the river may be beneficially used. GBRA has also begun to look at other possible water supply alternatives including the use of groundwater. Principal among these possibilities is the development of groundwater from the Simsboro Aquifer which lies north and east of GBRA's district and the development of Carrizo Aquifer water in the Gonzales County area of GBRA's district. It is incumbent on both GBRA and the SB1 regional water planning group to continue to study and ultimately implement various water supply projects in order to meet the water demands of the rapidly growing Guadalupe River Basin.

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

FINANCIAL INFORMATION

Management of GBRA is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of GBRA are protected from loss, theft or misuse and to

ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. As demonstrated by the statements and schedules included in the financial section of this report as well as the Management Discussion and Analysis on pages 40 through 44, GBRA continues to meet its responsibility for sound financial management. GBRA recommends readers closely read each section of this report including the oversight review provided by the management discussion and analysis in order to have a thorough understanding of GBRA, its activities, financial position and results of operations.

In addition to other internal controls, GBRA also maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with contractual provisions and to properly manage resources. Since GBRA does not have the power of taxation, there is no appropriated budget or encumbrance accounting system nor any legal requirement to include comparative budget to actual expenditure statements in this report. Nevertheless, the GBRA staff diligently prepares the Annual Work Plan and Budget to assure projects are prioritized and the use of funds is effective and efficient.

GBRA's financial policies and the resulting rates and financial structure provide support to the management and decision making of the organization. Since GBRA is not a taxing district, it must rely solely upon the service rates that are adopted and the customer revenue that is generated to support GBRA's projects and operations. One strategy that GBRA has adopted through the years to mitigate the volatility of its revenue stream is to diversify operations. One group of operations are "rate-based" and these operations are structured in such a way that financial gains and losses may result. A second group of operations are "contract-based" and these operations are structured to yield an exact cost of service to customers with no corresponding financial gain or loss to GBRA. This strategy has allowed GBRA to expand its operations through the years, meet its legislative mandate of providing water and wastewater services, minimize financial risk, while still accumulating the financial reserves important to any viable organization. Another rate strategy that GBRA has employed is the requirement of a debt coverage factor on all bond issues that are of a regional, multi-customer nature. This coverage factor has allowed GBRA to expand its financial reserves and position the organization to assimilate the monetary impacts of natural disasters, unscheduled repair projects, and customer defaults while also providing funds for new project start up. These strategies have been particularly useful this past year in dealing with the effects of the drought, ongoing whooping crane lawsuit, and studies to determine the most appropriate new water supply project.

OTHER INFORMATION

Independent Audit. Section 50.371 of the Texas Water Code requires an annual audit of the GBRA's accounting records by the state auditor or by an independent certified public accountant selected by the Board of Directors. The firm of Thompson, Williams, Biediger, Kastor & Young, LC was selected by the Board for the 2012 fiscal year. We appreciate their professionalism, timeliness and assistance in completing this report. Copies of this report will be filed with the TCEQ, State Comptroller, State Auditor, the county clerk of each county within the GBRA district as well as many other information repositories located throughout the State.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to GBRA for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended August 31, 2011. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

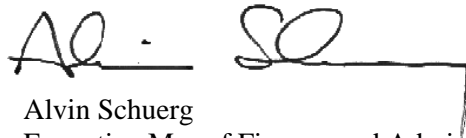
In order to be awarded a Certificate, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such a CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. GBRA has received a Certificate for the last 38 consecutive fiscal years (1973-2011). We believe our current report continues to conform to the Certificate of Achievement program requirements.

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

Sincerely,



W.E. West, Jr.
General Manager



Alvin Schuerg
Executive Mgr of Finance and Administration

Financial Section

Independent Auditor's Report



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

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Independent Auditor's Report

To the Board of Directors
Guadalupe-Blanco River Authority

We have audited the accompanying financial statements of Guadalupe-Blanco River Authority, as of and for the years ended August 31, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of Guadalupe-Blanco River Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

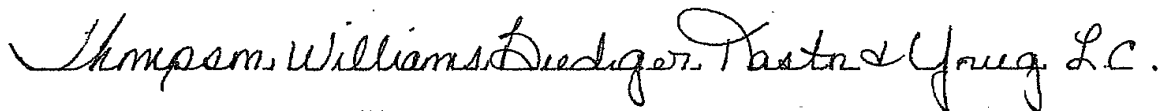
We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Guadalupe-Blanco River Authority, as of August 31, 2012 and 2011, and the respective changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2012 on our consideration of Guadalupe-Blanco River Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress on pages 40 through 44 and page 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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



Certified Public Accountants

San Antonio, Texas

December 19, 2012

Management Discussion and Analysis

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

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

Overview of the Basic Financial Statements

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

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

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

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

Condensed Financial Information

The financial statements are designed to provide readers with a broad overview of GBRA's financial position. The Balance Sheet presents information on all of GBRA's assets and liabilities, with the difference between the two reported as Net Assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of GBRA is improving or deteriorating. In Fiscal Years 2012, 2011 and 2010 respectively, assets exceeded liabilities by \$67,164,118; \$65,091,678; and \$64,900,534. During this period, Net Assets have increased \$2,263,584 which indicates a continued improvement in GBRA's financial position. A significant reason for this increase in Net Assets is the underlying \$6,492,589 increase in Unrestricted Current Assets during the same period. Included within this Unrestricted Current Assets amount is an increase in Cash, Cash Equivalents and Unrestricted Investments of \$4,498,114 due to positive cash flows from operations. Another notable account change is

the \$2,003,899 increase in Restricted Current Assets due to the receipt of proceeds of a new bond issue sold during the year the funds of which have not been expended as of year-end. A third significant account change is a \$4,973,484 decrease in Long-Term Capital Assets. This reduction is principally the result of terminating the Victoria Regional Wastewater Reclamation Division at the end of its forty year contract period and the return of the operation to the City of Victoria. The following table presents a Condensed Balance Sheet for August 31, 2012, 2011 and 2010:

| GUADALUPE-BLANCO RIVER AUTHORITY | | | |
|---|-----------------------|-----------------------|-----------------------|
| CONDENSED BALANCE SHEET | | | |
| AUGUST 31, 2012, 2010, AND 2010 | | | |
| ASSETS | 2012 | 2011 | 2010 |
| Current Assets | | | |
| Unrestricted Assets | \$ 15,917,835 | \$ 10,943,736 | \$ 9,425,246 |
| Restricted Assets | 10,689,823 | 6,677,557 | 8,685,924 |
| Long-Term Assets | | | |
| Restricted Assets | 3,432,878 | 3,519,141 | 3,025,803 |
| Capital Assets | 181,598,659 | 185,435,861 | 186,572,143 |
| Other Assets | 14,653,443 | 16,370,113 | 16,331,596 |
| Total Assets | \$ 226,292,638 | \$ 222,946,408 | \$ 224,040,712 |
| LIABILITIES AND NET ASSETS | | | |
| Current Liabilities | | | |
| Payable from Current Assets | \$ 3,991,739 | \$ 4,269,626 | \$ 4,119,102 |
| Payable from Restricted Assets | 7,432,846 | 7,011,225 | 7,267,561 |
| Long-Term Liabilities | | | |
| Bonds and Loans Payable | 139,328,530 | 138,750,165 | 137,691,439 |
| Advances for Operations | 589,733 | 489,947 | 514,030 |
| Deferred Income | 7,785,672 | 7,333,767 | 9,548,046 |
| Total Liabilities | 159,128,520 | 157,854,730 | 159,140,178 |
| NET ASSETS | | | |
| Investments in Capital Assets Net of Related Debt | \$ 35,853,611 | \$ 40,790,810 | \$ 43,235,437 |
| Restricted for Construction | 1,017,064 | 527,138 | 1,160,355 |
| Restricted for Debt Service | 1,163,979 | 3,688,262 | 4,238,092 |
| Restricted for Insurance | 3,814,269 | 1,171,147 | 1,122,877 |
| Unrestricted | 25,315,195 | 18,914,321 | 15,143,773 |
| Total Net Assets | 67,164,118 | 65,091,678 | 64,900,534 |
| Total Liabilities and Net Assets | \$ 226,292,638 | \$ 222,946,408 | \$ 224,040,712 |

The Net Assets amount in the above statement is subdivided into an Unrestricted Net Asset amount, three Restricted Net Assets amounts, and a final amount described as Investments in Capital Assets Net of Related Debt. This latter subdivision of Net Assets declined over the statement period due to the aforementioned loss of the Victoria Wastewater Division, The three restricted Net Asset subcomponents include reserves for future expansions, debt service payments, and insurance reservations. These reserve accounts are explained in more detail in Footnotes A and G.

The following table presents a Condensed Statement of Revenues, Expenses and Changes in Net Assets for August 31, 2012, 2011 and 2010:

| GUADALUPE-BLANCO RIVER AUTHORITY | | | |
|---|----------------------|----------------------|----------------------|
| COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS | | | |
| FISCAL YEARS ENDED AUGUST 31, 2012, AUGUST 31, 2011, AND AUGUST 31, 2010 | | | |
| REVENUE | 2012 | 2011 | 2010 |
| Program Revenues | | | |
| General Operating | \$ 2,436,582 | \$ 2,399,699 | \$ 2,424,228 |
| Recreation and Land Use | 1,850,043 | 1,530,967 | 1,488,608 |
| Hydroelectric Generation | 4,066,405 | 4,286,489 | 4,112,320 |
| Water Treatment & Distribution | 35,010,758 | 33,537,536 | 32,476,705 |
| Waste Water Treatment | 3,703,918 | 4,294,646 | 6,384,223 |
| Interfund Eliminations | (2,431,049) | (2,399,623) | (2,368,385) |
| Total Revenues | <u>44,636,657</u> | <u>43,649,714</u> | <u>44,517,699</u> |
| EXPENSES | | | |
| Program Expenses | | | |
| General Operating | 2,069,049 | 2,057,017 | 2,204,192 |
| Recreation and Land Use | 1,782,927 | 1,552,674 | 1,584,768 |
| Hydroelectric Generation | 3,787,974 | 3,832,811 | 3,696,431 |
| Water Treatment & Distribution | 23,617,188 | 23,670,202 | 22,488,464 |
| Waste Water Treatment | 3,783,035 | 4,491,665 | 6,169,499 |
| Interfund Eliminations | (2,431,049) | (2,399,623) | (2,368,385) |
| Total Expenses | <u>32,609,124</u> | <u>33,204,746</u> | <u>33,774,969</u> |
| NON OPERATING REVENUES (EXPENSES) | | | |
| Grant Income | 563,047 | 549,534 | 430,424 |
| Investment Income | 146,506 | 288,242 | 237,079 |
| Gain (Loss) on Disposal of Capital Assets | (122,715) | (1,748,901) | 16,790 |
| Interest Expense | (6,684,592) | (6,812,918) | (7,184,205) |
| Total Non Operating Revenues (Expenses) | <u>(6,097,754)</u> | <u>(7,724,043)</u> | <u>(6,499,912)</u> |
| Income Before Recognition of Capital Contributions and Deferrals | 5,929,779 | 2,720,925 | 4,242,818 |
| Capital Contributions | - | - | 414,096 |
| Net Income Before Recognition of Deferrals | 5,929,779 | 2,720,925 | 4,656,914 |
| Revenue to be Recognized in Future Years | <u>(886,614)</u> | <u>(534,847)</u> | <u>(1,015,402)</u> |
| Income Before Special Items | 5,043,165 | 2,186,078 | 3,641,512 |
| SPECIAL ITEMS | | | |
| Costs for the Whooping Crane Endangered Species Lawsuit | <u>(2,970,725)</u> | <u>(1,994,934)</u> | <u>(1,195,792)</u> |
| Change in Net Assets | 2,072,440 | 191,144 | 2,445,720 |
| Net Assets September 1, 2011 and 2010 and 2009 | 65,091,678 | 64,900,534 | 61,954,814 |
| Restatement of Net Assets | - | - | 500,000 |
| Net Assets September 1, 2011 and 2010 and 2009 | <u>65,091,678</u> | <u>64,900,534</u> | <u>62,454,814</u> |
| Net Assets August 31, 2012 and 2011 and 2010 | <u>\$ 67,164,118</u> | <u>\$ 65,091,678</u> | <u>\$ 64,900,534</u> |

As stated above, changes to GBRA's Net Assets is one measure of whether GBRA's financial position is improving or not. The Fiscal Years 2012, 2011, and 2010 increases in Net Assets of \$2,072,440, \$191,144, and \$2,445,720 is indicative of strong financial performance and a stable financial position. The components of Net Assets and the means in which it is calculated is apparent in the above Condensed Statement of Revenues, Expenses and Changes in Net Assets. From these components, one can readily ascertain that the significant reduction in growth of Net Assets during FY 2011 was the expenditures

related to GBRA's involvement in a Whooping Crane endangered species lawsuit. Since this case has serious implications on the management of water rights within the State of Texas, including GBRA's water rights, GBRA's involvement is essential. The case went to trial in December 2011 and as a result, GBRA once again expended a considerable amount of funds on the case in FY 2012 with a total of over \$2.9M spent during the year. However, revenue increases coupled with the reduction in other expense types allowed the Change in Net Assets to recover during FY 2012 to pre-case levels. Furthermore, since the trial court case is over, expenditures for this issue should decline precipitously and the economic impact upon GBRA should be similarly mitigated.

Contributing to the increase in Net Assets was an increase in Program Revenues between FY 2010 and FY 2012 of approximately \$1M, a slight reduction of Program Expenses over the same period of approximately \$1M, and the differential between the two. While various factors caused this result, principal among them was a commitment to increase customer rates and fees where and when necessary, as well as an aggressive plan to control discretionary spending.

GBRA's normal, annual contributions into its Defined Benefit Pension Plan have been in the amounts of \$970,248; \$1,020,832; and \$1,013,649 for Fiscal Years 2010, 2011, and 2012 respectively. Due to declining equity market conditions throughout much of 2008 and 2009 and due to GBRA's adoption of more conservative actuarial assumptions, the Plan's Unfunded Actuarial Accrued Liability (UAAL) increased \$2,303,132 between the January 1, 2008 and 2010 actuarial reports. In order to arrest this increasing UAAL, the GBRA Board of Directors approved supplemental contributions into the Plan of \$4,600,000 over the last four years. Additional supplemental contributions may also be approved in those future years when GBRA's annual financial operating results are favorable.

Capital Asset and Long-Term Debt Activity

As of August 31, 2012, 2011, and 2010 respectively, GBRA's total investment in Long-Term Capital Assets net of depreciation were \$181,598,659, \$185,435,861, and \$186,572,143. These capital assets which are shown in the long-term asset section of GBRA's Balance Sheet are comprised of a number of different types of assets. Included in this asset type are water rights, dams, canals, water treatment plants, wastewater treatment plants, park facilities, hydroelectric plants, pipelines, and electric transmission facilities. The amount of capital assets recognized by GBRA declined by 2.7% or \$4,973,484 during period FY 2010-2012. The principal reason for this asset decrease as previously mentioned was the return of assets to the City of Victoria when the City elected to terminate GBRA's operating contract after 40 years and resume ownership and operation of the associated plants.

GBRA's long-term debt is comprised of outstanding revenue bond issues, bank loans, and a loan from the United States Government related to the construction of Canyon Reservoir. The total revenue bonds outstanding, exclusive of bond discounts and premiums, as of August 31, 2010, 2011, and 2012 respectively were \$132,305,000; \$133,875,000; and \$133,416,000. Between Fiscal Years 2010 and 2012, revenue bonds outstanding increased by \$1,111,000 which represents the annual principal repayment on the existing GBRA bond issues, the defeasance of existing bond issues, and the offsetting new bond issues approximating \$27M. GBRA's long-term loans outstanding as of fiscal year end 2010, 2011, and 2012 respectively amounted to \$10,360,529; \$9,732,455; and \$11,315,248. These varying amounts represent the annual principal repayments of the various loans offset by new bank loans approximating \$2.4M over this period related to the purchase of new equipment.

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

Infrastructure

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

The condition of GBRA's infrastructure and capital assets is generally very good. Most of GBRA's equipment and infrastructure is generally less than 30 years old, with much of it being less than 15 years old, nevertheless this equipment is subject to the ongoing preventive maintenance program. One area of concern is the infrastructure within the Guadalupe Valley Hydroelectric System (GV Hydro). This system is comprised of six low-head hydroelectric dams, power houses and ancillary equipment all of which was originally constructed in the 1920's and 1930's. Due to the age of many of the GV Hydro components and an inadequate amount of funds to fully address all equipment replacement needs, a major emphasis will be required in the next few years to return this System to the level of equipment condition present in GBRA's other operations. An essential first step in this GV Hydro upgrade effort has already been initiated with the completion of a hydroelectric rate study and an agreement on an increased rate with the System's sole customer.

Other Potentially Significant Matters

The GBRA Board of Directors established on October 1, 2012 a rate of \$125 per acre-foot per year for committed, firm raw water. Presently, GBRA contracts with about 100 customers throughout the GBRA district to commit approximately 90,000 acre-feet of firm, raw water. Currently the source of this water is water stored in Canyon Reservoir. The permitted yield of Canyon Reservoir is 90,000 acre-feet per year which means that GBRA has fully committed the Reservoir to customers. Therefore in the future, GBRA must develop new sources of water to supply customers but these new supplies are expected to be considerably more expensive than current supplies. This has the potential to create a difficult transition for GBRA and its customers as higher priced water is financially blended with today's lower priced water.

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

**GUADALUPE-BLANCO RIVER AUTHORITY
BALANCE SHEET**

AUGUST 31, 2012 AND 2011

| ASSETS | 2012 | 2011 |
|---|-----------------------|-----------------------|
| CURRENT ASSETS | | |
| Unrestricted Assets | | |
| Cash and Cash Equivalents | \$ 5,247,350 | \$ 3,860,027 |
| Investments-Unrestricted | 7,831,014 | 4,720,223 |
| Interest Receivable..... | 59,888 | 57,191 |
| Accounts Receivable-Operating..... | 2,348,334 | 1,855,419 |
| Other Current Assets..... | 431,249 | 450,876 |
| Total Unrestricted Assets..... | <u>15,917,835</u> | <u>10,943,736</u> |
| Restricted Assets | | |
| Cash and Cash Equivalents | 7,768,710 | 4,340,292 |
| Investments-Restricted | 2,868,323 | 2,297,692 |
| Interest Receivable..... | 52,790 | 39,573 |
| Total Restricted Assets..... | <u>10,689,823</u> | <u>6,677,557</u> |
| Total Current Assets..... | <u>26,607,658</u> | <u>17,621,293</u> |
| LONG-TERM ASSETS | | |
| Restricted Assets | | |
| Investments-Restricted | 3,432,878 | 3,519,141 |
| Total Restricted Assets..... | <u>3,432,878</u> | <u>3,519,141</u> |
| Capital Assets | | |
| Land, Water and Storage Rights..... | 35,386,830 | 35,296,772 |
| Dams, Plants and Equipment..... | 206,238,251 | 206,155,319 |
| Construction In Progress..... | 1,601,475 | 177,223 |
| Less Accumulated Depreciation..... | (61,627,897) | (56,193,453) |
| Total Capital Assets..... | <u>181,598,659</u> | <u>185,435,861</u> |
| Other Assets | | |
| Investments-Unrestricted | 5,465,795 | 7,667,512 |
| Long-Term Loans Receivable | 393,739 | 190,811 |
| Contract Development Costs (Net of Amortization)..... | 23,215 | 29,528 |
| Debt Issuance Costs (Net of Amortization)..... | 2,526,896 | 2,582,125 |
| Permits and Licenses (Net of Amortization)..... | 555,406 | 583,922 |
| Project Development Costs..... | 1,548,159 | 648,862 |
| Net Pension Asset..... | 4,008,739 | 4,106,444 |
| Deferred Costs and Expenses..... | 131,494 | 560,909 |
| Total Other Assets..... | <u>14,653,443</u> | <u>16,370,113</u> |
| Total Long-Term Assets..... | <u>199,684,980</u> | <u>205,325,115</u> |
| Total Assets..... | <u>\$ 226,292,638</u> | <u>\$ 222,946,408</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Payable from Unrestricted Assets | | |
| Current Portion of Long-Term Loans Payable..... | \$ 526,529 | \$ 514,588 |
| Interest Payable..... | 60,187 | 63,741 |
| Accounts Payable-Operating..... | 3,405,023 | 3,691,297 |
| Total Current Unrestricted Liabilities..... | <u>3,991,739</u> | <u>4,269,626</u> |
| Payable from Restricted Assets | | |
| Current Portion of Revenue Bonds..... | 5,675,000 | 5,220,000 |
| Current Portion of Long-Term Loans Payable..... | 215,000 | 159,103 |
| Interest Payable..... | 1,542,846 | 1,632,122 |
| Total Current Restricted Liabilities..... | <u>7,432,846</u> | <u>7,011,225</u> |
| Total Current Liabilities..... | <u>11,424,585</u> | <u>11,280,851</u> |
| LONG-TERM LIABILITIES | | |
| Revenue Bonds Payable..... | 134,068,813 | 134,911,400 |
| Long-Term Loans Payable..... | 11,676,246 | 9,732,456 |
| | <u>145,745,059</u> | <u>144,643,856</u> |
| Less Current Portion..... | (6,416,529) | (5,893,691) |
| Total Bonds and Loans Payable..... | <u>139,328,530</u> | <u>138,750,165</u> |
| Advances for Operations..... | 589,733 | 489,947 |
| Deferred Income..... | 7,785,672 | 7,333,767 |
| Total Long-Term Liabilities..... | <u>147,703,935</u> | <u>146,573,879</u> |
| Total Liabilities..... | <u>159,128,520</u> | <u>157,854,730</u> |
| NET ASSETS | | |
| Investments in Capital Assets Net of Related Debt | 35,853,611 | 40,790,810 |
| Restricted for Construction..... | 1,017,064 | 527,138 |
| Restricted for Insurance..... | 1,163,979 | 1,171,147 |
| Restricted for Debt Service..... | 3,814,269 | 3,688,262 |
| Unrestricted | 25,315,195 | 18,914,321 |
| Total Net Assets | <u>67,164,118</u> | <u>65,091,678</u> |
| Total Liabilities and Net Assets..... | <u>\$ 226,292,638</u> | <u>\$ 222,946,408</u> |

The accompanying notes are an integral part of this statement.

GUADALUPE-BLANCO RIVER AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FISCAL YEARS ENDED AUGUST 31, 2012 AND 2011

| | 2012 | 2011 |
|--|---------------|---------------|
| REVENUE | | |
| Power Sales..... | \$ 3,979,015 | \$ 4,192,271 |
| Water Sales and Lake Operations..... | 33,081,820 | 31,615,931 |
| Recreation and Land Use..... | 747,666 | 665,450 |
| Waste Water Treatment Services..... | 3,556,848 | 4,273,817 |
| Laboratory Services..... | 823,466 | 736,451 |
| Rental..... | 363,753 | 357,296 |
| Miscellaneous | 2,084,089 | 1,808,498 |
| Total Operating Revenue..... | 44,636,657 | 43,649,714 |
| EXPENSES | | |
| Personnel Operating Costs..... | 9,679,527 | 9,454,599 |
| Operating Supplies and Services..... | 13,010,644 | 13,340,648 |
| Maintenance and Repairs | 4,071,712 | 4,272,751 |
| Depreciation and Amortization..... | 5,847,241 | 6,136,748 |
| Total Operating Expenses..... | 32,609,124 | 33,204,746 |
| Operating Income | 12,027,533 | 10,444,968 |
| NONOPERATING REVENUES (EXPENSES) | | |
| Grant Income..... | 563,047 | 549,534 |
| Investment Income..... | 146,506 | 288,242 |
| Loss on the Disposal of Capital Assets..... | (122,715) | (1,748,901) |
| Interest Expense | (6,684,592) | (6,812,918) |
| Total Nonoperating Revenues (Expenses)..... | (6,097,754) | (7,724,043) |
| Income Before Recognition of Deferrals..... | 5,929,779 | 2,720,925 |
| Revenue to be Recognized in Future Years | (886,614) | (534,847) |
| Income Before Special Item..... | 5,043,165 | 2,186,078 |
| SPECIAL ITEM | | |
| Costs Associated with the Whooping Crane Endangered Species Lawsuit..... | (2,970,725) | (1,994,934) |
| Change in Net Assets..... | 2,072,440 | 191,144 |
| Net Assets at September 1, 2011 and 2010..... | 65,091,678 | 64,900,534 |
| Net Assets at August 31, 2012 and 2011..... | \$ 67,164,118 | \$ 65,091,678 |

The accompanying notes are an integral part of this statement.

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

FISCAL YEARS ENDED AUGUST 31, 2012 AND 2011

| | <u>2012</u> | <u>2011</u> |
|--|-----------------------------|------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash Received from Customers..... | \$ 44,133,117 | \$ 43,627,247 |
| Cash Received from Interfund Administrative Charges..... | 2,431,049 | 2,399,623 |
| Cash Paid for Personnel Operating Costs..... | (9,823,847) | (9,588,298) |
| Cash Paid for Other Operating and Maintenance Costs..... | (17,243,886) | (17,513,956) |
| Cash Paid for Interfund Administrative Charges..... | (2,286,729) | (2,265,924) |
| Cash Paid for Supplementary Contribution to Defined Benefit Plan..... | - | (606,444) |
| Costs Associated with Whooping Crane Endangered Species Lawsuit..... | (2,970,725) | (1,994,934) |
| Net Cash Flows From Operating Activities..... | <u>14,238,979</u> | <u>14,057,314</u> |
| CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Net Change in Pension Plan Asset..... | 97,705 | - |
| Cash Received from Grants..... | 563,047 | 549,534 |
| Net Cash Flows Used by Noncapital and Related Activities..... | <u>660,752</u> | <u>549,534</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Proceeds from Advances from Customers, Developers, and Other Governmental Units..... | 15,822 | 64,058 |
| Proceeds from Revenue Bonds and Loans for Capital Assets and Plant Expansion..... | 10,458,698 | 22,470,657 |
| Proceeds from Sale of Capital Assets..... | 256,575 | 75,921 |
| Purchase of Capital Assets..... | (659,326) | (8,669,175) |
| Cash Paid for Construction in Progress..... | (2,407,940) | (209,162) |
| Interest Paid..... | (6,793,815) | (6,863,256) |
| Principal Payments on Revenue Bonds..... | (5,226,193) | (21,381,406) |
| Principal Payments on Loans..... | (4,246,205) | (658,073) |
| Net Cash Flows Used by Capital and Related Financing Activities..... | <u>(8,602,384)</u> | <u>(15,170,436)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Cash Received from Investments..... | 2,442,141 | 1,368,195 |
| Investment Income Received..... | 136,680 | 441,143 |
| Cash Paid for Investments..... | (4,060,427) | (2,772,794) |
| Net Cash Flows Used by Investing Activities..... | <u>(1,481,606)</u> | <u>(963,456)</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS..... | <u>4,815,741</u> | <u>(1,527,044)</u> |
| CURRENT CASH AND CASH EQUIVALENTS: | | |
| At Beginning of Year..... | 3,860,027 | 3,514,911 |
| At End of Year..... | <u>5,247,350</u> | <u>3,860,027</u> |
| Net Increase..... | <u>1,387,323</u> | <u>345,116</u> |
| RESTRICTED CASH AND CASH EQUIVALENTS: | | |
| At Beginning of Year..... | 4,340,292 | 6,212,452 |
| At End of Year..... | <u>7,768,710</u> | <u>4,340,292</u> |
| Net Decrease..... | <u>3,428,418</u> | <u>(1,872,160)</u> |
| TOTAL CASH AND CASH EQUIVALENTS: | | |
| At Beginning of Year..... | 8,200,319 | 9,727,363 |
| At End of Year..... | <u>13,016,060</u> | <u>8,200,319</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS..... | <u>\$ 4,815,741</u> | <u>\$ (1,527,044)</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Operating Income..... | \$ 12,027,533 | \$ 10,444,968 |
| Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities: | | |
| Depreciation and Amortization..... | 5,847,241 | 6,136,748 |
| Supplementary Contributions to the Defined Benefit Plan..... | - | (606,444) |
| Costs Associated with Whooping Crane Endangered Species Lawsuit..... | (2,970,725) | (1,994,934) |
| Net Change in Assets and Liabilities from Operating Activities: | | |
| Operating Accounts Receivable..... | (449,887) | 486,137 |
| Other Current Assets..... | 19,627 | (12,221) |
| Operating Accounts Payable..... | (234,810) | (396,940) |
| Total Adjustments..... | <u>2,211,446</u> | <u>3,612,346</u> |
| NET CASH FLOWS FROM OPERATING ACTIVITIES..... | <u>\$ 14,238,979</u> | <u>\$ 14,057,314</u> |

NON-CASH TRANSACTIONS SCHEDULE

1. During fiscal year 2012 and 2011, an adjustment of \$10,383 and \$125,076 respectively, was made to adjust investments to fair value.

The accompanying notes are an integral part of this statement.

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2012 AND 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. **Reporting Entity.** Guadalupe-Blanco River Authority is a political subdivision of the State of Texas, created by the Texas Legislature in 1935 by Article 8280-106 Vernon's Texas Civil Statutes. GBRA is a separate self-supporting governmental unit serving a ten county area and is administered by a nine member board of directors who are appointed by the Governor of the State of Texas. The State of Texas does not have a financial accountability with GBRA; therefore, GBRA is not a part of the State's reporting entity. In evaluating the governmental activities and entities to be included in the Authority's financial statements, the management has considered all potential component units. According to the criteria as set forth by the Governmental Accounting Standards Board and based upon the significance of their operational or financial relationships with the Authority there are no separate component units included in the financial statements.
2. **Principles of Accounting.** The accompanying financial statements have been prepared on the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under GASB Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting* all proprietary funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 20, 1989. However, from that date forward, proprietary funds have the option of not applying future FASB pronouncements. GBRA has chosen to apply future FASB pronouncements unless they conflict with GASB guidance.
3. **Fund Reporting.** GBRA's accounting system is one enterprise fund consisting of ten divisions. These divisions account for the acquisition, construction, operation and maintenance of GBRA's facilities and services which are entirely or predominately self-supporting through charges to customers.
4. **Budgets and Budgetary Accounting.** GBRA is not required under its enabling act to adopt a budget; therefore, comparative statements of actual expenses to budget expenses are not included within the financial statements.
5. **Accounts Receivable.** GBRA considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operating expenses when that determination is made.
6. **Restricted Assets.** Contractually restricted cash, investments, interest receivable and accounts receivable balances are reported as separate line items in the asset section of the balance sheet. Such amounts are physically segregated from other enterprise fund assets pursuant to provisions of the applicable bond indentures. It is GBRA's policy to first apply restricted resources when an expense is incurred for which both unrestricted and restricted assets are available.
7. **Capital Assets.** Land is not depreciated since it is considered to have an indefinite useful life. Land rights, storage rights and water rights were primarily acquired prior to November 1, 1970. Since these assets have no evident limited life, no amortization is recognized. Property, plant and equipment are recorded at their historical cost except for contributed assets which are recorded at their fair market value at the time donated. GBRA Board Policy, 411-Capital Assets, provides guidelines for safeguarding and disposing of GBRA's capital assets. This policy identifies capital assets as all equipment and machinery with a useful life exceeding one year and with an original cost exceeding \$2,000. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives as follows:

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

8. **Other Assets.** Included within other assets are contract development costs, debt issuance costs, permits and licenses and project development costs. With the exception of project development costs, these assets are amortized on a straight-line basis over the life of the related contract, bond issue, or license. Project development costs represent the capitalization of expenditures during the initial stage of a new project. These costs are accumulated until the viability of the new project is determined. If a project is determined to be viable, the costs are either transferred to capital or intangible assets. If a project is determined not to be viable, the costs are expensed.
9. **Unbilled Revenue.** Revenue relating to unbilled rural water and waste water treatment services has not been recognized since the amounts are immaterial.
10. **Administrative and General Charges.** The operating divisions of GBRA pay administrative and general charges to the General Division for the administrative oversight the General Division provides. These interdivision charges and revenues have been eliminated in the combined statements.
11. **Vacation and Sick Leave.** GBRA allows employees to accumulate vacation and sick leave within certain limitations. Pursuant to Governmental Accounting Standards Board pronouncements, GBRA does not accrue nor record as an expense non-vested sick leave rights. GBRA does record as an expense and liability the value of vested vacation rights which as of August 31, 2012 and 2011 amounted to \$471,933 and \$453,890, respectively.
12. **Contingent Liabilities.** GBRA provides for contingent liabilities when it is probable a liability has been incurred and the amount of loss can be reasonably estimated. At August 31, 2012 and August 31, 2011, GBRA had no contingencies.
13. **Operating and Nonoperating Activities.** Proprietary funds, like GBRA, distinguish operating revenues and expenses from nonoperating revenues and expenses. Operating activities result from providing services in connection with GBRA's principal ongoing operations. GBRA's primary operating revenues include charges for water sales and lake operations, power sales, wastewater treatment services, and other services. Operating expenses include the costs of sales and services, general and administrative expenses, and depreciation expense. Nonoperating revenues and expenses are all other activities not meeting the above definitions.
14. **Management's Use of Estimates.** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, as well as, reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, allowance for doubtful accounts, realization of project development costs, and other accounts. Actual results may differ from these estimates.
15. **Restricted Net Assets.** GBRA recognizes net assets restricted for future construction costs, debt service payments, and insurance in divisions or funds in which assets exceed the related liabilities in accordance with bond issue and debt covenants and other externally imposed restrictions.

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2012 AND 2011

16. **Capitalization of Interest.** It is GBRA's policy to capitalize net interest costs on funds borrowed to finance the construction of fixed assets. GBRA recorded no interest expense and interest income of \$1,249 as construction in progress in 2012 for the Dunlap Wastewater Collection System Expansion project.
17. **Deferred Expenses/Revenue.** Certain utility expenses that do not require funds currently are deferred to such periods as they are intended to be recovered in rates charged to customers. Likewise, certain utility revenue is deferred to such periods in which the costs related to that revenue is recognized. Deferred expenses and revenue will be recognized in future years by setting rates sufficient to provide funds for the related debt service requirements.

NOTE B - LONG TERM LIABILITIES

GBRA currently has \$144,731,246 of debt outstanding from long-term loans and revenue bonds. This is exclusive of defeasance, discounts and premiums associated with these bonds.

The loans and revenue bonds outstanding at August 31, 2012 mature serially through 2039 as follows:

| Year Ending August 31 | LONG-TERM LOANS | | | Balance of Principal Outstanding | REVENUE BONDS | | | Balance of Principal Outstanding |
|-----------------------------|----------------------|---------------------|----------------------|--|-----------------------|----------------------|-----------------------|--|
| | Total | Interest | Principal | | Total | Interest | Principal | |
| | | | | \$11,676,246 | | | | \$133,055,000 |
| 2013 | 1,075,818 | 334,289 | 741,529 | 10,934,717 | 11,869,502 | 6,194,502 | 5,675,000 | 127,380,000 |
| 2014 | 1,051,033 | 309,836 | 741,197 | 10,193,520 | 11,865,111 | 5,990,111 | 5,875,000 | 121,505,000 |
| 2015 | 991,627 | 287,841 | 703,786 | 9,489,734 | 10,790,954 | 5,775,954 | 5,015,000 | 116,490,000 |
| 2016 | 3,754,831 | 233,148 | 3,521,683 | 5,968,051 | 10,813,216 | 5,583,216 | 5,230,000 | 111,260,000 |
| 2017 | 611,379 | 183,683 | 427,696 | 5,540,355 | 10,516,123 | 5,381,123 | 5,135,000 | 106,125,000 |
| 2018 | 607,872 | 170,665 | 437,207 | 5,103,148 | 9,877,049 | 5,177,049 | 4,700,000 | 101,425,000 |
| 2019 | 609,281 | 157,262 | 452,019 | 4,651,129 | 9,882,830 | 4,962,830 | 4,920,000 | 96,505,000 |
| 2020 | 610,524 | 143,398 | 467,126 | 4,184,003 | 9,880,396 | 4,735,396 | 5,145,000 | 91,360,000 |
| 2021 | 606,683 | 129,104 | 477,579 | 3,706,424 | 9,891,069 | 4,496,069 | 5,395,000 | 85,965,000 |
| 2022 | 577,114 | 114,668 | 462,446 | 3,243,978 | 9,891,008 | 4,241,008 | 5,650,000 | 80,315,000 |
| 2023 | 547,379 | 101,628 | 445,751 | 2,798,227 | 9,897,568 | 3,982,568 | 5,915,000 | 74,400,000 |
| 2024 | 548,120 | 88,531 | 459,589 | 2,338,638 | 9,909,385 | 3,709,385 | 6,200,000 | 68,200,000 |
| 2025 | 548,695 | 75,011 | 473,684 | 1,864,954 | 9,290,601 | 3,430,601 | 5,860,000 | 62,340,000 |
| 2026 | 549,101 | 61,056 | 488,045 | 1,376,909 | 9,283,548 | 3,148,548 | 6,135,000 | 56,205,000 |
| 2027 | 240,453 | 46,664 | 193,789 | 1,183,120 | 9,291,476 | 2,851,476 | 6,440,000 | 49,765,000 |
| 2028 | 235,610 | 39,625 | 195,985 | 987,135 | 8,983,041 | 2,538,041 | 6,445,000 | 43,320,000 |
| 2029 | 235,683 | 32,404 | 203,279 | 783,856 | 8,975,709 | 2,220,709 | 6,755,000 | 36,565,000 |
| 2030 | 240,506 | 24,830 | 215,676 | 568,180 | 8,562,632 | 1,887,632 | 6,675,000 | 29,890,000 |
| 2031 | 240,073 | 16,893 | 223,180 | 345,000 | 8,016,341 | 1,566,341 | 6,450,000 | 23,440,000 |
| 2032 | 178,684 | 8,684 | 170,000 | 175,000 | 7,754,530 | 1,244,530 | 6,510,000 | 16,930,000 |
| 2033 | 177,923 | 2,923 | 175,000 | -- | 7,756,281 | 911,281 | 6,845,000 | 10,085,000 |
| 2034 | | | | | 2,435,748 | 560,748 | 1,875,000 | 8,210,000 |
| 2035 | | | | | 2,438,181 | 458,181 | 1,980,000 | 6,230,000 |
| 2036 | | | | | 2,429,726 | 349,726 | 2,080,000 | 4,150,000 |
| 2037 | | | | | 2,430,698 | 235,698 | 2,195,000 | 1,955,000 |
| 2038 | | | | | 1,065,242 | 115,242 | 950,000 | 1,005,000 |
| 2039 | | | | | 1,064,255 | 59,255 | 1,005,000 | -- |
| | <u>\$ 14,238,389</u> | <u>\$ 2,562,143</u> | <u>\$ 11,676,246</u> | | <u>\$ 214,862,220</u> | <u>\$ 81,807,220</u> | <u>\$ 133,055,000</u> | |

GUADALUPE BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2012 AND 2011

NOTE B – LONG-TERM LIABILITIES (CONTINUED)

GBRA had the following changes in long-term liabilities for the fiscal years ended August 31, 2012 and 2011 (exclusive of interfund loans payable).

| Series | Date of Issue | Final Maturity | Effective Interest Rate | Original Amount | Outstanding 8/31/2010 | Retired During FY 2011 | Outstanding 8/31/2011 | Retired During FY 2012 | Outstanding 8/31/2012 | Amounts Due Within One Year | |
|--|---------------|----------------|-------------------------|----------------------|-----------------------|------------------------|-----------------------|------------------------|-----------------------|-----------------------------|--|
| OBLIGATIONS PAYABLE DIRECTLY BY GBRA | | | | | | | | | | | |
| GUADALUPE VALLEY HYDROELECTRIC DIVISION | | | | | | | | | | | |
| First Lockhart Nat'l Bank Loan, Equipment | 11/17/2008 | 2013 | 3.9% | \$ 110,000 | \$ 73,961 | \$ 21,746 | \$ 52,215 | \$ 22,627 | \$ 29,588 | \$ 23,552 | |
| First Lockhart Nat'l Bank Loan, Equipment | 02/17/2011 | 2014 | 3.5% | 30,000 | -- | 4,781 | 25,219 | 9,824 | 15,395 | 10,174 | |
| RURAL UTILITIES DIVISION | | | | | | | | | | | |
| Wells Fargo Loan, Dunlap Construction | 09/15/2005 | 2015 | 6.1% | 4,400,000 | 3,881,574 | 149,956 | 3,731,618 | 3,731,618 | -- | -- | |
| Regions Loan, Dunlap Expansion Refunding | 03/15/2012 | 2015 | 2.3% | 3,590,000 | -- | -- | -- | -- | 3,590,000 | 215,000 | |
| Regions Loan, Dunlap Collection System | 03/15/2012 | 2032 | 3.3% | 2,600,000 | -- | -- | -- | -- | 2,600,000 | -- | |
| WATER RESOURCE DIVISION | | | | | | | | | | | |
| U.S. Government Loan | 01/01/1977 | 2026 | 2.5% | 8,979,862 | 4,032,559 | 208,072 | 3,824,487 | 213,278 | 3,611,209 | 218,610 | |
| GE Capital Public Finance Loan, Equipment | 03/19/2004 | 2014 | 4.8% | 467,276 | 190,919 | 50,850 | 140,069 | 53,365 | 86,704 | 56,005 | |
| PNC Equipment Finance Loan, Lab Equipment | 12/21/2005 | 2010 | 4.38% | 65,000 | 2,392 | 2,392 | -- | -- | -- | -- | |
| JP Morgan Chase Loan, Office Expansion | 05/09/2006 | 2016 | 4.18% | 1,600,000 | 906,667 | 160,000 | 746,667 | 160,000 | 586,667 | 160,000 | |
| Frost National Bank Loan, Equipment | 06/26/2006 | 2011 | 4.95% | 43,696 | 7,264 | 7,264 | -- | -- | -- | -- | |
| A. Usery, Water Rights | 09/26/2006 | 2031 | 4.50% | 343,496 | 301,607 | 8,928 | 292,679 | 9,329 | 283,350 | 9,749 | |
| Luling Foundation, Water Rights | 09/26/2006 | 2031 | 4.50% | 584,706 | 513,401 | 15,201 | 498,200 | 15,881 | 482,319 | 16,596 | |
| Metcalf Bank Loan, Lab Equipment | 10/20/2008 | 2014 | 5.25% | 102,945 | 71,275 | 20,089 | 51,186 | 21,170 | 30,016 | 22,308 | |
| General Improvement Revenue Bonds, 2002 | 09/15/2002 | 2027 | 3.35-4.75% | 4,390,000 | 3,500,000 | 3,500,000 | -- | -- | -- | -- | |
| General Improvement & Ref. Rev. Bonds, 2011 | 03/01/2011 | 2030 | 3.0-4.625% | 10,745,000 | -- | 595,000 | 10,150,000 | 420,000 | 9,730,000 | 435,000 (1) | |
| General Improvement Revenue Bonds, 2012 | 04/04/2012 | 2031 | 0.14-1.86% | 4,400,000 | -- | -- | -- | -- | 4,400,000 | 225,000 | |
| Total Obligations Payable Directly by GBRA | | | | \$ 42,451,981 | \$ 13,481,619 | \$ 4,744,279 | \$ 19,512,340 | \$ 4,657,092 | \$ 25,445,248 | \$ 1,391,994 | |
| CONTRACT REVENUE BONDS AND LOANS | | | | | | | | | | | |
| WATER RESOURCE DIVISION | | | | | | | | | | | |
| Regional Raw Water Delivery System Bonds, San Marcos 1998 | 09/15/1998 | 2024 | 4.50-6.0% | \$ 9,735,000 | \$ 6,750,000 | \$ 6,750,000 | \$ -- | \$ -- | \$ -- | \$ -- | |
| Western Canyon Regional Water Supply Project Revenue Bonds 2003 | 04/01/2003 | 2033 | 3.0-5.25% | 79,450,000 | 71,625,000 | 1,755,000 | 69,870,000 | 1,825,000 | 68,045,000 | 1915,000 | |
| IH35 Project Combination Contract Revenue Bonds 2004A | 12/07/2004 | 2037 | 3.0-4.13% | 15,660,000 | 14,810,000 | 300,000 | 14,510,000 | 310,000 | 14,200,000 | 320,000 | |
| IH35 Project Combination Contract Revenue Bonds 2004B | 12/07/2004 | 2037 | 5.5-5.8% | 5,305,000 | 5,080,000 | 85,000 | 4,995,000 | 90,000 | 4,905,000 | 95,000 | |
| RRWDS Combination Contract Revenue Bonds 2007A | 09/15/2007 | 2039 | 5.00% | 9,180,000 | 9,035,000 | 145,000 | 8,890,000 | 150,000 | 8,740,000 | 160,000 | |
| RRWDS Combination Contract Revenue Bonds 2007B | 09/15/2007 | 2039 | 7.10% | 5,775,000 | 5,710,000 | 65,000 | 5,645,000 | 70,000 | 5,575,000 | 75,000 | |
| RRWDS Contract Ref Bonds, San Marcos 2010 | 09/01/2010 | 2024 | 2.0-3.25% | \$ 6,895,000 | -- | 415,000 | 6,480,000 | 420,000 | 6,060,000 | 430,000 (2) | |
| PORT LAVACA WATER TREATMENT PLANT DIVISION | | | | | | | | | | | |
| Frost National Bank, Clearwell | 03/04/2008 | 2022 | 4.00% | 400,000 | 378,910 | 8,795 | 370,115 | 9,117 | 360,998 | 9,535 | |
| Water Supply Revenue Refunding Bonds 2000 | 12/15/2000 | 2016 | 4.50-5.375% | 3,265,000 | 1,635,000 | 1,385,000 | 250,000 | 250,000 | -- | -- | |
| Water Supply Revenue Refunding Bonds 2011 | 08/16/2011 | 2016 | 2.00% | 1,205,000 | -- | -- | 1,205,000 | 25,000 | 1,180,000 | 285,000 (3) | |
| VICTORIA REGIONAL WASTE DISPOSAL DIVISION | | | | | | | | | | | |
| Regional Waste Disposal Refunding and Improvement Revenue Bonds 1989 | 12/15/1989 | 2010 | 6.15-7.10% | 5,520,000 | 435,000 | 435,000 | -- | -- | -- | -- (4) | |
| Regional Waste Disposal Revenue Bonds 1996 | 07/18/1996 | 2010 | 2.9-4.75% | 3,750,000 | 345,000 | 345,000 | -- | -- | -- | -- | |
| LULING WATER TREATMENT PLANT DIVISION | | | | | | | | | | | |
| Treated Water Delivery System Contract Revenue Bonds (City of Lockhart) 2004 | 05/01/2004 | 2030 | 3.0-5.0% | 6,370,000 | 5,590,000 | 175,000 | 5,415,000 | 180,000 | 5,235,000 | 190,000 | |
| CANYON HYDROELECTRIC DIVISION | | | | | | | | | | | |
| Hydroelectric Project Revenue Refunding Bonds 2002 | 04/15/2002 | 2014 | 3.5-4.75% | 9,705,000 | 3,875,000 | 905,000 | 2,970,000 | 945,000 | 2,025,000 | 995,000 (5) | |

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2012 AND 2011

NOTE B – LONG-TERM LIABILITIES (CONTINUED)

| Series | Date of Issue | Final Maturity | Effective Interest Rate | Original Amount | Outstanding 8/31/2010 | Retired | Retired | Outstanding 8/31/12 | Amounts | |
|---|---------------|----------------|-------------------------|----------------------|-----------------------|----------------------|-----------------------|---------------------|-----------------------|---------------------|
| | | | | | | During FY 2011 | During FY 2012 | | Due One Year | Within |
| LOCKHART WASTEWATER RECLAMATION DIVISION | | | | | | | | | | |
| Regional Wastewater Treatment System Contract Revenue Bonds | | | | | | | | | | |
| 1996 | 04/02/1996 | 2017 | 2.85%-4.55% | 5,480,000 | 3,915,000 | 3,915,000 | -- | -- | -- | -- |
| Regional Wastewater Treatment System Contract Revenue Refunding Bonds | | | | | | | | | | |
| 2010 | 09/08/2010 | 2017 | 1.5%-2.5% | 4,025,000 | -- | 530,000 | 3,495,000 | 535,000 | 2,960,000 | 550,000 (6) |
| Total Contract Revenue Bonds and Loans | | | | \$ 17,120,000 | \$ 129,183,910 | \$ 17,213,795 | \$ 124,095,115 | \$ 4,809,117 | \$ 119,285,998 | \$ 5,024,535 |

Total Bonds and Loans Payable Prior to Defeasance and Accretion of Interest

| | | | | |
|---|-----------------------|-----------------------|-----------------------|---------------------|
| | <u>\$ 142,665,529</u> | <u>\$ 143,607,455</u> | <u>\$ 144,731,246</u> | <u>\$ 6,416,529</u> |
| | | 8/31/2011 | 8/31/2012 | |
| Total Bonds and Loans Payable Prior to Defeasance and Accretion of Interest | | \$ 143,607,455 | \$ 144,731,246 | |
| Less Revenue Bond Discounts and Deferred Defeasance | | (661,228) | (560,079) | |
| Plus Revenue Bond Premiums | | 1,697,629 | 1,573,892 | |
| Net Revenue Bonds and Long-Term Loans Payable | | <u>144,643,856</u> | <u>145,745,059</u> | |
| Less Current Portion | | (5,893,691) | (6,416,529) | |
| TOTAL BONDS AND LOANS PAYABLE | | <u>\$ 138,750,165</u> | <u>\$ 139,328,530</u> | |

INTERDIVISION LOANS ELIMINATED FROM COMBINED BALANCE SHEET

| Long-term loans payable to the General Division are as follows: | 8/31/2011 | 8/31/2012 |
|---|---------------------|---------------------|
| Guadalupe Valley Hydroelectric Division | \$ 2,197,234 | \$ 2,489,307 |
| Rural Utilities Division | 1,797,100 | 1,783,057 |
| Water Supply Division | 1,611,029 | 1,061,029 |
| Coleto Creek Division | 100,000 | 25,000 |
| Canyon Hydroelectric Division | -- | 134,700 |
| Total Long-term loans payable to the General Division | <u>\$ 5,705,363</u> | <u>\$ 5,493,093</u> |

- GBRA issued in Fiscal Year 2011 General Improvement and Refunding Revenue Bonds, Series 2011. These bonds were issued to retire the General Improvement Revenue Bonds, Series 2002 and to provide funds for the lump sum buy-out of the Water Right Subordination Agreement between GBRA and the City of Seguin. The refunding of the 2002 General Improvement Revenue Bonds produced an economic loss of \$27,473, but was necessary to remove bond covenants in the 2002 bonds to facilitate the new money portion of the bond. GBRA's buy-out of the Water Right Subordination agreement effectively produced a savings of approximately \$4,295,500. Bonds outstanding that are considered defeased as a result of the 2011 refunding are \$0.
- GBRA issued in Fiscal Year 2011 Regional Raw Water Delivery System Contract Revenue Refunding Bonds, Series 2010 (City of San Marcos portion). These bonds were issued to retire the 1998 bonds, except for the September 1, 2010 payment of \$340,000. As a result of the refunding, GBRA reduced its total debt service requirement by \$842,606 and produced a net present value savings (economic gain) of \$848,929. Bonds outstanding that are considered defeased as a result of the 2011 refunding are \$0.
- GBRA issued in Fiscal Year 2011 Water Supply Revenue Refunding Bonds, Series 2011 (Port Lavaca Water Treatment Plant Project). These bonds were issued to retire the Series 2000 bonds. As a result of the refunding, GBRA reduced its total debt service requirements by \$44,115 and produced a net present value savings (economic gain) of \$39,856. Bonds outstanding that are considered defeased as a result of the 2011 refunding are \$0.
- GBRA issued in Fiscal Year 1990 Regional Waste Disposal Refunding and Improvement Revenue Bonds. These bonds included both current interest bonds and capital appreciation or deep-discount bonds. The original combined discount on these bonds was in the amount of \$1,879,910. GBRA fully amortized the discount over the life of the bonds using the effective interest method. Part of the proceeds from these bonds were used to purchase U.S. Government securities which were placed in a separate irrevocable trust fund in order to defease a 1982 bond issue which was subsequently called on October 1, 1992.
- GBRA issued in Fiscal Year 2002, Hydroelectric Project (City of New Braunfels, Texas) Revenue Refunding Bonds, Series 2002. These bonds were issued to retire the Series 1991 bonds, except for \$50,000 in principal and associated interest, which matured on December 1, 2002. The Series 2002 bonds were sold at a premium of \$33,774 which is being amortized over the life of the bond. The premium balance at August 31, 2012 and 2011 was \$9,085 and \$11,455 respectively. In addition to the refunding, New Braunfels Utilities contributed \$2,000,000 toward the reduction of the debt and reduced the term of the debt by two years. The refunding produced a net present value benefit (economic gain) of \$1,195,411. The combination of the refunding of the old bonds and the \$2,000,000 advance payment resulted in a net cash flow savings of \$2,972,819.
- GBRA issued in Fiscal Year 2011 Contract Revenue Refunding Bonds, Series 2010 (City of Lockhart Wastewater Treatment System Project). These bonds were issued to retire the Series 1996 bonds. As a result of the refunding, GBRA reduced its total debt service requirements by \$248,321 and produced a net present value savings (economic gain) of \$220,321. Bonds that are considered defeased as a result of the current year refunding are \$0.
- The various bond indentures, resolutions and agreements provide for the establishment of separate restricted accounts for debt service retirement, construction, contingencies, etc. These accounts are reported as restricted assets in the accompanying financial statements. The bond indentures contain flow of funds requirements which generally provide the order in which funds are to be applied. These requirements have been met. The following bond indentures of GBRA contain bond coverage requirement provisions: 1) General Improvement and Refunding Revenue Bonds, Series 2011; 2) Contract Revenue Bonds (Western Canyon), Series 2003; 3) Combination Contract Revenue Bonds (IH35), Series 2004; 4) Combined Contract Revenue Bonds (RRWDS), Series 2007; 5) RRWDS Contract Revenue Refunding Bonds (City of San Marcos), Series 2010; and 6) Treated Delivery System Contract Revenue Bonds (City of Lockhart), Series 2004.

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2012 AND 2011

NOTE C - DEFINED BENEFIT PENSION PLAN

1. PLAN DESCRIPTION

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

All full-time GBRA employees who were hired before January 1, 2011 participate in the Plan. Employees are 100% vested in the accrued benefit upon completion of five (5) years of service. Employees with less than five (5) years of service are not vested. Normal retirement age is 65. The Plan also provides benefits for early and late retirement, death, and disability. The retirement benefit at normal retirement is equal to 1.3% of final average earnings times the number of years of credited service. The normal form of payment is a ten (10) year certain and lifetime monthly benefit.

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

2. FUNDING POLICY

The GBRA Board of Directors has sole authority to establish or amend the obligations to contribute to the plan by participants or the employer. Employees are not required to contribute to the plan. GBRA makes contributions which are actuarially determined to pay the plan's total cost. GBRA contributes an amount annually (usually in December) for each plan year (ending December 31) that equals the sum of the normal cost using the entry age actuarial cost method plus an amount that will amortize the unfunded actuarial liability over an open period that can vary from year to year. The required employer contribution was 12.00% of total annual participant payroll for 2011 and is 12.00% of total annual participant payroll plus 6.51% (12% -normal cost percent) of total annual payroll for non-participating full time employees hired after 2010 for the 2012 plan year. All of the costs of administering the plan are paid by GBRA and are not considered in the determination of the employer contribution.

3. ANNUAL PENSION COST AND NET PENSION ASSET

For the GBRA fiscal year commencing September 1, 2011 and ending August 31, 2012, the Annual Pension Cost for GBRA was \$1,111,354. The actual contribution during the fiscal year was the required contribution of \$1,013,649. Before August 31, 2009, there had been no net pension obligation or asset since GBRA had historically contributed the annual required contribution. Because of the supplemental contributions in August 2009, 2010 and 2011, there is now a net pension asset of \$4,008,739 as of August 31, 2012.

SIX-YEAR TREND INFORMATION

| Fiscal Year Ending | Annual Required Contribution (ARC) | Interest On Net Pension Asset | Adjustment to ARC | Annual Pension Cost (APC) | Amount Contributed | Percentage of APC Contributed | Net Pension Asset |
|--------------------|---|-------------------------------------|-------------------------|------------------------------------|-----------------------|--|-------------------------|
| 31-Aug-07 | \$ 662,796 | \$ - | \$ - | \$ 662,796 | \$ 662,796 | 100% | \$0 |
| 31-Aug-08 | \$ 707,443 | \$ - | \$ - | \$ 707,443 | \$ 707,443 | 100% | \$0 |
| 31-Aug-09 | \$ 764,425 | \$ - | \$ - | \$ 764,425 | \$ 1,264,425 | 165% | \$500,000 |
| 31-Aug-10 | \$ 970,248 | \$ - | \$ - | \$ 970,248 | \$ 3,970,248 | 409% | \$3,500,000 |
| 31-Aug-11 | \$ 1,020,832 | \$ (40,000) | \$ 33,556 | \$1,014,388 | \$ 1,620,832 | 160% | \$4,106,444 |
| 31-Aug-12 | \$ 1,013,649 | \$ (280,000) | \$ 377,705 | \$1,111,354 | \$ 1,013,649 | 91% | \$4,008,739 |

The Annual Pension Cost for the fiscal year ending August 31, 2012 was based on the results of the actuarial valuation as of January 1, 2011 using the entry age actuarial cost method and was determined in compliance with the GASB Statement No. 27 parameters. The actuarial assumptions and methods used for the three most recent valuations are shown below:

| Actuarial Valuation Date: | January 1, 2010 | January 1, 2011 | January 1, 2012 |
|-------------------------------|--------------------------|-------------------------|-------------------------|
| Actuarial Cost Method: | Entry age | Entry age | Entry age |
| Amortization Method: | Level % of payroll, open | Level dollar, open | Level dollar, open |
| Amortization Period: | 24 years | 18 years | 19 years |
| Asset Valuation Method: | 5-yr adjusted mkt value | 5-yr adjusted mkt value | 5-yr adjusted mkt value |
| Annual Actuarial Assumptions: | | | |
| Investment return* | 8.00% | 8.00% | 7.75% |
| Projected salary increases* | 4.0% plus merit** | 4.0% plus merit** | 4.0% plus merit** |
| Inflation | 4.0% | 4.0% | 4.0% |
| Cost-of-living increases | 0.0% | 0.0% | 0.0% |

* includes inflation at the stated rate

**merit increases range from 5.0% to 0.0%

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded AAL | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|--------------------------|------------------------------|--|-----------------|-----------------|--------------------|--|
| January 1, 2012 | \$ 17,888,520 | \$ 23,358,520 | \$ 5,470,000 | 77% | \$ 8,203,042 | 67% |

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2012 AND 2011

NOTE D - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

1. CASH AND DEPOSITS

At August 31, 2012, GBRA held \$5,736,039 in restricted and unrestricted cash. Included in this amount was \$1,500 of cash on hand and the remainder was on deposit at various banks in demand accounts.

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

2. INVESTMENTS

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

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

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

| | Fair Value | Weighted Average Maturity in Months |
|---------------------------------|----------------------|--|
| Federal Home Loan Bank | \$ 2,760,996 | 13.69 |
| Federal Home Loan Mortgage | 1,002,930 | 3.87 |
| Federal National Mortgage Assn. | 2,380,658 | 16.36 |
| U. S. Treasury | 6,878,094 | 16.28 |
| Certificates of Deposit | 6,701,572 | 12.77 |
| Money Market Funds | 3,238,247 | 1.00 |
| Texas Class | 163,308 | 1.00 |
| TexPool | 3,752,226 | 1.00 |
| Total Investments | <u>\$ 26,878,031</u> | 10.62 |

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

Investments are rated as follows:

| | Moody's | S&P |
|---------------------------------|---------|------|
| Federal Home Loan Bank | Aaa | AA+ |
| Federal Home Loan Mortgage | Aaa | AA+ |
| Federal National Mortgage Assn. | Aaa | AA+ |
| Texas Class | Aaa | AAAm |
| TexPool | Aaa | AAAm |

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

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2012 AND 2011

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

Texas CLASS is a local government investment pool emphasizing safety, liquidity, convenience and competitive yield. Since 1996, Texas CLASS has provided Texas public entities a safe and competitive investment alternative. Texas CLASS invests only in securities allowed by the Texas Public Funds Investment Act. The pool is governed by a board of trustees, elected annually by its participants. Texas CLASS is rated 'AAAm' by Standard and Poor's Ratings Services. The 'AAAm' principal stability fund rating is the highest assigned to principal stability government investment pools and is a direct reflection of Texas CLASS's outstanding credit quality and management.

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

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

| Description | Fair Value | % of Portfolio |
|------------------------------|---------------|----------------|
| Mortgage Backed Securities | \$ 6,144,584 | 18.84% |
| Government Securities | 6,878,094 | 21.09% |
| Certificates of Deposit | 6,701,572 | 20.55% |
| Money Market Funds | 3,238,247 | 9.93% |
| Public Funds Investment Pool | 3,915,534 | 12.00% |
| Cash | 5,736,039 | 17.59% |
| Total | \$ 32,614,070 | 100.00% |

NOTE E - CAPITAL ASSETS

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

| Classification | ASSETS | | | Balance August 31, 2012 |
|------------------------------------|----------------------------|----------------|----------------|----------------------------|
| | Balance August 31, 2011 | Additions | Removals | |
| Land, Water & Storage Rights | \$ 35,296,772 | \$ 90,058 | \$ -- | \$ 35,386,830 |
| Construction in Progress | 177,223 | 2,065,036 | (640,784) | 1,601,475 |
| Total Assets Not Being Depreciated | 35,473,995 | 2,155,094 | (640,784) | 36,988,305 |
| Structures & Improvements | 188,245,030 | 181,547 | (446,677) | 187,979,900 |
| Specialized Equipment | 7,230,920 | 4,777 | -- | 7,235,697 |
| Office Buildings & Communications | 2,249,266 | 61,285 | -- | 2,310,551 |
| Shops & Storerooms | 50,173 | -- | -- | 50,173 |
| Auto & Heavy Equipment | 3,582,992 | 190,060 | (91,848) | 3,681,204 |
| Office Furniture & Equipment | 1,309,533 | 29,423 | (18,440) | 1,320,516 |
| Miscellaneous Equipment | 3,487,405 | 188,165 | (15,360) | 3,660,210 |
| Total Dams, Plants and Equipment | 206,155,319 | 655,257 | (572,325) | 206,238,251 |
| Total Capital Assets | \$ 241,629,314 | \$ 2,810,351 | \$ (1,213,109) | \$ 243,226,556 |
| | DEPRECIATION | | | |
| Classification | Balance August 31, 2011 | Additions | Removals | Balance August 31, 2012 |
| Structures & Improvements | \$ (43,419,221) | \$ (4,894,236) | \$ 80,521 | \$ (48,232,936) |
| Specialized Equipment | (5,813,300) | (131,032) | -- | (5,944,332) |
| Office Buildings & Communications | (1,561,778) | (45,368) | -- | (1,607,146) |
| Shops & Storerooms | (45,834) | (1,047) | -- | (46,881) |
| Auto & Heavy Equipment | (2,542,489) | (243,248) | 84,128 | (2,701,609) |
| Office Furniture & Equipment | (1,023,905) | (76,836) | 18,440 | (1,082,301) |
| Miscellaneous Equipment | (1,786,926) | (234,114) | 8,348 | (2,012,692) |
| Total Accumulated Depreciation | \$ (56,193,453) | \$ (5,625,881) | \$ 191,437 | \$ (61,627,897) |
| NET CAPITAL ASSETS | \$ 185,435,861 | \$ (2,815,530) | \$ (1,021,672) | \$ 181,598,659 |

**GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2012 AND 2011**

NOTE F - POLLUTION CONTROL

GBRA has assisted industries within the GBRA service area by providing tax-exempt financing for pollution control facilities and private industrial development.

For the pollution control and industrial development bonds listed below, GBRA acted as an issuing conduit so that the user of the bond proceeds benefited from reduced debt service requirements. In each case, the user of the bond proceeds pledge their credit, bear sole responsibility for all debt service, make all payments directly to the trustee, and completely indemnify GBRA for any costs incurred. Due to the character of these bonds, GBRA considers them debts of the third party users rather than debts of GBRA. Therefore, these bonds and the related receivables have been excluded from the combined financial statements in order to avoid misrepresenting the nature of the bonds and distorting GBRA's financial statements. This exclusion is in conformity with the Texas State Auditor's Report dated October 6, 1986 for Water Districts and River Authorities reporting third party conduit financings. The Pollution Control and Industrial Development Bonds outstanding at August 31, 2012 total \$40,890,000 and are as follows:

| Series | Issue | Date of | | Interest Rate | Original Amount | Outstanding 8/31/2011 | Outstanding 8/31/2012 |
|--|----------|----------|--|---------------|-----------------|-----------------------|-----------------------|
| | | Maturity | | | | | |
| Pollution Control Revenue Refunding Bonds (AEP Texas Central, formerly Central Power & Light, Company Project) | | | | | | | |
| 2008 | 4/1/2008 | 2017 | | Variable | 40,890,000 | 40,890,000 | 40,890,000 |

NOTE G - RISK MANAGEMENT

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

NOTE H - CONTINUING DISCLOSURE REQUIREMENTS

Under the continuing disclosure agreements of the 1) General Improvement Bonds, Series 2011; 2) Contract Revenue Bonds (Western Canyon), Series 2003; 3) Combined Contract Revenue Bonds (IH35), Series 2004A and 2004B; and 4) Water Supply Revenue Refunding Bonds (Port Lavaca WTP), Series 2011, GBRA is obligated to provide certain updated financial information and operating data annually. None of the other bonds require additional disclosure. The required information is identified below, in the preceding footnotes and in the amortization schedules.

GENERAL IMPROVEMENT AND REFUNDING REVENUE BONDS, SERIES 2011

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

On November 17, 2010, GBRA authorized the issuance of GBRA tax-exempt revenue bonds to be used to refund the Series 2002 General Improvement Revenue Bonds and provide funds for the lump sum buy-out of the Water Right Subordination Agreement between GBRA and the City of Seguin. The resolution was subsequently amended on March 16, 2011 related to the issuance of Guadalupe-Blanco River Authority General Improvement and Refunding Revenue Bonds, Series 2011 primarily for the purpose of amending the date by which certain proceeds of such bonds must be used to pay the "final payment" to the City of Seguin, revising the continuing disclosure requirements to comply with amended Section regulations that became effective December 1, 2010, revising the annual rate covenant, and deleting references to the General Division in certain covenants.

Moody's Investors Service, Inc. assigned an underlying rating on the Bonds of "Aa2".

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

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

On April 1, 2003, GBRA authorized the issuance of Contract Revenue Bonds, Series 2003 in the amount of \$79,450,000. The proceeds were used for the construction and equipping a regional treated surface water supply project to serve portions of Comal, Kendall and Bexar Counties, Texas.

Moody's Investors Service, Inc. ("Moody's") and Standard and Poor's Ratings Services, a Division of The McGraw Hill Companies, Inc ("S&P") rated the bonds "Aaa" and "AAA", respectively, by virtue of a municipal bond insurance policy issued by MBIA Insurance Corporation. The underlying ratings on the bonds are "A1" by Moody's and "A+" by S&P.

The bonds constitute special obligations of GBRA payable, both as to principal and interest, and secured solely by a first lien on and pledge of the Gross Revenues of GBRA, which primarily are derived from payments made to GBRA under the Water Supply Agreements entered into with the Participants in the Western Canyon Regional Water Supply Project.

**GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2012 AND 2011**

NOTE H – CONTINUING DISCLOSURE REQUIRMENTS (CONTINUED)

COMBINATION CONTRACT REVENUE BONDS, SERIES 2004A & 2004B

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

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

The bonds constitute special obligations of GBRA that are equally and ratably payable from and secured by an irrevocable lien on and pledge of the “Pledged Revenues,” and the Pledged Revenues are further pledged to the establishment and maintenance of certain funds created in the Resolution authorizing the bonds. “Pledged Revenues” generally consist of (i) the “Gross Contract Revenues” derived by GBRA from various public and private entities pursuant to certain “Water Supply Agreements” related to the Treated Water Delivery System; (ii) the “Subordinate Water Resources Division Revenues (which generally consist of the gross revenues received by GBRA from the sale of firm raw water stored in Canyon Reservoir and other sources of firm, dependable supplies of water as they are acquired and developed in the Water Supply System of GBRA’s Water Resource Division, less payment of all debt service and other payments required to be made in connection with any “Senior Lien Water Resources Division Obligations” and operation and maintenance expenses of such Water Supply System), and (iii) the “Surplus Western Canyon Regional Water Supply Project Revenues” (which generally consist of gross revenues received by GBRA from various public and private entities and certain retail customers of GBRA that receive treated water from GBRA’s “Western Canyon Regional Water Supply Project” pursuant to water supply agreement with GBRA, less all debt service, reserve fund, operation and maintenance expenses, and other funding requirement payable from such gross revenues which are then due and payable).

WATER SUPPLY REVENUE REFUNDING BONDS (PORT LAVACA WATER TREATMENT PLANT PROJECT), SERIES 2011

On August 1, 2011, GBRA authorized the issuance of Water Supply Revenue Refunding Bonds (Port Lavaca WTP), Series 2011 in the amount of \$1,205,000. The proceeds were used to refund a portion of the outstanding Water Supply Revenue Refunding Bonds (Port Lavaca WTP), Series 2000 in order to provide a new present value savings of \$39,856.

Standard and Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”) rated the bonds “A+”. The bonds are special obligations of GBRA payable, both as to principal and interest, and secured solely by the “Net Revenues” derived by GBRA from the operation of its Water Treatment Plant located in or near the City of Port Lavaca, Texas. The Net Revenues are derived from (i) payments received by GBRA from two separate water supply contracts with the City of Port Lavaca, Texas and the Port O’Connor Municipal Utility District pursuant to which GBRA provides treated water to the City of Port Lavaca and the Port O’Connor MUD on a wholesale basis, and (ii) revenues of GBRA’s Calhoun County Rural Water Supply Division which are received from the sale of treated water by GBRA, on a retail basis, to members of Calhoun County Rural Water Supply Corporation.

1. DEBT SERVICE REQUIREMENTS

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

2. FUND BALANCES AND COVERAGE

GENERAL IMPROVEMENT AND REFUNDING REVENUE BONDS, SERIES 2011

| | | | |
|---|----|------------|-------|
| Average Annual Principal and Interest Requirements, 2013 - 2030 | \$ | 540,556 | |
| Coverage of Average Requirements by Pledged Revenues | | 19.76 | times |
| Coverage of Average Requirements by Net Revenues | | 2.62 | times |
| Maximum Principal and Interest Requirements, 2027 | \$ | 837,750 | |
| Coverage of Maximum Requirements by Pledged Revenues | | 12.75 | times |
| Coverage of Maximum Requirements by Net Revenues | | 1.69 | times |
| Interest and Sinking Fund Balance as of August 31, 2012 | \$ | 81,539 | |
| Pledged Revenues for the Fiscal Year Ended August 31, 2012 | \$ | 10,683,436 | (1) |
| Net Revenues for Fiscal Year Ended August 31, 2012 | \$ | 1,417,135 | (2) |

(1) See "Water Sales" under "Raw Water Sales" table.

(2) See "Net Revenues" under "Raw Water Sales" table.

GUADALUPE-BLANCO RIVER AUTHORITY
 NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
 AUGUST 31, 2012 AND 2011

NOTE H – CONTINUING DISCLOSURE REQUIRMENTS (CONTINUED)

3. SOURCES OF PLEDGED REVENUES

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

| | Fiscal Year Ended August 31 | | |
|--|-----------------------------|---------------------|--------------------|
| | 2012 | 2011 | 2010 |
| Debt Service Component of Gross Contract Revenues | | | |
| From City of Buda, Texas | \$ 189,493 | \$ 165,969 | \$ 165,969 |
| From City of Kyle, Texas | 605,657 | 438,159 | 438,159 |
| From GoForth Special Utility District | 123,082 | 156,011 | 156,011 |
| From Sunfield Municipal Utilities District | 523,754 | 663,877 | 663,877 |
| From Monarch | 65,469 | 82,985 | 82,985 |
| Total Gross Contract Revenues | <u>\$ 1,507,455</u> | <u>\$ 1,507,001</u> | <u>\$1,507,001</u> |
| Subordinate Water Resources Division Revenues | 597,478 | 1,611,661 | 1,425,908 |
| Surplus West. Canyon Reg. Water Sup. Project Revs. | 532,000 | 532,000 | 532,000 |
| Total Pledged Revenues Available to Pay Debt Service | <u>\$ 2,636,933</u> | <u>\$ 3,650,662</u> | <u>\$3,464,909</u> |
| Annual Debt Service Requirements | \$ 1,370,670 | \$ 1,371,045 | \$1,369,507 |
| Coverage Factor | 1.92 | 2.66 | 2.53 |

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

| | |
|--|---------------------|
| Water Supply Contracts Revenue | \$ 9,211,261 |
| Operating Expenses | \$ 2,729,471 |
| Maintenance & Repair | 280,870 |
| Administrative & General | 148,472 |
| Total Operating & Maintenance Expenses | <u>\$ 3,158,813</u> |
| Net Revenue | <u>\$ 6,052,448</u> |
| Project Debt Service for FY 2012 | \$ 5,321,925 |

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2012 AND 2011

NOTE H – CONTINUING DISCLOSURE REQUIRMENTS (CONTINUED)

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

| | Fiscal Year Ended August 31 | | | | |
|---|-----------------------------|---------------|---------------|--------------|--------------|
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| Revenue | | | | | |
| Raw Water Sales ⁽¹⁾ | \$ 10,683,436 | \$ 9,749,248 | \$ 9,222,437 | \$ 9,022,433 | \$ 8,316,007 |
| Reservation Fees ⁽²⁾ | -- | -- | -- | -- | 58,771 |
| Water Replacement Fees ⁽³⁾ | -- | -- | -- | 68,750 | 41,250 |
| Recreation and Land Use | 131,506 | 115,840 | 92,813 | 95,439 | 90,065 |
| Rental Income | 253,903 | 255,420 | 258,330 | 230,464 | 253,435 |
| Miscellaneous | 846,607 | 851,715 | 464,324 | 533,493 | 217,085 |
| Total Operating Revenue | \$ 11,915,452 | \$ 10,972,223 | \$ 10,037,904 | \$ 9,950,579 | \$ 8,976,613 |
| Expense | | | | | |
| Operating Expenses | \$ 9,448,832 | \$ 8,637,599 | \$ 7,158,901 | \$ 6,055,807 | \$ 5,819,131 |
| Maintenance and Repairs ⁽⁴⁾ | 407,335 | 513,501 | 439,259 | 777,603 | 983,295 |
| Administrative and General | 642,150 | 591,839 | 541,448 | 524,452 | 496,600 |
| Total Operating Expense | \$ 10,498,317 | \$ 9,742,939 | \$ 8,139,608 | \$ 7,357,862 | \$ 7,299,026 |
| Net Revenue | \$ 1,417,135 | \$ 1,229,284 | \$ 1,898,296 | \$ 2,592,717 | \$ 1,677,587 |
| Less Debt Service for Senior Lien Bonds ⁽⁵⁾ | \$ 819,657 | \$ 738,505 | \$ 286,635 | \$ 287,698 | \$ 283,275 |
| Subordinate Revenues Available | \$ 597,478 | \$ 490,779 | \$ 1,611,661 | \$ 2,305,019 | \$ 1,394,312 |

(1) Pledged Revenues.

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

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

(4) Maintenance and Repair has been restated in FY2012 from the amounts previously reported for FY2008-2011 to remove expenses associated with the raw water pipelines.

(5) The General Improvement Bonds, Series 2002, which were refunded with Series 2011 General Improvement and Revenue Refunding Bonds in FY2011.

5. CUSTOMER BASE BY TYPE

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

| | August 31, 2012 | | August 31, 2011 | | August 31, 2010 | | August 31, 2009 | | August 31, 2008 | |
|------------|-----------------|------------|-----------------|------------|-----------------|------------|-----------------|------------|-----------------|------------|
| | Acre-Feet | % of Total | Acre-Feet | % of Total | Acre-Feet | % of Total | Acre-Feet | % of Total | Acre-Feet | % of Total |
| Municipal | 70,271 | 81.04% | 65,135 | 79.84% | 62,159 | 79.08% | 61,292 | 78.84% | 56,470 | 77.43% |
| Domestic | 13 | 0.01% | 16 | 0.02% | 17 | 0.02% | 17 | 0.02% | 17 | 0.02% |
| Industrial | 15,830 | 18.26% | 15,826 | 19.40% | 15,827 | 20.13% | 15,827 | 20.36% | 15,830 | 21.71% |
| Irrigation | 597 | 0.69% | 602 | 0.74% | 608 | 0.77% | 606 | 0.78% | 609 | 0.84% |
| Contracted | 86,711 | 100.00% | 81,579 | 100.00% | 78,611 | 100.00% | 77,742 | 100.00% | 72,926 | 100.00% |

GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2012 AND 2011

NOTE H – CONTINUING DISCLOSURE REQUIRMENTS (CONTINUED)

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

Municipal and Industrial customers account for the majority of the total acre-feet under contract between GBRA and purchasers, and purchasers with contracts for 1,000 acre-feet or more per year account for 91% of the total acre-feet currently under contract. For this reason, major firm water customers have been identified as those with contracts for the sale of firm raw water in the amount of 1,000 or more acre-feet per year. Major firm water customers for the fiscal year ended August 31, 2012 are shown below:

| Customer | Type | Total AF/YR | Revenue ⁽²⁾ | Contract Information | | |
|---|----------------------------|----------------|------------------------|----------------------|--------------------|-----------------------------|
| | | | | Contract Date | Expiration Date | Renewal Option |
| Municipal | | | | | | |
| Canyon Regional Water Authority City of Marion (100 A/F) City of Cibola (1,350 A/F) Green Valley SUD (1,800 A/F) Springs Hill WSC (1,925 A/F) East Central WSC (1,400 A/F) SAWS (4,000 A/F) | Regional Water Authority | 10,575 | \$ 1,377,700 | 10/31/1998 | 12/31/2039 | (1) |
| New Braunfels Utilities | City | 8,720 | 953,507 | 01/26/1989 | 01/25/2050 | 20 Yrs |
| City of Seguin | City | 1,000 | 113,667 | 09/01/2012 | 08/31/2017 | |
| Canyon Lake WSC | Water Supply Corporation | 2,000 | 242,444 | 10/01/1994 | 12/31/2044 | (1) |
| Canyon Lake WSC II | Water Supply Corporation | 2,000 | 242,444 | 08/27/2001 | 12/31/2050 | (1) |
| Canyon Lake WSC III | Water Supply Corporation | 2,000 | 242,444 | 09/29/2006 | 12/31/2050 | (1) |
| SHWSC I | Water Supply Corporation | 1,500 | 142,083 | 06/26/1967 | 12/31/2050 | (1) |
| SHWSC II | Water Supply Corporation | 1,000 | 142,083 | 06/01/2000 | 12/31/2050 | (1) |
| Green Valley SUD | Special Utility District | 1,000 | 113,667 | 12/01/2008 | 12/31/2040 | (1) |
| Regional RWDS Project | | | | | | |
| City of San Marcos | City | 10,000 | 1,113,325 | 10/01/1989 | 07/01/2047 | (1) |
| City of Kyle | City | 5,443 | 605,304 | 05/20/2005 | 12/31/2038 | 20 YRS |
| City of Buda | City | 1,680 | 185,827 | 04/09/2002 | 12/31/2042 | (1) |
| CRWA --Hays Project | Regional Water Authority | 2,038 | 231,653 | 06/04/2003 | 12/31/2039 | (1) |
| GoForth SUD | Special Utility District | 1,050 | 119,350 | 03/01/2004 | 12/31/2039 | (1) |
| Sunfield MUD | Municipal Utility District | 3,136 | 356,459 | 09/08/2005 | 12/31/2050 | |
| Monarch | Utility Company | 560 | 63,653 | 01/01/2008 | 12/31/2037 | |
| GBRA Western Canyon | | | | | | |
| SAWS | City | 4,000 | 1,142,237 | 03/17/2000 | 12/31/2037 | 40 Yrs (2x20 Yrs) |
| Boerne | City | 3,611 | 409,247 | 02/22/2000 | 12/31/2037 | 40 Yrs (2x20 Yrs) |
| Fair Oaks Ranch | City | 1,850 | 209,667 | 02/10/2000 | 12/31/2037 | 40 Yrs (2x20 Yrs) |
| Total Major Municipal Customers | | 63,163 | \$ 8,006,761 | | | |
| Industrial | | | | | | |
| Guadalupe Power Partners | Electric Generation | 6,840 | \$ 760,538 | 03/17/1999 | 12/31/2021 | 30 Yrs (6x5 Yrs) |
| Coletto Creek Power LP | Electric Generation | 4,000 | 511,500 | 09/01/1975 | 09/01/2025 | (1) |
| Hays Energy Limited Partners | Electric Generation | 2,464 | 280,075 | 06/25/1999 | 12/31/2025 | (1) |
| Ineos USA LLC | Chemical Company | 1,100 | 125,033 | 02/11/1980 | 02/21/2015 | 40 Yrs (15 Yrs + (5x5 Yrs)) |
| Total Major Industrial Customers | | 14,404 | \$ 1,677,146 | | | |
| Other | | | | | | |
| Cordillera Ranch | Housing Development | 1,000 | 113,333 | 10/11/2001 | 12/31/2037 | 40 Yrs (2x20 Yrs) |
| Total Major Other Customers | | 1,000 | \$ 113,333 | | | |
| Total Major Customers | | 78,567 | \$ 9,797,240 | | | |
| Total Firm Water Sales | | 86,711 | \$ 10,683,436 | | | |
| Major Customers as a Percentage of Total | | 90.61% | 91.70% | | | |

(1) Contract does not provide for specific renewal options

(2) Includes Out-of-District Charges

GUADALUPE-BLANCO RIVER AUTHORITY
 NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
 AUGUST 31, 2012 AND 2011

7. FIRM WATER SALES RATE HISTORY

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

| | Current (Acre-Feet) | | Ultimate (Acre-Feet) | |
|--------------------------------|------------------------|----------------|-------------------------|----------------|
| In District | | | | |
| City of Boerne | 975 | 8.71% | 3,611 | 21.49% |
| City of Fair Oaks | 942 | 8.41% | 1,850 | 11.01% |
| GBRA - Cordillera | 200 | 1.79% | 1,000 | 5.95% |
| GBRA - DH Investment Company | 100 | 0.89% | 400 | 2.38% |
| GBRA - Comal Trace | 50 | 0.45% | 100 | 0.60% |
| Canyon Lake WSC | 722 | 6.45% | 722 | 4.30% |
| Lerin Hills MUD | 225 | 2.01% | 750 | 4.46% |
| Tapatio/Kendall County Utility | 200 | 1.79% | 750 | 4.46% |
| Future Participants | -- | 0.00% | 3,617 | 21.53% |
| Total In District | 3,414 | | 12,800 | |
| Out of District | | | | |
| SAWS | 7,786 | 69.52% | 4,000 | 23.81% |
| Total Out of District | 7,786 | | 4,000 | |
| Total | 11,200 | 100.00% | 16,800 | 100.00% |

8. FIRM WATER SALES RATE HISTORY

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

(1) Excludes out-of-district charges.

**GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2012 AND 2011**

NOTE H – CONTINUING DISCLOSURE REQUIRMENTS (CONTINUED)

9. HISTORIC TREATMENT OF WATER BY THE AUTHORITY FOR THE CITY OF PORT LAVACA, THE CALHOUN COUNTY RURAL WATER SUPPLY CORPORATION AND THE PORT O'CONNOR MUNICIPALITY DISTRICT

| Fiscal Year Ended 8/31 | City of Port Lavaca | | | Calhoun County Rural Water Supply Corp. | | | Port O'Connor Municipal Utility District ⁽¹⁾ | | |
|------------------------|--------------------------------------|----------------|------------|---|----------------|------------|---|--------------------------|------------|
| | Total Annual Water Treated (Gallons) | Customer Count | % of Total | Total Annual Water Treated (Gallons) | Customer Count | % of Total | Total Annual Water Treated (Gallons) | Customer Count (approx.) | % of Total |
| 2007 | 428,465,000 | 4,456 | 72.31% | 69,277,000 | 1,249 | 11.69% | 94,768,000 | 1,350 | 15.99% |
| 2008 | 477,229,000 | 4,548 | 70.89% | 78,261,000 | 1,287 | 11.63% | 117,682,000 | 1,400 | 17.48% |
| 2009 | 515,138,000 | 4,514 | 69.66% | 88,979,000 | 1,299 | 12.03% | 135,384,000 | 1,400 | 18.31% |
| 2010 | 447,856,000 | 4,552 | 70.63% | 77,396,000 | 1,309 | 12.21% | 108,800,000 | 1,450 | 17.16% |
| 2011 | 521,972,000 | 4,463 | 69.33% | 94,680,000 | 1,317 | 12.58% | 136,266,000 | 1,400 | 18.10% |
| 2012 | 507,083,000 | 4,463 | 70.27% | 88,349,000 | 1,333 | 12.24% | 126,146,000 | 1,600 | 17.48% |

(1) Approximate figures.

CALHOUN COUNTY WATER SUPPLY CORPORATION MONTHLY WATER RATES

| | | | |
|------------|-------|------------|-------------------|
| 5/8" Meter | First | 2,000 gal. | \$35.00 (minimum) |
| | Over | 2,000 gal. | \$4.80/M Gallons |

PORTO'CONNOR MUNICIPAL UTILITY DISTRICT MONTHLY WATER RATES

| | | | |
|------------------|-------|------------|-------------------|
| Up to 3/4" Meter | First | 2,000 gal. | \$28.50 (minimum) |
| | Over | 2,000 gal. | \$4.80/M Gallons |

10. GBRA PORT LAVACA WATER TREATMENT PLANT – HISTORICAL OPERATING STATEMENT

| | For Fiscal Year Ended August 31, | | | | |
|--|----------------------------------|-------------------|-------------------|-------------------|---------------------|
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| Revenues: | | | | | |
| Water Sales and Lake Operations | \$ 1,625,723 | \$ 1,568,055 | \$ 1,620,238 | \$ 1,630,624 | \$ 2,390,386 |
| Miscellaneous | 1,226 | 5 | 1 | 2 | 2 |
| Total | <u>1,626,949</u> | <u>1,568,060</u> | <u>1,620,239</u> | <u>1,630,626</u> | <u>2,390,388</u> |
| Expenses: ⁽¹⁾ | | | | | |
| Personnel Operating Costs | \$ 449,999 | \$ 416,538 | \$ 429,220 | \$ 464,162 | \$ 442,193 |
| Operating Supplies and Services | 524,724 | 586,862 | 611,106 | 563,275 | 456,939 |
| Maintenance and Repairs | 156,094 | 116,260 | 130,727 | 130,015 | 121,621 |
| Administrative and General | 119,196 | 108,765 | 106,328 | 117,759 | 113,673 |
| Total | <u>1,250,013</u> | <u>1,228,425</u> | <u>1,277,381</u> | <u>1,275,211</u> | <u>1,134,426</u> |
| Net Income Available for Debt Service | <u>\$ 376,936</u> | <u>\$ 339,635</u> | <u>\$ 342,858</u> | <u>\$ 355,415</u> | <u>\$ 1,255,962</u> |
| Outstanding Average Annual Debt Service Coverage | \$ 306,975 | \$ 254,868 | \$ 314,638 | \$ 314,600 | \$ 313,969 |
| | 1.23 | 1.33 | 1.09 | 1.13 | 4.00 |

(1) Excludes depreciation expense

11. OTHER OBLIGATIONS

Obligations Payable Directly by GBRA

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

Contract Revenue Bonds

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

Pollution Control Bonds

GBRA has assisted industries within the GBRA service area by providing tax-exempt financing for pollution control facilities which is disclosed in "Note F – Pollution Control Bonds" in the "Notes to Combined Financial Statements" section of this report.

**GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2012 AND 2011**

12. CASH, CASH EQUIVALENTS AND INVESTMENTS OF GBRA

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

NOTE I – SPECIAL ITEM

In 2010, a small group of plaintiffs filed a federal lawsuit against the Texas Commission on Environmental Quality (TCEQ) under the Federal Endangered Species Act alleging that the TCEQ had mismanaged the water rights in the Guadalupe and San Antonio River Basins during the droughts and as a result had adversely impacted the endangered whooping cranes. Since the outcome of the lawsuit could affect many of GBRA's water rights, GBRA was granted intervention into the suit on the side of TCEQ. Expenses incurred have been \$2,970,725, \$1,994,934 and \$1,195,792 for fiscal years 2012, 2011 and 2010 respectively.

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GUADALUPE-BLANCO RIVER AUTHORITY
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED
AUGUST 31, 2012 AND 2011

NOTE J - SEGMENT INFORMATION, INCLUDING INTERFUND RECEIVABLES/PAYABLES

GBRA is comprised of ten (10) enterprise funds. These funds provide various services including raw and treated water supply, wastewater treatment and disposal, water quality monitoring, cooling reservoir operation, parks and recreational opportunities, as well as, hydroelectric generation. Governments that use enterprise funds accounting and reporting standards to report their activities are required to present segment information. A segment is an identifiable activity reported as or within an enterprise fund or another stand-alone entity that has one or more bonds outstanding with a revenue stream pledged in support of that debt, and the activity is externally required to maintain separate accounts.

All operating revenues result from charges for services.

Segment information at August 31, 2012 is as follows:

| | Water Sales | Port Lavaca Water Plant | Luling Water Plant | Canyon Hydroelectric | Lockhart WWTP | Total |
|---|----------------|----------------------------|-----------------------|-------------------------|------------------|----------------|
| REVENUES, EXPENSES AND CHANGES IN NET ASSETS | | | | | | |
| Operating Revenue | \$ 22,080,129 | \$ 1,626,949 | \$ 1,333,731 | \$ 1,494,690 | \$ 1,640,410 | \$ 28,175,909 |
| Operating Expenses | (10,982,800) | (1,250,013) | (823,399) | (408,451) | (978,516) | (14,443,179) |
| Depreciation and Amortization Exp | (3,714,622) | (216,781) | (168,236) | (311,577) | (218,078) | (4,629,294) |
| Operating Income | 7,382,707 | 160,155 | 342,096 | 774,662 | 443,816 | 9,103,436 |
| Nonoperating Revenue (Expenses) | (5,443,053) | (40,673) | (253,647) | (203,179) | (67,750) | (6,008,302) |
| Costs to be Recovered (Deferred Rev) | (127,339) | (170,692) | (31,067) | (578,645) | (338,850) | (1,246,593) |
| Change in Net Assets | \$ 1,812,315 | \$ (512,100) | \$ 57,382 | \$ (7,162) | \$ 37,216 | \$ 1,848,541 |
| BALANCE SHEET ACTIVITIES | | | | | | |
| Current Assets | \$ 15,743,628 | \$ 601,314 | \$ 646,193 | \$ 1,076,976 | \$ 594,320 | \$ 18,662,431 |
| Capital Assets | 142,670,188 | 2,852,696 | 5,206,300 | 5,824,609 | 3,231,895 | 159,785,688 |
| Other Assets | 4,488,436 | 202,301 | 298,365 | 654,289 | 56,423 | 5,699,814 |
| Total Assets | \$ 162,902,252 | \$ 3,656,311 | \$ 6,150,858 | \$ 7,555,874 | \$ 3,882,638 | \$ 184,147,933 |
| Current Liabilities | \$ 6,937,081 | \$ 607,812 | \$ 450,344 | \$ 1,100,776 | \$ 904,822 | \$ 10,000,835 |
| Long Term Liabilities | 123,927,218 | 1,274,713 | 5,180,101 | 5,773,211 | 2,410,000 | 138,565,243 |
| Total Liabilities | 130,864,299 | 1,882,525 | 5,630,445 | 6,873,987 | 3,314,822 | 148,566,078 |
| Invested in Capital Assets Net of Related Debt | 14,627,010 | 1,311,697 | (19,410) | 4,114,431 | 271,895 | 20,305,623 |
| Restricted | 8,953,770 | 230,280 | 132,385 | 272,642 | 326,070 | 9,915,147 |
| Unrestricted | 8,457,173 | 231,809 | 407,438 | (3,705,186) | (30,149) | 5,361,085 |
| Total Net Assets | 32,037,953 | 1,773,786 | 520,413 | 681,887 | 567,816 | \$ 35,581,855 |
| Total Liabilities and Net Assets | \$ 162,902,252 | \$ 3,656,311 | \$ 6,150,858 | \$ 7,555,874 | \$ 3,882,638 | \$ 184,147,933 |
| Revenue Bonds Payable | \$ 122,992,927 | \$ 1,180,000 | \$ 5,225,709 | \$ 1,710,178 | \$ 2,960,000 | \$ 134,068,814 |
| Loans Payable | 5,050,251 | 360,998 | -- | -- | -- | 5,411,249 |
| Interfund Balances: | | | | | | |
| Accounts Receivable | 820,619 | 164,525 | 75,000 | 11,382 | 85,434 | 1,156,960 |
| Accounts Payable | 1,057,281 | 160,829 | 67,526 | 107,160 | 78,227 | 1,471,023 |
| CASH FLOW ACTIVITIES | | | | | | |
| Cash Flows | | | | | | |
| Operating Activities | \$ 9,276,933 | \$ 309,488 | \$ 499,252 | \$ 862,592 | \$ 533,206 | \$ 11,481,471 |
| Capital & Related Financing Activities | (6,271,720) | (364,186) | (467,913) | (1,083,189) | (549,643) | (8,736,651) |
| Noncapital Financing Activities | 563,047 | -- | -- | -- | -- | 563,047 |
| Investing Activities | (58,219) | (13,146) | 48,076 | 161,942 | (7,963) | 130,690 |
| | \$ 3,510,041 | \$ (67,844) | \$ 79,415 | \$ (58,655) | \$ (24,400) | \$ 3,438,557 |
| Current Cash and Cash Equivalents | | | | | | |
| At Beginning of Year | \$ 1,036,984 | \$ 88,182 | \$ 224,759 | \$ 114,063 | \$ 221,720 | \$ 1,685,708 |
| At End of Year | 2,235,018 | 20,312 | 304,174 | 821 | 189,481 | 2,749,806 |
| Net Increase (Decrease) | \$ 1,198,034 | \$ (67,870) | \$ 79,415 | \$ (113,242) | \$ (32,239) | \$ 1,064,098 |
| Restricted Cash and Cash Equivalents | | | | | | |
| At Beginning of Year | \$ 3,158,339 | \$ 5,000 | \$ -- | \$ 294,053 | \$ 318,231 | \$ 3,775,623 |
| At End of Year | 5,470,346 | 5,026 | -- | 348,640 | 326,070 | 6,150,082 |
| Net Increase (Decrease) | 2,312,007 | 26 | -- | 54,587 | 7,839 | 2,374,459 |
| | \$ 3,510,041 | \$ (67,844) | \$ 79,415 | \$ (58,655) | \$ (24,400) | \$ 3,438,557 |



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Required Supplemental Information



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GUADALUPE-BLANCO RIVER AUTHORITY
REQUIRED SUPPLEMENTAL INFORMATION
AUGUST 31, 2012

DEFINED BENEFIT PENSION PLAN-SCHEDULE OF FUNDING PROGRESS

| Actuarial Valuation Date | Jan 1, 2007 | Jan 1, 2008 | Jan 1, 2009 | Jan 1, 2010 | Jan 1, 2011 | Jan 1, 2012 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| Actuarial Value of Assets | \$ 9,238,097 | \$ 10,475,491 | \$ 10,916,278 | \$ 12,024,270 | \$ 16,133,705 | \$ 17,888,520 |
| Actuarial Accrued Liability (AAL) | \$ 14,779,785 | \$ 16,755,359 | \$ 19,872,320 | \$ 20,607,270 | \$ 21,422,534 | \$ 23,358,520 |
| Unfunded AAL (UAAL) | \$ 5,541,688 | \$ 6,279,868 | \$ 8,956,042 | \$ 8,583,000 | \$ 5,288,829 | \$ 5,470,000 |
| Funded Ratio | 63% | 63% | 55% | 58% | 75% | 77% |
| Covered Payroll | \$ 7,840,665 | \$ 8,201,393 | \$ 8,573,185 | \$ 8,506,931 | \$ 8,447,077 | \$ 8,203,042 |
| UAAL as a Percentage of Covered Payroll | 71% | 77% | 104% | 101% | 63% | 67% |

| | Aug 31, 2007 | Aug 31, 2008 | Aug 31, 2009 | Aug 31, 2010 | Aug 31, 2011 | Aug 31, 2012 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Annual Required Contribution (ARC) | \$ 662,796 | \$ 707,443 | \$ 764,425 | \$ 970,248 | \$ 1,020,832 | \$ 1,013,649 |
| Employer Contributions | \$ 662,796 | \$ 707,443 | \$ 1,264,425 | \$ 3,970,248 | \$ 1,620,832 | \$ 1,013,649 |
| Percentage of ARC Contributed | 100% | 100% | 165% | 409% | 159% | 100% |



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Other Supplemental Information

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

AUGUST 31, 2012

| | General Division | Guadalupe Valley Hydroelectric Division | Rural Utilities Division | Water Resource Division | Port Lavaca Water Treatment Plant Division |
|--|---------------------|--|--------------------------------|-------------------------------|---|
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Unrestricted Assets | | | | | |
| Cash and Cash Equivalents..... | \$ 1,555,772 | \$ 87,148 | \$ 257 | \$ 2,885,353 | \$ 20,312 |
| Investments-Unrestricted..... | 3,513,540 | -- | -- | 4,010,484 | -- |
| Interest Receivable..... | 23,770 | -- | -- | 25,484 | -- |
| Accounts Receivable-Operating..... | 1,606 | 184,573 | 305,514 | 920,698 | 176,849 |
| Accounts Receivable-Interfund..... | 3,138,647 | 216,381 | 111,255 | 1,723,219 | 164,525 |
| Other Current Assets..... | 14,380 | 77,429 | 17,097 | 233,730 | 39,773 |
| Total Current Assets..... | 8,247,715 | 565,531 | 434,123 | 9,798,968 | 401,459 |
| Restricted Assets | | | | | |
| Cash and Cash Equivalents..... | 615,056 | 12,500 | 1,317,142 | 5,470,346 | 5,026 |
| Investments..... | 427,753 | -- | 770,001 | 993,114 | 194,000 |
| Interest Receivable..... | 12,213 | -- | 13,042 | 25,588 | 829 |
| Total Restricted Assets..... | 1,055,022 | 12,500 | 2,100,185 | 6,489,048 | 199,855 |
| Total Current Assets..... | 9,302,737 | 578,031 | 2,534,308 | 16,288,016 | 601,314 |
| LONG-TERM ASSETS | | | | | |
| Restricted Assets | | | | | |
| Investments..... | 457,542 | -- | 453,771 | 2,490,311 | 31,254 |
| Total Restricted Assets..... | 457,542 | -- | 453,771 | 2,490,311 | 31,254 |
| Capital Assets | | | | | |
| Land, Water and Storage Rights..... | 1,035,561 | 2,248,823 | 84,199 | 30,901,067 | 41,424 |
| Dams, Plants and Equipment..... | 1,900,613 | 11,443,286 | 10,386,859 | 144,621,131 | 6,938,698 |
| Construction In Progress..... | -- | -- | 1,472,987 | -- | -- |
| Less Accumulated Depreciation..... | (1,541,241) | (6,871,761) | (3,481,529) | (29,642,352) | (4,127,426) |
| Total Capital Assets..... | 1,394,933 | 6,820,348 | 8,462,516 | 145,879,846 | 2,852,696 |
| Other Assets | | | | | |
| Investments-Unrestricted..... | 3,050,260 | -- | -- | 2,115,547 | -- |
| Long-Term Loans Receivable..... | 218,750 | -- | 174,989 | -- | -- |
| Contract Development Costs (Net of Amortization)..... | -- | -- | -- | -- | -- |
| Debt Issuance Costs (Net of Amortization)..... | -- | -- | 60,000 | 2,146,887 | 39,553 |
| Permits and Licenses (Net of Amortization)..... | -- | -- | -- | -- | -- |
| Project Development Costs..... | -- | -- | 214,891 | 1,333,268 | -- |
| Net Pension Asset..... | 4,008,739 | -- | -- | -- | -- |
| Interfund Loans Receivable..... | 5,493,093 | -- | -- | -- | -- |
| Deferred Costs and Expenses..... | -- | -- | -- | -- | 131,494 |
| Total Other Assets..... | 12,770,842 | -- | 449,880 | 5,595,702 | 171,047 |
| Total Long-Term Assets..... | 14,623,317 | 6,820,348 | 9,366,167 | 153,965,859 | 3,054,997 |
| Total Assets..... | \$ 23,926,054 | \$ 7,398,379 | \$ 11,900,475 | \$ 170,253,875 | \$ 3,656,311 |
| LIABILITIES AND NET ASSETS | | | | | |
| CURRENT LIABILITIES | | | | | |
| Payable from Unrestricted Assets | | | | | |
| Current Portion of Long-Term Loans Payable..... | \$ -- | \$ 33,726 | \$ -- | \$ 483,268 | \$ 9,535 |
| Interest Payable..... | -- | -- | -- | 60,187 | -- |
| Accounts Payable-Operating..... | 933,977 | 169,782 | 301,426 | 1,133,695 | 148,515 |
| Accounts Payable-Interfund..... | 2,334,964 | 427,550 | 250,522 | 2,155,382 | 160,829 |
| Total Current Unrestricted Liabilities..... | 3,268,941 | 631,058 | 551,948 | 3,832,532 | 318,879 |
| Payable from Restricted Assets | | | | | |
| Current Portion of Debt..... | -- | -- | 215,000 | 3,655,000 | 285,000 |
| Interest Payable..... | -- | -- | 71,186 | 1,422,652 | 3,933 |
| Total Current Restricted Liabilities..... | -- | -- | 286,186 | 5,077,652 | 288,933 |
| Total Current Liabilities..... | 3,268,941 | 631,058 | 838,134 | 8,910,184 | 607,812 |
| LONG-TERM LIABILITIES | | | | | |
| Revenue Bonds Payable..... | -- | -- | -- | 122,992,926 | 1,180,000 |
| Long-Term Loans Payable..... | -- | 44,983 | 6,190,000 | 5,080,265 | 360,998 |
| Interfund Loans Payable..... | -- | 2,489,307 | 1,783,057 | 1,061,029 | -- |
| | -- | 2,534,290 | 7,973,057 | 129,134,220 | 1,540,998 |
| Less Current Portion..... | -- | (33,726) | (215,000) | (4,138,268) | (294,535) |
| Total Bonds and Loans Payable..... | -- | 2,500,564 | 7,758,057 | 124,995,952 | 1,246,463 |
| Advances for Operations..... | -- | -- | 13,975 | 64,830 | 28,250 |
| Deferred Income..... | -- | -- | -- | 3,090,086 | -- |
| Total Long-Term Liabilities..... | -- | 2,500,564 | 7,772,032 | 128,150,868 | 1,274,713 |
| Total Liabilities..... | 3,268,941 | 3,131,622 | 8,610,166 | 137,061,052 | 1,882,525 |
| NET ASSETS | | | | | |
| Investments in Capital Assets Net of Related Debt..... | 1,394,933 | 6,775,362 | 2,272,516 | 17,806,671 | 1,311,697 |
| Restricted for Construction..... | -- | -- | 1,017,064 | -- | -- |
| Restricted for Insurance..... | 1,151,479 | 12,500 | -- | -- | -- |
| Restricted for Debt Service..... | -- | -- | -- | 2,852,892 | 230,280 |
| Unrestricted..... | 18,110,701 | (2,521,105) | 729 | 12,533,260 | 231,809 |
| Total Net Assets..... | 20,657,113 | 4,266,757 | 3,290,309 | 33,192,823 | 1,773,786 |
| Total Liabilities and Net Assets..... | \$ 23,926,054 | \$ 7,398,379 | \$ 11,900,475 | \$ 170,253,875 | \$ 3,656,311 |

See accompanying independent auditors' report.

| Calhoun County Rural Water Supply Division | Coletto Creek Division | Luling Water Treatment Plant Division | Canyon Hydroelectric Division | Lockhart Division | 2012 Eliminations | 2012 Total |
|---|------------------------------|--|-------------------------------------|----------------------|----------------------|----------------|
| \$ 75,499 | \$ 62,954 | \$ 304,174 | \$ 821 | \$ 255,060 | \$ -- | \$ 5,247,350 |
| 156,387 | -- | 100,000 | 50,603 | -- | -- | 7,831,014 |
| 5,218 | -- | 5,173 | 243 | -- | -- | 59,888 |
| 80,658 | 14,012 | 22,881 | 601,753 | 39,790 | -- | 2,348,334 |
| 69,000 | 117,209 | 75,000 | 38,000 | 135,434 | (5,788,670) | -- |
| 6,283 | 10,833 | 6,515 | 11,382 | 13,827 | -- | 431,249 |
| 393,045 | 205,008 | 513,743 | 702,802 | 444,111 | (5,788,670) | 15,917,835 |
| -- | -- | -- | 348,640 | -- | -- | 7,768,710 |
| -- | -- | 132,385 | 25,000 | 326,070 | -- | 2,868,323 |
| -- | -- | 65 | 534 | 519 | -- | 52,790 |
| -- | -- | 132,450 | 374,174 | 326,589 | -- | 10,689,823 |
| 393,045 | 205,008 | 646,193 | 1,076,976 | 770,700 | (5,788,670) | 26,607,658 |
| -- | -- | -- | -- | -- | -- | 3,432,878 |
| -- | -- | -- | -- | -- | -- | 3,432,878 |
| 51,396 | -- | 875,292 | 12,187 | 136,881 | -- | 35,386,830 |
| 2,586,330 | 1,989,019 | 7,175,676 | 12,553,881 | 6,642,758 | -- | 206,238,251 |
| -- | -- | -- | -- | 128,488 | -- | 1,601,475 |
| (1,695,959) | (1,712,041) | (2,844,668) | (6,741,459) | (2,969,461) | -- | (61,627,897) |
| 941,767 | 276,978 | 5,206,300 | 5,824,609 | 3,938,666 | -- | 181,598,659 |
| 149,988 | -- | 150,000 | -- | -- | -- | 5,465,795 |
| -- | -- | -- | -- | -- | -- | 393,739 |
| -- | -- | -- | 16,695 | 6,520 | -- | 23,215 |
| -- | -- | 148,365 | 82,188 | 49,903 | -- | 2,526,896 |
| -- | -- | -- | 555,406 | -- | -- | 555,406 |
| -- | -- | -- | -- | -- | -- | 1,548,159 |
| -- | -- | -- | -- | -- | -- | 4,008,739 |
| -- | -- | -- | -- | -- | (5,493,093) | -- |
| -- | -- | -- | -- | -- | -- | 131,494 |
| 149,988 | -- | 298,365 | 654,289 | 56,423 | (5,493,093) | 14,653,443 |
| 1,091,755 | 276,978 | 5,504,665 | 6,478,898 | 3,995,089 | (5,493,093) | 199,684,980 |
| \$ 1,484,800 | \$ 481,986 | \$ 6,150,858 | \$ 7,555,874 | \$ 4,765,789 | (11,281,763) | \$ 226,292,638 |
| \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ 526,529 |
| -- | -- | -- | -- | -- | -- | 60,187 |
| 40,959 | 160,553 | 171,541 | 21,951 | 322,624 | -- | 3,405,023 |
| 81,814 | 142,896 | 67,526 | 60,027 | 107,160 | (5,788,670) | -- |
| 122,773 | 303,449 | 239,067 | 81,978 | 429,784 | (5,788,670) | 3,991,739 |
| -- | -- | 190,000 | 995,000 | 550,000 | -- | 5,890,000 |
| -- | -- | 21,277 | 23,798 | -- | -- | 1,542,846 |
| -- | -- | 211,277 | 1,018,798 | 550,000 | -- | 7,432,846 |
| 122,773 | 303,449 | 450,344 | 1,100,776 | 979,784 | (5,788,670) | 11,424,585 |
| -- | -- | 5,225,709 | 1,710,178 | 2,960,000 | -- | 134,068,813 |
| -- | -- | -- | -- | -- | -- | 11,676,246 |
| -- | 25,000 | -- | 134,700 | -- | (5,493,093) | -- |
| -- | 25,000 | 5,225,709 | 1,844,878 | 2,960,000 | (5,493,093) | 145,745,059 |
| -- | -- | (190,000) | (995,000) | (550,000) | -- | (6,416,529) |
| -- | 25,000 | 5,035,709 | 849,878 | 2,410,000 | (5,493,093) | 139,328,530 |
| -- | -- | 34,805 | 417,461 | 30,412 | -- | 589,733 |
| -- | -- | 109,587 | 4,505,872 | 80,127 | -- | 7,785,672 |
| -- | 25,000 | 5,180,101 | 5,773,211 | 2,520,539 | (5,493,093) | 147,703,935 |
| 122,773 | 328,449 | 5,630,445 | 6,873,987 | 3,500,323 | (11,281,763) | 159,128,520 |
| 941,767 | 276,978 | (19,410) | 4,114,431 | 978,666 | -- | 35,853,611 |
| -- | -- | -- | -- | -- | -- | 1,017,064 |
| -- | -- | -- | -- | -- | -- | 1,163,979 |
| -- | -- | 132,385 | 272,642 | 326,070 | -- | 3,814,269 |
| 420,260 | (123,441) | 407,438 | (3,705,186) | (39,270) | -- | 25,315,195 |
| 1,362,027 | 153,537 | 520,413 | 681,887 | 1,265,466 | -- | 67,164,118 |
| \$ 1,484,800 | \$ 481,986 | \$ 6,150,858 | \$ 7,555,874 | \$ 4,765,789 | (11,281,763) | \$ 226,292,638 |

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

FISCAL YEAR ENDED AUGUST 31, 2012

| | General Division | Guadalupe Valley Hydroelectric Division | Rural Utilities Division | Water Resource Division | Port Lavaca Water Treatment Plant Division |
|--|---------------------|--|--------------------------------|-------------------------------|---|
| REVENUE | | | | | |
| Power Sales..... | \$ -- | \$ 2,486,130 | \$ -- | \$ -- | \$ -- |
| Water Sales and Lake Operations..... | -- | -- | -- | 27,613,048 | 1,625,723 |
| Recreation and Land Use..... | -- | -- | -- | 131,506 | -- |
| Waste Water Treatment Services..... | -- | -- | 1,629,919 | 628,047 | -- |
| Laboratory Services..... | -- | -- | -- | 823,466 | -- |
| Rental..... | -- | 12,013 | -- | 260,287 | -- |
| Administrative and General..... | 2,431,049 | -- | -- | -- | -- |
| Miscellaneous..... | 5,533 | 73,572 | 188,825 | 1,204,098 | 1,226 |
| Total Operating Revenue..... | 2,436,582 | 2,571,715 | 1,818,744 | 30,660,452 | 1,626,949 |
| EXPENSES | | | | | |
| Personnel Operating Costs..... | 804,780 | 1,065,197 | 567,524 | 5,049,187 | 449,999 |
| Operating Supplies and Services..... | 985,651 | 616,729 | 484,102 | 8,436,074 | 524,724 |
| Maintenance and Repairs..... | 184,233 | 744,442 | 291,621 | 1,561,238 | 156,094 |
| Administrative and General..... | -- | 354,324 | 143,150 | 1,231,869 | 119,196 |
| Depreciation and Amortization | 94,385 | 287,254 | 361,886 | 4,037,379 | 216,781 |
| Total Operating Expenses | 2,069,049 | 3,067,946 | 1,848,283 | 20,315,747 | 1,466,794 |
| Operating Income (Loss)..... | 367,533 | (496,231) | (29,539) | 10,344,705 | 160,155 |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Grant Income..... | -- | -- | -- | 563,047 | -- |
| Investment Income..... | 38,997 | -- | 15,379 | 75,920 | 1,572 |
| Loss on Disposal of Capital Assets..... | (1,710) | (29,276) | (90,978) | (623) | -- |
| Interest Expense..... | -- | (2,415) | (195,497) | (5,911,412) | (42,245) |
| Total Nonoperating Revenues (Expenses)..... | 37,287 | (31,691) | (271,096) | (5,273,068) | (40,673) |
| Income (Loss) Before Recognition of Deferrals..... | 404,820 | (527,922) | (300,635) | 5,071,637 | 119,482 |
| Costs (Revenue) to be Recognized in Future Years | -- | -- | -- | 237,934 | (170,692) |
| Income (Loss) Before Special Item..... | 404,820 | (527,922) | (300,635) | 5,309,571 | (51,210) |
| SPECIAL ITEM | | | | | |
| Costs Associated with Whooping Crane Endangered Species Lawsuit..... | -- | -- | -- | (2,970,725) | -- |
| Change in Net Assets..... | 404,820 | (527,922) | (300,635) | 2,338,846 | (51,210) |
| Net Assets at September 1, 2011..... | 20,164,650 | 4,794,679 | 3,678,587 | 30,853,977 | 1,824,996 |
| Transfer of Net Assets (Equity) from Wimberley Operations to General Division..... | 87,643 | -- | (87,643) | -- | -- |
| Net Assets at August 31, 2012 | \$ 20,657,113 | \$ 4,266,757 | \$ 3,290,309 | \$ 33,192,823 | \$ 1,773,786 |

| Calhoun County Rural Water Supply Division | Coleto Creek Division | Luling Water Treatment Plant Division | Canyon Hydroelectric Division | Lockhart Division | Eliminations | Total |
|---|-----------------------------|--|-------------------------------------|----------------------|--------------|---------------|
| \$ -- | \$ -- | \$ -- | \$ 1,492,885 | \$ -- | \$ -- | \$ 3,979,015 |
| 839,156 | 1,108,247 | 1,256,835 | -- | 638,811 | -- | 33,081,820 |
| -- | 616,160 | -- | -- | -- | -- | 747,666 |
| 41,755 | -- | -- | -- | 1,257,127 | -- | 3,556,848 |
| -- | -- | -- | -- | -- | -- | 823,466 |
| -- | 91,453 | -- | -- | -- | -- | 363,753 |
| -- | -- | -- | -- | -- | (2,431,049) | \$ -- |
| 114,663 | 34,183 | 76,896 | 1,805 | 383,288 | -- | 2,084,089 |
| 995,574 | 1,850,043 | 1,333,731 | 1,494,690 | 2,279,226 | (2,431,049) | 44,636,657 |
| 361,666 | 703,061 | 301,659 | 117,052 | 403,722 | (144,320) | 9,679,527 |
| 381,225 | 564,366 | 307,620 | 65,081 | 645,072 | -- | 13,010,644 |
| 113,036 | 362,167 | 137,716 | 185,003 | 336,162 | -- | 4,071,712 |
| 95,205 | 118,390 | 76,404 | 41,315 | 106,876 | (2,286,729) | -- |
| 73,680 | 34,943 | 168,236 | 311,577 | 261,120 | -- | 5,847,241 |
| 1,024,812 | 1,782,927 | 991,635 | 720,028 | 1,752,952 | (2,431,049) | 32,609,124 |
| (29,238) | 67,116 | 342,096 | 774,662 | 526,274 | -- | 12,027,533 |
| -- | -- | -- | -- | -- | -- | 563,047 |
| 3,761 | 82 | 5,579 | 2,868 | 2,348 | -- | 146,506 |
| -- | (128) | -- | -- | -- | -- | (122,715) |
| -- | -- | (259,226) | (206,047) | (67,750) | -- | (6,684,592) |
| 3,761 | (46) | (253,647) | (203,179) | (65,402) | -- | (6,097,754) |
| (25,477) | 67,070 | 88,449 | 571,483 | 460,872 | -- | 5,929,779 |
| -- | (5,294) | (31,067) | (578,645) | (338,850) | -- | (886,614) |
| (25,477) | 61,776 | 57,382 | (7,162) | 122,022 | -- | 5,043,165 |
| -- | -- | -- | -- | -- | -- | (2,970,725) |
| (25,477) | 61,776 | 57,382 | (7,162) | 122,022 | -- | 2,072,440 |
| 1,387,504 | 91,761 | 463,031 | 689,049 | 1,143,444 | -- | 65,091,678 |
| -- | -- | -- | -- | -- | -- | -- |
| \$ 1,362,027 | \$ 153,537 | \$ 520,413 | \$ 681,887 | \$ 1,265,466 | \$ -- | \$ 67,164,118 |

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

FISCAL YEAR ENDED AUGUST 31, 2012

| | General Division | Guadalupe Valley Hydroelectric Division | Rural Utilities Division | Water Resource Division |
|--|---------------------|--|--------------------------------|-------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Cash Received from Customers..... | \$ -- | \$ 2,549,190 | \$ 1,805,495 | \$ 30,494,731 |
| Cash Received from Interfund Administrative Charges..... | 2,431,049 | -- | -- | -- |
| Cash Paid for Personnel Operating Costs..... | (804,780) | (1,065,197) | (567,524) | (5,049,187) |
| Cash Paid for Other Operating and Maintenance Costs..... | (1,163,791) | (1,283,116) | (608,582) | (10,198,038) |
| Cash Paid for Interfund Administrative Charges..... | -- | (354,324) | (143,150) | (1,231,869) |
| Costs Associated with Whooping Crane Endangered Species Lawsuit..... | -- | -- | -- | (2,970,725) |
| Net Cash Flows From (Used by) Operating Activities..... | 462,478 | (153,447) | 486,239 | 11,044,912 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | |
| Interfund Operating Loans Received..... | -- | 392,073 | 240,500 | -- |
| Interfund Operating Loans Made..... | (928,273) | -- | -- | -- |
| Principal Payments Made on Interfund Operating Loans..... | -- | (100,000) | (342,186) | (550,000) |
| Principal Payments Received on Interfund Operating Loans..... | 1,228,186 | -- | -- | -- |
| Net Change in Pension Plan Asset..... | 97,705 | -- | -- | -- |
| Cash Received from Grants..... | -- | -- | -- | 563,047 |
| Net Cash Flows From (Used by) Noncapital Financing Activities..... | 397,618 | 292,073 | (101,686) | 13,047 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Proceeds from Advances from Customers, Developers, and Other Governmental Units..... | -- | -- | 15,822 | -- |
| Proceeds from Revenue and Loans for Capital Assets and Plant Expansions..... | -- | -- | 6,130,000 | 4,328,698 |
| Proceeds from Sale of Capital Assets..... | 925 | -- | 252,914 | 1,000 |
| Purchase of Capital Assets..... | (129,633) | (4,493) | (54,626) | (263,668) |
| Cash Paid for Construction in Progress..... | -- | -- | (1,382,614) | -- |
| Cash Paid for Project Development..... | -- | -- | (187,204) | (712,093) |
| Interest Paid..... | -- | (2,415) | (238,125) | (5,950,312) |
| Principal Payments on Revenue Bonds..... | -- | -- | -- | (3,387,091) |
| Principal Payments on Loans..... | -- | (32,447) | (3,731,618) | (473,023) |
| Net Cash Flows Used by Capital and Related Financing Activities..... | (128,708) | (39,355) | 804,549 | (6,456,489) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Cash Received from Investments..... | 1,640,438 | -- | -- | 626,170 |
| Investment Income Received..... | 50,112 | -- | 12,303 | 61,892 |
| Cash Paid for Investments..... | (1,727,999) | -- | (267,497) | (1,985,599) |
| Net Cash Flows From (Used by) Investing Activities..... | (37,449) | -- | (255,194) | (1,297,537) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS..... | \$ 693,939 | \$ 99,271 | \$ 933,908 | \$ 3,303,933 |
| CURRENT CASH AND CASH EQUIVALENTS: | | | | |
| At Beginning of Year..... | 974,278 | 377 | 494 | 1,896,135 |
| At End of Year..... | 1,555,772 | 87,148 | 257 | 2,885,353 |
| Net Increase (Decrease)..... | 581,494 | 86,771 | (237) | 989,218 |
| RESTRICTED CASH AND CASH EQUIVALENTS: | | | | |
| At Beginning of Year..... | 502,611 | -- | 382,997 | 3,155,631 |
| At End of Year..... | 615,056 | 12,500 | 1,317,142 | 5,470,346 |
| Net Increase (Decrease)..... | 112,445 | 12,500 | 934,145 | 2,314,715 |
| TOTAL CASH AND CASH EQUIVALENTS: | | | | |
| At Beginning of Year..... | 1,476,889 | 377 | 383,491 | 5,051,766 |
| At End of Year..... | 2,170,828 | 99,648 | 1,317,399 | 8,355,699 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS..... | \$ 693,939 | \$ 99,271 | \$ 933,908 | \$ 3,303,933 |
| RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS | | | | |
| FROM OPERATING ACTIVITIES: | | | | |
| Operating Income (Loss)..... | \$ 367,533 | \$ (496,231) | \$ (29,539) | \$ 10,344,705 |
| Adjustments to Reconcile Operating Income to Net Cash Flows | | | | |
| From Operating Activities: | | | | |
| Depreciation and Amortization..... | 94,385 | 287,254 | 361,886 | 4,037,379 |
| Costs Associated with Whooping Crane Endangered Species Lawsuit..... | -- | -- | -- | (2,970,725) |
| Net Change in Assets and Liabilities From Operating Activities: | | | | |
| Operating Accounts Receivable..... | 21,508 | (22,525) | (4,504) | (152,182) |
| Other Current Assets..... | 2,800 | 4,286 | 1,262 | 8,794 |
| Operating Accounts Payable..... | (23,748) | 73,769 | 157,134 | (223,059) |
| Total Adjustments..... | 94,945 | 342,784 | 515,778 | 700,207 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES..... | \$ 462,478 | \$ (153,447) | \$ 486,239 | \$ 11,044,912 |
| NON-CASH TRANSACTIONS SCHEDULE | | | | |

1. During fiscal year 2012 and 2011, an adjustment of \$10,383 and \$125,076 respectively, was made to decrease investments to fair value.

See accompanying independent auditors' report.

| Port Lavaca Water Treatment Plant Division | Calhoun County Rural Water Supply Division | Coledo Creek Division | Luling Water Treatment Plant Division | Canyon Hydroelectric Division | Lockhart Division | Eliminations | Total |
|---|---|-----------------------------|--|-------------------------------------|----------------------|--------------|----------------------|
| \$ 1,594,951 | \$ 1,018,334 | \$ 1,848,286 | \$ 1,310,850 | \$ 1,234,882 | \$ 2,276,398 | \$ -- | \$ 44,133,117 |
| -- | -- | -- | -- | -- | -- | -- | 2,431,049 |
| (449,999) | (361,666) | (703,061) | (301,659) | (117,052) | (403,722) | -- | (9,823,847) |
| (716,268) | (548,243) | (939,077) | (433,535) | (213,923) | (1,139,313) | -- | (17,243,886) |
| (119,196) | (95,205) | (118,390) | (76,404) | (41,315) | (106,876) | -- | (2,286,729) |
| -- | -- | -- | -- | -- | -- | -- | (2,970,725) |
| <u>309,488</u> | <u>13,220</u> | <u>87,758</u> | <u>499,252</u> | <u>862,592</u> | <u>626,487</u> | -- | <u>14,238,979</u> |
| 161,000 | -- | -- | -- | 134,700 | -- | (928,273) | -- |
| -- | -- | -- | -- | -- | -- | 928,273 | -- |
| (161,000) | -- | (75,000) | -- | -- | -- | 1,228,186 | -- |
| -- | -- | -- | -- | -- | -- | (1,228,186) | -- |
| -- | -- | -- | -- | -- | -- | -- | 97,705 |
| -- | -- | -- | -- | -- | -- | -- | 563,047 |
| -- | -- | (75,000) | -- | 134,700 | -- | -- | 660,752 |
| -- | -- | -- | -- | -- | -- | -- | 15,822 |
| -- | -- | -- | -- | -- | -- | -- | 10,458,698 |
| -- | -- | 1,736 | -- | -- | -- | -- | 256,575 |
| (37,871) | (17,395) | (69,548) | (28,985) | -- | (53,107) | -- | (659,326) |
| -- | -- | -- | -- | -- | (126,029) | -- | (1,508,643) |
| -- | -- | -- | -- | -- | -- | -- | (899,297) |
| (42,198) | -- | -- | (259,826) | (233,189) | (67,750) | -- | (6,793,815) |
| (275,000) | -- | -- | (179,102) | (850,000) | (535,000) | -- | (5,226,193) |
| (9,117) | -- | -- | -- | -- | -- | -- | (4,246,205) |
| <u>(364,186)</u> | <u>(17,395)</u> | <u>(67,812)</u> | <u>(467,913)</u> | <u>(1,083,189)</u> | <u>(781,886)</u> | -- | <u>(8,602,384)</u> |
| 1,158 | -- | -- | 50,000 | 24,396 | 99,979 | -- | 2,442,141 |
| 1,470 | 2,251 | 83 | 3,476 | 2,846 | 2,247 | -- | 136,680 |
| (15,774) | (50,319) | -- | (5,400) | -- | (7,839) | -- | (4,060,427) |
| <u>(13,146)</u> | <u>(48,068)</u> | <u>83</u> | <u>48,076</u> | <u>27,242</u> | <u>94,387</u> | -- | <u>(1,481,606)</u> |
| <u>\$ (67,844)</u> | <u>\$ (52,243)</u> | <u>\$ (54,971)</u> | <u>\$ 79,415</u> | <u>\$ (58,655)</u> | <u>\$ (61,012)</u> | <u>\$ --</u> | <u>\$ 4,815,741</u> |
| 88,182 | 127,742 | 117,925 | 224,759 | 114,063 | 316,072 | -- | 3,860,027 |
| 20,312 | 75,499 | 62,954 | 304,174 | 821 | 255,060 | -- | 5,247,350 |
| <u>(67,870)</u> | <u>(52,243)</u> | <u>(54,971)</u> | <u>79,415</u> | <u>(113,242)</u> | <u>(61,012)</u> | -- | <u>1,387,323</u> |
| 5,000 | -- | -- | -- | 294,053 | -- | -- | 4,340,292 |
| 5,026 | -- | -- | -- | 348,640 | -- | -- | 7,768,710 |
| <u>26</u> | -- | -- | -- | <u>54,587</u> | -- | -- | <u>3,428,418</u> |
| 93,182 | 127,742 | 117,925 | 224,759 | 408,116 | 316,072 | -- | 8,200,319 |
| 25,338 | 75,499 | 62,954 | 304,174 | 349,461 | 255,060 | -- | 13,016,060 |
| <u>\$ (67,844)</u> | <u>\$ (52,243)</u> | <u>\$ (54,971)</u> | <u>\$ 79,415</u> | <u>\$ (58,655)</u> | <u>\$ (61,012)</u> | <u>\$ --</u> | <u>\$ 4,815,741</u> |
| \$ 160,155 | \$ (29,238) | \$ 67,116 | \$ 342,096 | \$ 774,662 | \$ 526,274 | \$ -- | \$ 12,027,533 |
| 216,781 | 73,680 | 34,943 | 168,236 | 311,577 | 261,120 | -- | 5,847,241 |
| -- | -- | -- | -- | -- | -- | -- | (2,970,725) |
| (45,213) | 39,560 | (1,601) | (22,881) | (258,787) | (3,262) | -- | (449,887) |
| (1,092) | (253) | 833 | 336 | 1,553 | 1,108 | -- | 19,627 |
| (21,143) | (70,529) | (13,533) | 11,465 | 33,587 | (158,753) | -- | (234,810) |
| 149,333 | 42,458 | 20,642 | 157,156 | 87,930 | 100,213 | -- | 2,211,446 |
| <u>\$ 309,488</u> | <u>\$ 13,220</u> | <u>\$ 87,758</u> | <u>\$ 499,252</u> | <u>\$ 862,592</u> | <u>\$ 626,487</u> | <u>\$ --</u> | <u>\$ 14,238,979</u> |

**GUADALUPE-BLANCO RIVER AUTHORITY
AMORTIZATION SCHEDULES**

FIRST LOCKHART NATIONAL BANK, EQUIPMENT LOAN (2008)

| YR END AUG 31 | PRINCIPAL | INTEREST | TOTAL |
|---------------|------------------|---------------|------------------|
| 2013 | \$ 23,552 | \$ 754 | \$ 24,306 |
| 2014 | 6,036 | 41 | 6,077 |
| | <u>\$ 29,588</u> | <u>\$ 795</u> | <u>\$ 30,383</u> |

FIRST LOCKHART NATIONAL BANK, EQUIPMENT LOAN (2011)

| YR END AUG 31 | PRINCIPAL | INTEREST | TOTAL |
|---------------|------------------|---------------|------------------|
| 2013 | \$ 10,174 | \$ 382 | \$ 10,556 |
| 2014 | 5,221 | 54 | 5,275 |
| | <u>\$ 15,395</u> | <u>\$ 436</u> | <u>\$ 15,831</u> |

REGIONS BANK, DUNLAP WASTEWATER TREATMENT EXPANSION & COLLECTION SYSTEM LOAN

| YR END AUG 31 | TAXABLE LOAN | | | TAX-EXEMPT LOAN | | | TOTAL REQUIREMENTS |
|---------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | PRINCIPAL | INTEREST | TOTAL | PRINCIPAL | INTEREST | TOTAL | |
| 2013 | \$ 215,000 | \$ 81,491 | \$ 296,491 | \$ - | \$ 86,840 | \$ 86,840 | \$ 383,331 |
| 2014 | 175,000 | 76,928 | 251,928 | 95,000 | 85,254 | 180,254 | 432,182 |
| 2015 | 180,000 | 72,774 | 252,774 | 95,000 | 82,081 | 177,081 | 429,855 |
| 2016 | 3,020,000 | 35,334 | 3,055,334 | 100,000 | 78,824 | 178,824 | 3,234,158 |
| 2017 | | | | 105,000 | 75,401 | 180,401 | 180,401 |
| 2018 | | | | 105,000 | 71,894 | 176,894 | 176,894 |
| 2019 | | | | 110,000 | 68,303 | 178,303 | 178,303 |
| 2020 | | | | 115,000 | 64,546 | 179,546 | 179,546 |
| 2021 | | | | 115,000 | 60,708 | 175,708 | 175,708 |
| 2022 | | | | 120,000 | 56,780 | 176,780 | 176,780 |
| 2023 | | | | 125,000 | 52,689 | 177,689 | 177,689 |
| 2024 | | | | 130,000 | 48,430 | 178,430 | 178,430 |
| 2025 | | | | 135,000 | 44,005 | 179,005 | 179,005 |
| 2026 | | | | 140,000 | 39,412 | 179,412 | 179,412 |
| 2027 | | | | 145,000 | 34,653 | 179,653 | 179,653 |
| 2028 | | | | 145,000 | 29,810 | 174,810 | 174,810 |
| 2029 | | | | 150,000 | 24,883 | 174,883 | 174,883 |
| 2030 | | | | 160,000 | 19,706 | 179,706 | 179,706 |
| 2031 | | | | 165,000 | 14,279 | 179,279 | 179,279 |
| 2032 | | | | 170,000 | 8,684 | 178,684 | 178,684 |
| 2033 | | | | 175,000 | 2,923 | 177,923 | 177,923 |
| | <u>\$ 3,590,000</u> | <u>\$ 266,527</u> | <u>\$ 3,856,527</u> | <u>\$ 2,600,000</u> | <u>\$ 1,050,105</u> | <u>\$ 3,650,105</u> | <u>\$ 7,506,632</u> |

U.S. GOVERNMENT LOAN, CANYON DAM AND RESERVOIR

| YR END AUG 31 | PRINCIPAL | INTEREST | TOTAL |
|---------------|---------------------|-------------------|---------------------|
| 2013 | \$ 218,610 | \$ 90,280 | \$ 308,890 |
| 2014 | 224,075 | 84,815 | 308,890 |
| 2015 | 229,677 | 79,213 | 308,890 |
| 2016 | 235,419 | 73,471 | 308,890 |
| 2017 | 241,305 | 67,585 | 308,890 |
| 2018 | 247,337 | 61,553 | 308,890 |
| 2019 | 253,521 | 55,369 | 308,890 |
| 2020 | 259,859 | 49,031 | 308,890 |
| 2021 | 266,355 | 42,535 | 308,890 |
| 2022 | 273,014 | 35,876 | 308,890 |
| 2023 | 279,839 | 29,051 | 308,890 |
| 2024 | 286,835 | 22,055 | 308,890 |
| 2025 | 294,006 | 14,884 | 308,890 |
| 2026 | 301,357 | 7,533 | 308,890 |
| | <u>\$ 3,611,209</u> | <u>\$ 713,251</u> | <u>\$ 4,324,460</u> |

**GUADALUPE-BLANCO RIVER AUTHORITY
AMORTIZATION SCHEDULES**

GE CAPITAL PUBLIC FINANCE, EQUIPMENT LOAN

| YR END AUG 31 | PRINCIPAL | INTEREST | TOTAL |
|----------------------|------------------|-----------------|------------------|
| 2013 | \$ 56,005 | \$ 3,120 | \$ 59,125 |
| 2014 | 30,699 | 550 | 31,249 |
| | <u>\$ 86,704</u> | <u>\$ 3,670</u> | <u>\$ 90,374</u> |

JP MORGAN CHASE BANK, GENERAL IMPROVEMENT OFFICE EXPANSION LOAN

| YR END AUG 31 | PRINCIPAL | INTEREST | TOTAL |
|----------------------|-------------------|------------------|-------------------|
| 2013 | \$ 160,000 | \$ 21,457 | \$ 181,457 |
| 2014 | 160,000 | 14,769 | 174,769 |
| 2015 | 160,000 | 8,081 | 168,081 |
| 2016 | 106,667 | 1,672 | 108,339 |
| | <u>\$ 586,667</u> | <u>\$ 45,979</u> | <u>\$ 632,646</u> |

WATER RESOURCE WATER RIGHT PURCHASE AMORTIZATION SCHEDULE

| YR END AUG 31 | LULING FOUNDATION | | | ABNER USSERY | | | TOTAL REQUIREMENTS |
|----------------------|--------------------------|-------------------|-------------------|---------------------|-------------------|-------------------|---------------------------|
| | PRINCIPAL | INTEREST | TOTAL | PRINCIPAL | INTEREST | TOTAL | |
| 2013 | \$ 16,596 | \$ 21,705 | \$ 38,301 | \$ 9,749 | \$ 12,751 | \$ 22,500 | \$ 60,801 |
| 2014 | 17,342 | 20,958 | 38,300 | 10,188 | 12,312 | 22,500 | 60,800 |
| 2015 | 18,123 | 20,177 | 38,300 | 10,646 | 11,854 | 22,500 | 60,800 |
| 2016 | 18,938 | 19,362 | 38,300 | 11,126 | 11,374 | 22,500 | 60,800 |
| 2017 | 19,790 | 18,510 | 38,300 | 11,626 | 10,874 | 22,500 | 60,800 |
| 2018 | 20,681 | 17,619 | 38,300 | 12,149 | 10,351 | 22,500 | 60,800 |
| 2019 | 21,612 | 16,688 | 38,300 | 12,696 | 9,804 | 22,500 | 60,800 |
| 2020 | 22,584 | 15,716 | 38,300 | 13,267 | 9,233 | 22,500 | 60,800 |
| 2021 | 23,600 | 14,700 | 38,300 | 13,864 | 8,636 | 22,500 | 60,800 |
| 2022 | 24,662 | 13,638 | 38,300 | 14,488 | 8,012 | 22,500 | 60,800 |
| 2023 | 25,772 | 12,528 | 38,300 | 15,140 | 7,360 | 22,500 | 60,800 |
| 2024 | 26,932 | 11,368 | 38,300 | 15,822 | 6,678 | 22,500 | 60,800 |
| 2025 | 28,144 | 10,156 | 38,300 | 16,534 | 5,966 | 22,500 | 60,800 |
| 2026 | 29,410 | 8,890 | 38,300 | 17,278 | 5,222 | 22,500 | 60,800 |
| 2027 | 30,734 | 7,566 | 38,300 | 18,055 | 4,445 | 22,500 | 60,800 |
| 2028 | 32,117 | 6,183 | 38,300 | 18,868 | 3,632 | 22,500 | 60,800 |
| 2029 | 33,562 | 4,738 | 38,300 | 19,717 | 2,783 | 22,500 | 60,800 |
| 2030 | 35,072 | 3,228 | 38,300 | 20,604 | 1,896 | 22,500 | 60,800 |
| 2031 | 36,648 | 1,647 | 38,295 | 21,533 | 967 | 22,500 | 60,795 |
| | <u>\$ 482,319</u> | <u>\$ 245,377</u> | <u>\$ 727,696</u> | <u>\$ 283,350</u> | <u>\$ 144,150</u> | <u>\$ 427,500</u> | <u>\$ 1,155,196</u> |

METCALF BANK LOAN, EQUIPMENT

| YR END AUG 31 | PRINCIPAL | INTEREST | TOTAL |
|----------------------|------------------|-----------------|------------------|
| 2013 | \$ 22,308 | \$ 1,044 | \$ 23,352 |
| 2014 | 7,708 | 84 | 7,792 |
| | <u>\$ 30,016</u> | <u>\$ 1,128</u> | <u>\$ 31,144</u> |

**GUADALUPE-BLANCO RIVER AUTHORITY
AMORTIZATION SCHEDULES**

**GENERAL IMPROVEMENT & REFUNDING REVENUE BONDS, SERIES 2011
OFFICE EXPANSION & WATER RIGHT CONTRACT BUYOUT**

| YR END AUG 31 | WATER RIGHT CONTRACT BUYOUT | | | REFUNDING PORTION-OFFICE | | | TOTAL |
|---------------|-----------------------------|---------------------|---------------------|--------------------------|---------------------|---------------------|----------------------|
| | PRINCIPAL | INTEREST | TOTAL | PRINCIPAL | INTEREST | TOTAL | |
| 2013 | \$ 270,000 | \$ 252,463 | \$ 522,463 | \$ 165,000 | \$ 130,394 | \$ 295,394 | \$ 817,857 |
| 2014 | 280,000 | 241,663 | 521,663 | 170,000 | 123,794 | 293,794 | 815,457 |
| 2015 | 290,000 | 230,463 | 520,463 | 180,000 | 116,994 | 296,994 | 817,457 |
| 2016 | 300,000 | 221,763 | 521,763 | 190,000 | 111,594 | 301,594 | 823,357 |
| 2017 | 310,000 | 212,763 | 522,763 | 195,000 | 105,894 | 300,894 | 823,657 |
| 2018 | 320,000 | 203,463 | 523,463 | 200,000 | 100,044 | 300,044 | 823,507 |
| 2019 | 330,000 | 190,663 | 520,663 | 215,000 | 92,044 | 307,044 | 827,707 |
| 2020 | 345,000 | 177,463 | 522,463 | 220,000 | 83,444 | 303,444 | 825,907 |
| 2021 | 360,000 | 163,663 | 523,663 | 230,000 | 74,644 | 304,644 | 828,307 |
| 2022 | 375,000 | 149,263 | 524,263 | 240,000 | 65,444 | 305,444 | 829,707 |
| 2023 | 385,000 | 135,669 | 520,669 | 255,000 | 56,744 | 311,744 | 832,413 |
| 2024 | 400,000 | 121,231 | 521,231 | 265,000 | 47,181 | 312,181 | 833,412 |
| 2025 | 415,000 | 105,231 | 520,231 | 275,000 | 36,581 | 311,581 | 831,812 |
| 2026 | 435,000 | 88,113 | 523,113 | 285,000 | 25,238 | 310,238 | 833,351 |
| 2027 | 455,000 | 69,625 | 524,625 | 300,000 | 13,125 | 313,125 | 837,750 |
| 2028 | 475,000 | 49,719 | 524,719 | | | -- | 524,719 |
| 2029 | 495,000 | 27,750 | 522,750 | | | -- | 522,750 |
| 2030 | 105,000 | 4,856 | 109,856 | | | -- | 109,856 |
| | <u>\$ 6,345,000</u> | <u>\$ 2,645,824</u> | <u>\$ 8,990,824</u> | <u>\$ 3,385,000</u> | <u>\$ 1,183,159</u> | <u>\$ 4,568,159</u> | <u>\$ 13,558,983</u> |

GENERAL IMPROVEMENT REVENUE BONDS, SERIES 2012

MID-BASIN WIF PROJECT

| YR END AUG 31 | PRINCIPAL | INTEREST | TOTAL |
|---------------|---------------------|-------------------|---------------------|
| 2013 | \$ 225,000 | \$ 37,603 | \$ 262,603 |
| 2014 | 225,000 | 37,603 | 262,603 |
| 2015 | 225,000 | 37,603 | 262,603 |
| 2016 | 220,000 | 37,603 | 257,603 |
| 2017 | 220,000 | 37,603 | 257,603 |
| 2018 | 220,000 | 37,603 | 257,603 |
| 2019 | 225,000 | 37,295 | 262,295 |
| 2020 | 225,000 | 36,620 | 261,620 |
| 2021 | 225,000 | 35,473 | 260,473 |
| 2022 | 225,000 | 33,898 | 258,898 |
| 2023 | 230,000 | 31,985 | 261,985 |
| 2024 | 230,000 | 29,593 | 259,593 |
| 2025 | 235,000 | 26,971 | 261,971 |
| 2026 | 235,000 | 24,128 | 259,128 |
| 2027 | 240,000 | 21,002 | 261,002 |
| 2028 | 245,000 | 17,522 | 262,522 |
| 2029 | 245,000 | 13,210 | 258,210 |
| 2030 | 250,000 | 9,143 | 259,143 |
| 2031 | 255,000 | 4,743 | 259,743 |
| | <u>\$ 4,400,000</u> | <u>\$ 547,201</u> | <u>\$ 4,947,201</u> |

GUADALUPE-BLANCO RIVER AUTHORITY
AMORTIZATION SCHEDULES

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

| YR END AUG 31 | PRINCIPAL | INTEREST | TOTAL |
|----------------------|----------------------|----------------------|-----------------------|
| 2013 | \$ 1,915,000 | \$ 3,405,675 | \$ 5,320,675 |
| 2014 | 1,990,000 | 3,329,075 | 5,319,075 |
| 2015 | 2,070,000 | 3,249,475 | 5,319,475 |
| 2016 | 2,180,000 | 3,140,800 | 5,320,800 |
| 2017 | 2,295,000 | 3,026,350 | 5,321,350 |
| 2018 | 2,415,000 | 2,905,863 | 5,320,863 |
| 2019 | 2,540,000 | 2,779,075 | 5,319,075 |
| 2020 | 2,675,000 | 2,645,725 | 5,320,725 |
| 2021 | 2,815,000 | 2,505,288 | 5,320,288 |
| 2022 | 2,965,000 | 2,357,500 | 5,322,500 |
| 2023 | 3,110,000 | 2,209,250 | 5,319,250 |
| 2024 | 3,265,000 | 2,053,750 | 5,318,750 |
| 2025 | 3,430,000 | 1,890,500 | 5,320,500 |
| 2026 | 3,600,000 | 1,719,000 | 5,319,000 |
| 2027 | 3,780,000 | 1,539,000 | 5,319,000 |
| 2028 | 3,970,000 | 1,350,000 | 5,320,000 |
| 2029 | 4,170,000 | 1,151,500 | 5,321,500 |
| 2030 | 4,375,000 | 943,000 | 5,318,000 |
| 2031 | 4,595,000 | 724,250 | 5,319,250 |
| 2032 | 4,825,000 | 494,500 | 5,319,500 |
| 2033 | 5,065,000 | 253,250 | 5,318,250 |
| | <u>\$ 68,045,000</u> | <u>\$ 43,672,826</u> | <u>\$ 111,717,826</u> |

**GUADALUPE-BLANCO RIVER AUTHORITY
AMORTIZATION SCHEDULES**

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

| YR END AUG 31 | SERIES 2004A | | | SERIES 2004B | | | TOTAL |
|---------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|----------------------|
| | PRINCIPAL | INTEREST | TOTAL | PRINCIPAL | INTEREST | TOTAL | |
| 2013 | \$ 320,000 | \$ 673,925 | \$ 993,925 | \$ 95,000 | \$ 281,745 | \$ 376,745 | \$ 1,370,670 |
| 2014 | 335,000 | 662,325 | 997,325 | 100,000 | 276,520 | 376,520 | 1,373,845 |
| 2015 | 345,000 | 649,762 | 994,762 | 105,000 | 271,020 | 376,020 | 1,370,782 |
| 2016 | 360,000 | 636,825 | 996,825 | 110,000 | 265,245 | 375,245 | 1,372,070 |
| 2017 | 370,000 | 622,425 | 992,425 | 115,000 | 259,195 | 374,195 | 1,366,620 |
| 2018 | 385,000 | 607,625 | 992,625 | 125,000 | 252,870 | 377,870 | 1,370,495 |
| 2019 | 405,000 | 591,744 | 996,744 | 130,000 | 245,995 | 375,995 | 1,372,739 |
| 2020 | 420,000 | 574,025 | 994,025 | 135,000 | 238,845 | 373,845 | 1,367,870 |
| 2021 | 440,000 | 555,650 | 995,650 | 145,000 | 231,420 | 376,420 | 1,372,070 |
| 2022 | 460,000 | 533,650 | 993,650 | 150,000 | 223,010 | 373,010 | 1,366,660 |
| 2023 | 485,000 | 510,650 | 995,650 | 160,000 | 214,310 | 374,310 | 1,369,960 |
| 2024 | 510,000 | 486,400 | 996,400 | 170,000 | 205,030 | 375,030 | 1,371,430 |
| 2025 | 535,000 | 460,900 | 995,900 | 180,000 | 195,170 | 375,170 | 1,371,070 |
| 2026 | 560,000 | 435,487 | 995,487 | 190,000 | 184,730 | 374,730 | 1,370,217 |
| 2027 | 585,000 | 408,887 | 993,887 | 200,000 | 173,710 | 373,710 | 1,367,597 |
| 2028 | 615,000 | 381,100 | 996,100 | 215,000 | 162,110 | 377,110 | 1,373,210 |
| 2029 | 645,000 | 351,887 | 996,887 | 225,000 | 149,640 | 374,640 | 1,371,527 |
| 2030 | 675,000 | 321,250 | 996,250 | 240,000 | 136,590 | 376,590 | 1,372,840 |
| 2031 | 705,000 | 287,500 | 992,500 | 255,000 | 122,670 | 377,670 | 1,370,170 |
| 2032 | 740,000 | 252,250 | 992,250 | 270,000 | 107,880 | 377,880 | 1,370,130 |
| 2033 | 780,000 | 215,250 | 995,250 | 285,000 | 92,220 | 377,220 | 1,372,470 |
| 2034 | 820,000 | 176,250 | 996,250 | 300,000 | 75,690 | 375,690 | 1,371,940 |
| 2035 | 860,000 | 135,250 | 995,250 | 315,000 | 58,290 | 373,290 | 1,368,540 |
| 2036 | 900,000 | 92,250 | 992,250 | 335,000 | 40,020 | 375,020 | 1,367,270 |
| 2037 | 945,000 | 47,250 | 992,250 | 355,000 | 20,590 | 375,590 | 1,367,840 |
| | <u>\$ 14,200,000</u> | <u>\$ 10,670,517</u> | <u>\$ 24,870,517</u> | <u>\$ 4,905,000</u> | <u>\$ 4,484,515</u> | <u>\$ 9,389,515</u> | <u>\$ 34,260,032</u> |

**GUADALUPE-BLANCO RIVER AUTHORITY
AMORTIZATION SCHEDULES**

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

| YR END AUG 31 | SERIES 2007A | | | SERIES 2007B | | | TOTAL |
|---------------|---------------------|---------------------|----------------------|---------------------|---------------------|----------------------|----------------------|
| | PRINCIPAL | INTEREST | TOTAL | PRINCIPAL | INTEREST | TOTAL | |
| 2013 | \$ 160,000 | \$ 437,000 | \$ 597,000 | \$ 75,000 | \$ 394,153 | \$ 469,153 | \$ 1,066,153 |
| 2014 | 170,000 | 429,000 | 599,000 | 80,000 | 388,850 | 468,850 | 1,067,850 |
| 2015 | 175,000 | 420,500 | 595,500 | 85,000 | 383,194 | 468,194 | 1,063,694 |
| 2016 | 185,000 | 411,750 | 596,750 | 90,000 | 377,185 | 467,185 | 1,063,935 |
| 2017 | 195,000 | 402,500 | 597,500 | 100,000 | 370,822 | 470,822 | 1,068,322 |
| 2018 | 205,000 | 392,750 | 597,750 | 105,000 | 363,752 | 468,752 | 1,066,502 |
| 2019 | 215,000 | 382,500 | 597,500 | 110,000 | 356,328 | 466,328 | 1,063,828 |
| 2020 | 225,000 | 371,750 | 596,750 | 120,000 | 348,551 | 468,551 | 1,065,301 |
| 2021 | 235,000 | 360,500 | 595,500 | 130,000 | 340,067 | 470,067 | 1,065,567 |
| 2022 | 250,000 | 348,750 | 598,750 | 135,000 | 330,876 | 465,876 | 1,064,626 |
| 2023 | 260,000 | 336,250 | 596,250 | 145,000 | 321,332 | 466,332 | 1,062,582 |
| 2024 | 275,000 | 323,250 | 598,250 | 155,000 | 311,080 | 466,080 | 1,064,330 |
| 2025 | 285,000 | 309,500 | 594,500 | 170,000 | 300,122 | 470,122 | 1,064,622 |
| 2026 | 300,000 | 295,250 | 595,250 | 180,000 | 288,103 | 468,103 | 1,063,353 |
| 2027 | 315,000 | 280,250 | 595,250 | 195,000 | 275,377 | 470,377 | 1,065,627 |
| 2028 | 330,000 | 264,500 | 594,500 | 205,000 | 261,590 | 466,590 | 1,061,090 |
| 2029 | 350,000 | 248,000 | 598,000 | 220,000 | 247,097 | 467,097 | 1,065,097 |
| 2030 | 365,000 | 230,500 | 595,500 | 235,000 | 231,543 | 466,543 | 1,062,043 |
| 2031 | 385,000 | 212,250 | 597,250 | 255,000 | 214,928 | 469,928 | 1,067,178 |
| 2032 | 405,000 | 193,000 | 598,000 | 270,000 | 196,900 | 466,900 | 1,064,900 |
| 2033 | 425,000 | 172,750 | 597,750 | 290,000 | 177,811 | 467,811 | 1,065,561 |
| 2034 | 445,000 | 151,500 | 596,500 | 310,000 | 157,308 | 467,308 | 1,063,808 |
| 2035 | 470,000 | 129,250 | 599,250 | 335,000 | 135,391 | 470,391 | 1,069,641 |
| 2036 | 490,000 | 105,750 | 595,750 | 355,000 | 111,706 | 466,706 | 1,062,456 |
| 2037 | 515,000 | 81,250 | 596,250 | 380,000 | 86,608 | 466,608 | 1,062,858 |
| 2038 | 540,000 | 55,500 | 595,500 | 410,000 | 59,742 | 469,742 | 1,065,242 |
| 2039 | 570,000 | 28,500 | 598,500 | 435,000 | 30,755 | 465,755 | 1,064,255 |
| | <u>\$ 8,740,000</u> | <u>\$ 7,374,250</u> | <u>\$ 16,114,250</u> | <u>\$ 5,575,000</u> | <u>\$ 7,061,171</u> | <u>\$ 12,636,171</u> | <u>\$ 28,750,421</u> |

**GUADALUPE-BLANCO RIVER AUTHORITY
AMORTIZATION SCHEDULES**

**REGIONAL RAW WATER DELIVERY SYSTEM
CONTRACT REVENUE REFUNDING BONDS, SERIES 2010
(CITY OF SAN MARCOS, TEXAS PORTION)**

| YR END AUG 31 | PRINCIPAL | INTEREST | TOTAL |
|----------------------|---------------------|---------------------|---------------------|
| 2014 | \$ 430,000 * | \$ 157,268 | \$ 587,265 |
| 2015 | 440,000 | 148,568 | 588,568 |
| 2016 | 445,000 | 139,718 | 584,718 |
| 2017 | 460,000 | 130,668 | 590,668 |
| 2018 | 470,000 | 120,781 | 590,781 |
| 2019 | 490,000 | 108,756 | 598,756 |
| 2020 | 500,000 | 94,518 | 594,518 |
| 2021 | 520,000 | 79,218 | 599,218 |
| 2022 | 540,000 | 63,318 | 603,318 |
| 2023 | 565,000 | 46,743 | 611,743 |
| 2024 | 585,000 | 29,128 | 614,128 |
| 2025 | 615,000 | 9,994 | 624,994 |
| | <u>\$ 6,060,000</u> | <u>\$ 1,128,678</u> | <u>\$ 7,188,675</u> |

* The principal and related interest due on September 1, 2012 (FY2013) were paid in fiscal year ending August 31, 2012.

FROST NATIONAL BANK, PORT LAVACA WTP CLEARWELL

| YR END AUG 31 | PRINCIPAL | INTEREST | TOTAL |
|----------------------|-------------------|------------------|-------------------|
| 2013 | \$ 9,535 | \$ 14,465 | \$ 24,000 |
| 2014 | 9,929 | 14,071 | 24,000 |
| 2015 | 10,339 | 13,661 | 24,000 |
| 2016 | 29,533 | 13,111 | 42,644 |
| 2017 | 49,975 | 11,313 | 61,288 |
| 2018 | 52,040 | 9,248 | 61,288 |
| 2019 | 54,190 | 7,098 | 61,288 |
| 2020 | 56,416 | 4,872 | 61,288 |
| 2021 | 58,760 | 2,528 | 61,288 |
| 2022 | 30,281 | 362 | 30,643 |
| | <u>\$ 360,998</u> | <u>\$ 90,729</u> | <u>\$ 451,727</u> |

**WATER SUPPLY REVENUE REFUNDING BONDS
PORT LAVACA WATER TREATMENT PLANT PROJECT, SERIES 2011**

| YR END AUG 31 | PRINCIPAL | INTEREST | TOTAL |
|----------------------|---------------------|------------------|---------------------|
| 2013 | \$ 285,000 | \$ 20,750 | \$ 305,750 |
| 2014 | 290,000 | 15,000 | 305,000 |
| 2015 | 300,000 | 9,100 | 309,100 |
| 2016 | 305,000 | 3,050 | 308,050 |
| | <u>\$ 1,180,000</u> | <u>\$ 47,900</u> | <u>\$ 1,227,900</u> |

**GUADALUPE-BLANCO RIVER AUTHORITY
AMORTIZATION SCHEDULES**

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

| YR END AUG 31 | PRINCIPAL | INTEREST | TOTAL |
|----------------------|---------------------|---------------------|---------------------|
| 2013 | \$ 190,000 | \$ 251,434 | \$ 441,434 |
| 2014 | 200,000 | 243,039 | 443,039 |
| 2015 | 205,000 | 233,926 | 438,926 |
| 2016 | 215,000 | 224,584 | 439,584 |
| 2017 | 225,000 | 214,791 | 439,791 |
| 2018 | 235,000 | 204,324 | 439,324 |
| 2019 | 250,000 | 192,669 | 442,669 |
| 2020 | 260,000 | 179,756 | 439,756 |
| 2021 | 275,000 | 166,047 | 441,047 |
| 2022 | 285,000 | 151,875 | 436,875 |
| 2023 | 300,000 | 137,250 | 437,250 |
| 2024 | 315,000 | 121,875 | 436,875 |
| 2025 | 335,000 | 105,625 | 440,625 |
| 2026 | 350,000 | 88,500 | 438,500 |
| 2027 | 370,000 | 70,500 | 440,500 |
| 2028 | 390,000 | 51,500 | 441,500 |
| 2029 | 405,000 | 31,625 | 436,625 |
| 2030 | 430,000 | 10,750 | 440,750 |
| | <u>\$ 5,235,000</u> | <u>\$ 2,680,070</u> | <u>\$ 7,915,070</u> |

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

| YR END AUG 31 | PRINCIPAL | INTEREST | TOTAL |
|----------------------|---------------------|-------------------|---------------------|
| 2013 | \$ 995,000 | \$ 95,193 | \$ 1,090,193 |
| 2014 | 1,030,000 | 48,925 | 1,078,925 |
| | <u>\$ 2,025,000</u> | <u>\$ 144,118</u> | <u>\$ 2,169,118</u> |

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

| YR END AUG 31 | PRINCIPAL | INTEREST | TOTAL |
|----------------------|---------------------|-------------------|---------------------|
| 2013 | \$ 550,000 | \$ 56,900 | \$ 606,900 |
| 2014 | 565,000 | 45,750 | 610,750 |
| 2015 | 590,000 | 34,200 | 624,200 |
| 2016 | 615,000 | 22,150 | 637,150 |
| 2017 | 640,000 | 8,000 | 648,000 |
| | <u>\$ 2,960,000</u> | <u>\$ 167,000</u> | <u>\$ 3,127,000</u> |



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Statistical Section

Index and Explanation

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

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| Financial Trends Information | |
| <i>These schedules contain trend information to help the reader understand how GBRA's financial performance and well-being have changed over time.</i> | |
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Guadalupe Blanco River Authority
Net Assets By Component
Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> |
| Primary government | | | | | |
| Invested in capital assets, net of related debt | \$ 35,853,611 | \$ 40,790,810 | \$ 43,235,437 | \$ 40,582,695 | \$ 38,715,589 |
| Restricted | 5,995,312 | 5,386,547 | 6,521,324 | 10,715,810 | 7,978,016 |
| Unrestricted | <u>25,315,195</u> | <u>18,914,321</u> | <u>15,143,773</u> | <u>10,656,309</u> | <u>11,365,266</u> |
| Total primary government net assets | <u>\$ 67,164,118</u> | <u>\$ 65,091,678</u> | <u>\$ 64,900,534</u> | <u>\$ 61,954,814</u> | <u>\$ 58,058,871</u> |

| | Fiscal Year | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> |
| Primary government | | | | | |
| Invested in capital assets, net of related debt | \$ 36,361,304 | \$ 38,506,620 | \$ 41,278,632 | \$ 29,946,905 | \$ 28,544,428 |
| Restricted | 6,221,215 | 3,649,302 | 3,712,823 | 3,767,282 | 3,732,721 |
| Unrestricted | <u>10,843,049</u> | <u>7,698,500</u> | <u>2,751,204</u> | <u>13,498,123</u> | <u>14,427,337</u> |
| Total primary government net assets | <u>\$ 53,425,568</u> | <u>\$ 49,854,422</u> | <u>\$ 47,742,659</u> | <u>\$ 47,212,310</u> | <u>\$ 46,704,486</u> |

Guadalupe Blanco River Authority
Changes in Net Assets
Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Operating Revenues</u> | <u>Operating Expenses</u> | <u>Operating Income</u> | <u>Total Nonoperating Revenues (Expenses)</u> | <u>Income before Capital Contributions and Deferrals</u> | <u>Capital Contributions</u> | <u>Deferrals</u> | <u>Change in Net Assets</u> |
|--------------------|---------------------------|---------------------------|-------------------------|---|--|------------------------------|------------------|-----------------------------|
| 2003 | \$ 24,715,917 | \$ 19,570,481 | \$ 5,145,436 | \$ (2,353,720) | \$ 2,791,716 | \$ 422,599 | \$ (124,521) | 3,089,794 |
| 2004 | 24,746,450 | 21,722,827 | 3,023,623 | (2,233,630) | 789,993 | 11,496 | (293,665) | 507,824 |
| 2005 | 27,391,962 | 22,951,387 | 4,440,575 | (3,724,328) | 716,247 | 309,411 | (495,309) | 530,349 |
| 2006 | 32,739,335 | 24,507,001 | 8,232,334 | (4,838,756) | 3,393,578 | 11,496 | (1,604,770) | 1,800,304 |
| 2007 | 38,542,513 | 28,865,971 | 9,676,542 | (3,343,954) | 6,332,588 | 9,879 | (2,174,357) | 4,168,110 |
| 2008 | 44,645,439 | 33,684,665 | 10,960,774 | (6,290,390) | 4,670,384 | 704,171 | (741,252) | 4,633,303 |
| 2009 | 45,001,215 | 34,503,980 | 10,497,235 | (6,695,555) | 3,801,680 | 1,300,256 | (705,993) | 4,395,943 |
| 2010 | 44,517,699 | 34,970,761 | 9,546,938 | (6,499,912) | 3,047,026 | 414,096 | (1,015,402) | 2,445,720 |
| 2011 | 43,649,714 | 35,199,680 | 8,450,034 | (7,724,043) | 725,991 | - | (534,847) | 191,144 |
| 2012 | 44,636,657 | 35,579,849 | 9,056,808 | (6,097,754) | 2,959,054 | - | (886,614) | 2,072,440 |

Guadalupe Blanco River Authority

Operating Revenues by Source Last Ten Fiscal Years

| Year | Pollution and Industrial Financing | Power Sales | Water Sales and Lake Operations | Rental, Recreation and Land Use | Waste Water Treatment Services | Laboratory Services | Miscellaneous | Total |
|------|---|----------------|--|--|---|------------------------|---------------|---------------|
| 2003 | \$ 341,600 | \$ 3,291,811 | \$ 13,218,362 | \$ 693,986 | \$ 4,787,951 | \$ 303,199 | \$ 2,079,008 | \$ 24,715,917 |
| 2004 | 324,725 | 3,497,610 | 12,612,934 | 739,851 | 4,994,556 | 337,564 | 2,239,210 | 24,746,450 |
| 2005 | 205,233 | 3,872,868 | 15,663,761 | 740,988 | 5,002,254 | 435,819 | 1,471,039 | 27,391,962 |
| 2006 | 222,657 | 3,427,563 | 20,122,065 | 781,252 | 5,581,511 | 538,302 | 2,065,985 | 32,739,335 |
| 2007 | - | 3,764,212 | 24,850,270 | 916,797 | 6,248,195 | 594,524 | 2,168,515 | 38,542,513 |
| 2008 | 163,560 | 3,854,491 | 30,255,712 | 973,603 | 6,271,513 | 641,059 | 2,485,501 | 44,645,439 |
| 2009 | - | 3,056,054 | 31,051,511 | 932,909 | 6,683,467 | 675,585 | 2,601,689 | 45,001,215 |
| 2010 | - | 4,040,510 | 31,054,841 | 927,049 | 6,107,928 | 759,958 | 1,627,413 | 44,517,699 |
| 2011 | - | 4,192,271 | 31,615,931 | 1,022,746 | 4,273,817 | 736,451 | 1,808,498 | 43,649,714 |
| 2012 | - | 3,979,015 | 33,081,820 | 1,111,419 | 3,556,848 | 823,466 | 2,084,089 | 44,636,657 |

Operating Expenses Last Ten Fiscal Years

| Year | Personnel Operating Costs | Operating Supplies and Services | Maintenance and Repairs | Depreciation and Amortization | Special Items (a) (b) | Total |
|------|---------------------------------|--|-------------------------------|-------------------------------------|--------------------------|---------------|
| 2003 | \$ 6,328,767 | \$ 7,676,099 | \$ 2,807,840 | \$ 2,757,775 | \$ - | \$ 19,570,481 |
| 2004 | 6,800,123 | 9,034,504 | 3,068,368 | 2,819,832 | - | 21,722,827 |
| 2005 | 7,229,312 | 8,879,415 | 3,298,910 | 3,015,376 | 528,374 | 22,951,387 |
| 2006 | 7,830,077 | 10,084,494 | 3,454,708 | 3,137,722 | - | 24,507,001 |
| 2007 | 8,997,620 | 12,770,894 | 4,036,894 | 3,060,563 | - | 28,865,971 |
| 2008 | 9,325,518 | 13,858,478 | 4,876,916 | 5,623,753 | - | 33,684,665 |
| 2009 | 10,014,890 | 14,371,964 | 4,539,233 | 5,577,893 | - | 34,503,980 |
| 2010 | 9,942,404 | 13,288,880 | 4,416,585 | 6,127,100 | 1,195,792 | 34,970,761 |
| 2011 | 9,454,599 | 13,340,648 | 4,272,751 | 6,136,748 | 1,994,934 | 35,199,680 |
| 2012 | 9,679,527 | 13,010,644 | 4,071,712 | 5,847,241 | 2,970,725 | 35,579,849 |

(a.) Special Items in FY 2005 include costs associated with the write off of Certain Diversion and Water Supply Development Costs

(b.) Special Items in FY 2010, FY 2011, and FY 2012 include costs associated with the Whooping Crane Endangered Species Lawsuit.

Nonoperating Revenue and Expenses Last Ten Fiscal Years

| Year | Interest Expense | Investment Income | Grants | Gain (Loss) on Disposal of Capital Assets | Total |
|------|---------------------|----------------------|---------|--|----------------|
| 2003 | \$ (2,521,188) | \$ 171,472 | \$ - | \$ (4,004) | \$ (2,353,720) |
| 2004 | (2,413,026) | 180,130 | - | (734) | (2,233,630) |
| 2005 | (4,015,142) | 310,337 | - | (19,523) | (3,724,328) |
| 2006 | (5,401,953) | 555,481 | - | 7,716 | (4,838,756) |
| 2007 | (4,199,747) | 855,793 | - | - | (3,343,954) |
| 2008 | (7,046,879) | 828,429 | - | (71,940) | (6,290,390) |
| 2009 | (7,410,716) | 475,308 | 242,557 | (2,704) | (6,695,555) |
| 2010 | (7,184,205) | 237,079 | 430,424 | 16,790 | (6,499,912) |
| 2011 | (6,812,918) | 288,242 | 549,534 | (1,748,901) | (7,724,043) |
| 2012 | (6,684,592) | 146,506 | 563,047 | (122,715) | (6,097,754) |

List of Principal Customers

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

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

POWER SALES & OTHER SERVICES

WATER SALES CUSTOMERS

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



WASTEWATER TREATMENT CUSTOMERS

WATER TREATMENT CUSTOMERS

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

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

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

(1) Excludes out-of-district charges.

Types of Operating Systems

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

| Budget-to-Actual Operations: | Principal Customers | County |
|--|-----------------------------|-----------------|
| Northcliffe Wastewater Treatment Plant | City of Schertz | Guadalupe |
| Sunfield Wastewater Treatment Plant | Sunfield MUD #4 | Hays |
| Buda Wastewater Treatment Plant | City of Buda | Hays |
| Port Lavaca Water Treatment Plant | City of Port Lavaca | Calhoun |
| Coletto Creek Reservoir | Coletto Creek Power, LP | Victoria/Goliad |
| Luling Water Treatment Plant | Cities of Luling & Lockhart | Caldwell |
| Canyon Hydroelectric Plant | New Braunfels Utilities | Comal |
| Lockhart Wastewater Reclamation System | City of Lockhart | Caldwell |
| Lockhart Water Treatment Plant | City of Lockhart | Caldwell |

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

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

| Year | <u>Obligations Payable Directly By GBRA</u> | | <u>Obligations Payable From Revenue Contracts (a)</u> | | <u>Pollution Control (b)</u> |
|------|---|--------------|---|--------------|------------------------------|
| | <u>Bonds</u> | <u>Loans</u> | <u>Bonds</u> | <u>Loans</u> | <u>Bonds</u> |
| 2003 | 4,280,000 | 6,610,246 | 106,905,000 | 3,023,337 | 4,700,000 |
| 2004 | 4,185,000 | 6,544,463 | 116,310,000 | 2,965,461 | 4,700,000 |
| 2005 | 4,085,000 | 5,971,257 | 135,450,000 | 2,902,781 | - |
| 2006 | 3,980,000 | 11,431,676 | 131,955,000 | 2,834,899 | - |
| 2007 | 3,870,000 | 11,685,249 | 127,995,000 | 2,761,382 | - |
| 2008 | 3,755,000 | 11,076,109 | 138,490,000 | 395,467 | - |
| 2009 | 3,630,000 | 10,845,301 | 133,870,000 | 387,356 | - |
| 2010 | 3,500,000 | 9,981,619 | 128,805,000 | 378,910 | - |
| 2011 | 10,150,000 | 9,362,340 | 123,725,000 | 370,115 | - |
| 2012 | 14,130,000 | 11,315,248 | 118,925,000 | 360,998 | - |

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

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

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

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

**Pollution Control and
Industrial Development Bonds**

| Year | |
|-------------|-------------|
| 2003 | 104,390,000 |
| 2004 | 104,390,000 |
| 2005 | 104,390,000 |
| 2006 | 90,890,000 |
| 2007 | 90,890,000 |
| 2008 | 90,890,000 |
| 2009 | 90,890,000 |
| 2010 | 40,890,000 |
| 2011 | 40,890,000 |
| 2012 | 40,890,000 |

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

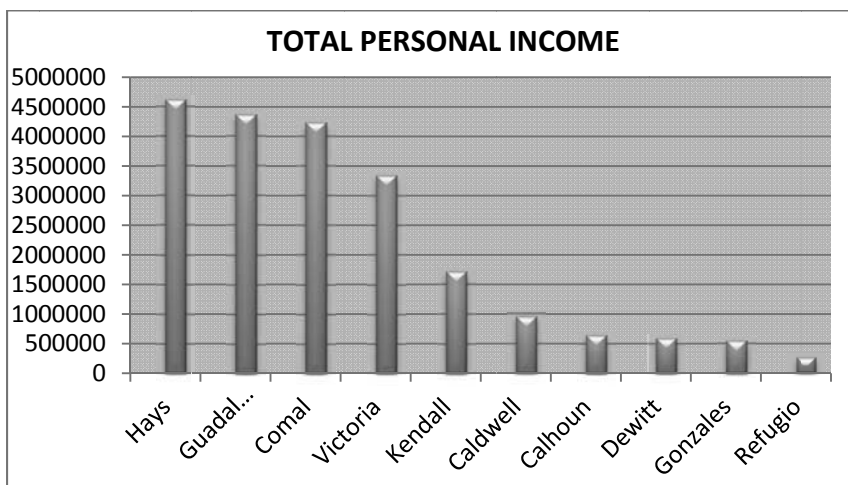
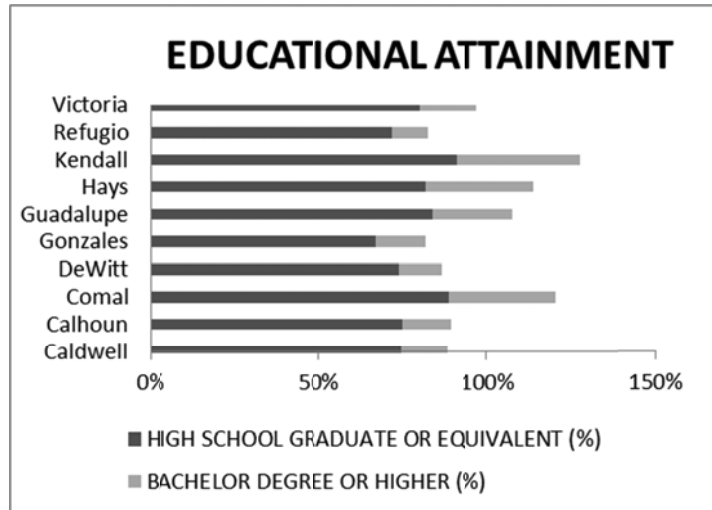
GBRA District Demographics

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

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

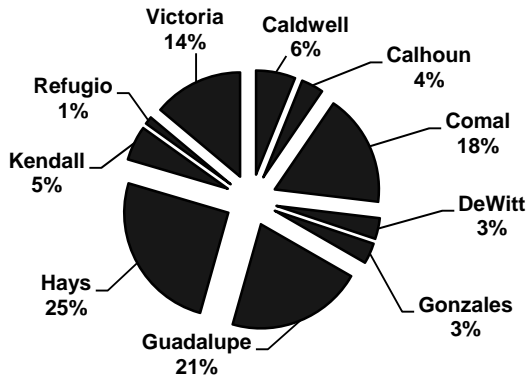
This diversity allows the local economy to be among the State's growth leaders and outpace the national economy as well as weather the effects of any global economic problems better than other areas may. The local economy is also being spurred by tremendous population growth along the I-35 Corridor.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

| <u>COUNTY</u> | <u>HIGH SCHOOL GRADUATE OR EQUIV.</u> | <u>BACHELOR DEGREE OR HIGHER</u> |
|---------------|---------------------------------------|----------------------------------|
| Caldwell | 75% | 14% |
| Calhoun | 75% | 14% |
| Comal | 89% | 32% |
| DeWitt | 74% | 12% |
| Gonzales | 67% | 15% |
| Guadalupe | 84% | 24% |
| Hays | 82% | 32% |
| Kendall | 91% | 37% |
| Refugio | 72% | 11% |



| <u>COUNTY</u> | <u>TOTAL PERSONAL INCOME</u> |
|---------------|------------------------------|
| Hays | 4,622,968 |
| Guadalupe | 4,370,052 |
| Comal | 4,240,601 |
| Victoria | 3,349,267 |
| Kendall | 1,719,516 |
| Caldwell | 957,644 |
| Calhoun | 647,612 |
| Dewitt | 598,572 |
| Gonzales | 550,888 |
| Refugio | 266,867 |

DISTRICT POPULATION BY COUNTY



COUNTY POPULATION

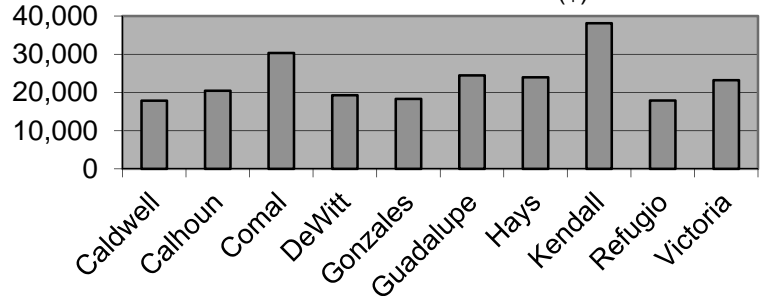
| COUNTY | POPULATION |
|-----------|------------|
| Hays | 157,107 |
| Guadalupe | 131,533 |
| Comal | 108,472 |
| Victoria | 86,793 |
| Caldwell | 38,066 |
| Kendall | 33,410 |
| Calhoun | 21,381 |
| DeWitt | 20,097 |
| Gonzales | 19,807 |
| Refugio | 7,383 |

SOURCE: U.S. Census Bureau, Census 2010

COUNTY PER CAPITA INCOME

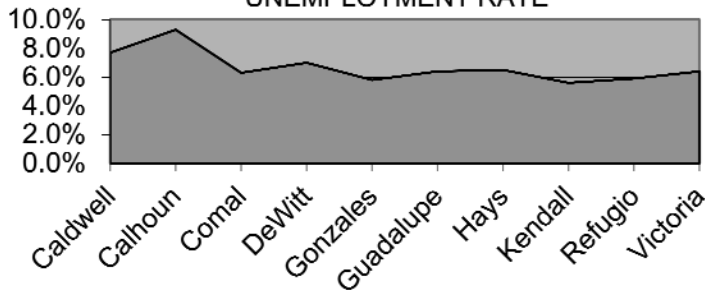
| COUNTY | PER CAPITA INCOME |
|-----------|-------------------|
| Kendall | 24,619 |
| Comal | 21,914 |
| Hays | 19,931 |
| Guadalupe | 18,430 |
| Victoria | 18,379 |
| Calhoun | 17,125 |
| Refugio | 15,481 |
| Caldwell | 15,099 |
| DeWitt | 14,780 |
| Gonzales | 14,269 |

PER CAPITA INCOME (\$)



SOURCE: U.S. Census Bureau, Census 2010

UNEMPLOYMENT RATE



UNEMPLOYMENT RATE

| COUNTY | RATE |
|-----------|------|
| Calhoun | 9.3% |
| Caldwell | 7.7% |
| DeWitt | 7.0% |
| Hays | 6.5% |
| Guadalupe | 6.4% |
| Victoria | 6.4% |
| Comal | 6.3% |
| Refugio | 5.9% |
| Gonzales | 5.8% |
| Kendall | 5.6% |
| Texas | 7.7% |
| U.S. | 8.7% |

SOURCE: WashingtonPost.com as of April 2011

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

| Division | Number of Authorized Positions Full Time Equivalent | | | | | | | | | |
|----------------------------------|--|------------|------------|--------------|------------|------------|------------|------------|------------|------------|
| | Fiscal Year Ended August 31 | | | | | | | | | |
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| General | 33.5 | 34.5 | 35.5 | 35.5 | 36 | 38 | 40 | 40 | 41 | 39 |
| Guadalupe Valley Electric | 24 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 26 |
| Rural Utilities | 5 | 6 | 5 | 6 | 6 | 7 | 7 | 7 | 7 | 7 |
| Water Resources | 39 | 41.5 | 45.5 | 45 | 45 | 46 | 51 | 48 | 49 | 49 |
| Western Canyon | 0 | 0 | 7 | 7 | 8 | 9 | 9 | 9 | 9 | 9 |
| Port Lavaca WTP | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Calhoun County RWSS | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Victoria Regional WWRS | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 19 | 9 | - |
| Coletto Creek Park and Reservoir | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| Luling WTP | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Canyon Hydroelectric | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Lockhart WWTP & WTP | 10 | 10 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Total | 167.5 | 173 | 185 | 185.5 | 187 | 192 | 199 | 194 | 186 | 176 |

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

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



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**GUADALUPE-BLANCO RIVER AUTHORITY
OPERATING STATISTICS**

| Operating Statistics: | FY 2003 | FY 2004 | FY 2005 | FY 2006 |
|---|----------------|----------------|----------------|----------------|
| Water Treatment Customers: | | | | |
| Total Water Distributed (Gal.) | | | | |
| Calhoun County Rural Water Supply Division | 70,501,000 | 72,392,000 | 76,710,000 | 75,334,000 |
| Total Water Treated (Gal.) | | | | |
| CRWA-Hays/Caldwell Water Treatment Plant System | 331,000,000 | 225,000,000 | 89,818,289 | -- |
| Lockhart Water Treatment System | 560,814,000 | 527,260,000 | 557,882,000 | 581,087,000 |
| Luling Water Treatment Plant Division | 286,951,000 | 256,335,000 | 470,651,000 | 802,677,000 |
| Port Lavaca Water Treatment Plant Division | 642,047,000 | 686,938,000 | 692,600,000 | 666,085,000 |
| San Marcos Water Treatment Plant System | 1,656,000,000 | 1,586,000,000 | 1,645,448,005 | 1,711,018,000 |
| Western Canyon Water Treatment Plant System | -- | -- | -- | 1,041,235,000 |
| Waste Water Treatment Customers: | | | | |
| Total Wastewater Treated (Gal.) | | | | |
| Buda Wastewater Treatment Plant | 125,300,000 | 110,470,000 | 120,300,000 | 119,580,000 |
| Crestview Subdivision Wastewater Treatment Plant | 1,910,945 | 2,433,849 | 2,523,245 | 2,404,060 |
| Lockhart Wastewater Reclamation System | 588,700,000 | 542,930,000 | 609,430,000 | 491,100,000 |
| Rural Utilities Division | 147,100,000 | 150,410,000 | 153,054,000 | 149,520,000 |
| Victoria Regional Wastewater Reclamation Division | 2,741,000,000 | 2,788,000,000 | 2,811,000,000 | 2,741,000,000 |
| Village of Wimberley Wastewater Treatment Plant | -- | 1,760,000 | 2,974,000 | 4,381,000 |
| North Hayes County MUD #1 | -- | -- | -- | 3,641,000 |
| Sunfield Subdivision Wastewater Treatment | -- | -- | -- | -- |
| Water Sales Customers: | | | | |
| Rice Irrigation (Acres) | | | | |
| Calhoun Canal System | 1,897 | 2,488 | 2,430 | 2,634 |
| Water Delivered (Gal.) | | | | |
| Guadalupe Power Partners | 846,695,620 | 898,443,000 | 966,788,000 | 1,129,607,000 |
| Regional Raw Water Delivery System | 1,965,000,000 | 1,713,000,000 | 2,151,367,000 | 1,811,222,000 |
| Power Sales & Other Services: | | | | |
| Total Generation (kWh) | | | | |
| Guadalupe Valley Hydroelectric Division | 64,974,600 | 77,975,500 | 86,911,400 | 44,412,900 |
| Canyon Hydroelectric Division | -- | 14,930,325 | 24,371,501 | 7,906,746 |
| Annual Permits | | | | |
| Lake Wood Recreation Area | 34 | 35 | 13 | 23 |
| Coletto Creek Regional Park | 246 | 262 | 260 | 258 |
| Camping Permits | | | | |
| Lake Wood Recreation Area | 2,323 | 2,030 | 2,264 | 3,235 |
| Coletto Creek Regional Park | 11,856 | 12,736 | 11,800 | 12,554 |
| Camping Cabins | | | | |
| Coletto Creek Regional Park | 568 | 573 | 692 | 664 |
| Day Use Permits | | | | |
| Lake Wood Recreation Area | 2,671 | 2,641 | 2,686 | 2,860 |
| Coletto Creek Regional Park | 15,052 | 14,771 | 16,051 | 16,378 |

| FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 |
|----------------|----------------|----------------|----------------|----------------|----------------|
| 62,684,000 | 75,006,000 | 87,252,000 | 71,381,000 | 91,070,000 | 92,377,000 |
| -- | -- | -- | -- | -- | -- |
| 479,150,000 | 525,871,000 | 554,970,000 | 542,137,000 | 613,240,000 | 579,122,000 |
| 651,263,000 | 734,704,000 | 677,043,000 | 634,399,000 | 675,179,000 | 664,541,000 |
| 592,510,000 | 673,172,000 | 739,501,000 | 630,210,000 | 752,918,000 | 721,578,000 |
| 2,129,290,000 | 2,404,842,000 | 2,773,635,000 | 2,685,046,000 | 3,209,012,000 | 3,324,085,000 |
| 2,713,775,000 | 3,648,193,000 | 3,669,842,000 | 3,722,663,000 | 3,446,937,000 | 3,640,904,000 |
| 198,200,000 | 243,800,000 | 273,300,000 | 339,800,000 | 331,430,000 | 376,050,000 |
| 3,256,203 | 2,191,534 | 2,184,018 | 3,059,616 | 2,291,900 | 2,709,621 |
| 489,000,000 | 447,100,000 | 380,250,000 | 465,830,000 | 429,580,000 | 453,960,000 |
| 190,740,000 | 168,630,000 | 168,400,000 | 239,600,000 | 195,800,000 | 186,300,000 |
| 2,390,000,000 | 2,585,000,000 | 2,209,000,000 | 2,579,000,000 | 819,000,000 | -- |
| 5,385,000 | 3,660,000 | 4,720,000 | 3,246,000 | 4,930,000 | 1,750,000 |
| 23,790,000 | 35,570,000 | 35,980,000 | 41,010,000 | 38,160,000 | 43,000,000 |
| -- | -- | -- | 2,560,000 | 9,970,000 | 19,020,000 |
| 2,086 | 2,809 | 2,153 | 2,177 | 2,249 | 1,917 |
| 974,680,000 | 1,157,790,000 | 1,146,655,000 | 998,991,000 | 900,513,000 | 498,819,000 |
| 2,129,290,000 | 3,274,240,000 | 2,908,782,000 | 3,280,168,000 | 3,336,852,000 | 4,093,251,000 |
| 64,980,700 | 66,914,600 | 25,726,200 | 71,633,300 | 42,126,000 | 31,405,400 |
| 9,102,504 | 19,026,827 | 2,415,841 | 17,716,632 | 7,566,158 | -- |
| 11 | 17 | 9 | 18 | 19 | 27 |
| 274 | 285 | 252 | 254 | 259 | 309 |
| 2,112 | 2,635 | 2,995 | 3,204 | 4,266 | 4,914 |
| 13,376 | 14,594 | 12,941 | 12,393 | 13,133 | 14,368 |
| 542 | 662 | 725 | 717 | 766 | 985 |
| 2,164 | 2,567 | 2,739 | 2,776 | 2,588 | 2,851 |
| 14,177 | 16,851 | 15,139 | 14,465 | 16,331 | 17,503 |

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

| Year | Guadalupe | | | Port Lavaca | Calhoun | Victoria | Luling | | | Lockhart | Total | |
|----------|-----------|-------------|-----------|--------------|-------------|------------|-----------|-----------|-----------|----------|------------|----------------|
| | General | Valley | Rural | Water | County | Regional | Water | Canyon | | | | |
| Division | Division | Utilities | Resource | Treatment | Rural Water | Wastewater | Plant | Hydro | Plant | Division | | |
| Division | Division | Division | Division | Division | Division | Division | Division | Division | Division | Division | | |
| 2003 | \$115,774 | \$1,057,456 | \$ 31,397 | \$ 2,470,569 | \$ 37,202 | \$ 191,897 | \$ 77,682 | \$ 37,499 | \$ 1,256 | \$ - | \$ 598,990 | \$ 4,619,722 |
| 2004 | 114,217 | 26,438 | 35,959 | 598,056 | 29,509 | 39,592 | 39,466 | 13,074 | - | - | 13,193 | \$ 909,504 |
| 2005 | 86,849 | 99,352 | 28,790 | 334,940 | 17,721 | 51,209 | 66,455 | 14,451 | 5,803,879 | - | 32,030 | \$ 6,535,676 |
| 2006 | 54,012 | 13,010 | 118,078 | 350,993 | 1,165 | 114,275 | 95,199 | 43,171 | 275,991 | - | 27,638 | \$ 1,093,531 |
| 2007 | 114,664 | 409,952 | 4,557,535 | 102,312,530 | 52,897 | 107,390 | 64,896 | 81,342 | 131,282 | 125,553 | 36,057 | \$ 107,994,098 |
| 2008 | 41,054 | 990,319 | 117,216 | 1,936,806 | 22,614 | 113,413 | 14,254 | 37,238 | 5,893 | - | 29,332 | \$ 3,308,138 |
| 2009 | 485,055 | 121,593 | 391,855 | 14,182,783 | 1,464,060 | 28,727 | 77,120 | 7,829 | - | - | 59,264 | \$ 16,818,286 |
| 2010 | 83,824 | 121,168 | 591,354 | 511,881 | 4,106 | 48,080 | 57,852 | - | - | - | 207,062 | \$ 1,625,327 |
| 2011 | 84,589 | 51,473 | 2,005,870 | 9,027,303 | - | 43,964 | - | 21,786 | 22,954 | - | 22,902 | \$ 11,280,840 |
| 2012 | 129,633 | 83,932 | 54,626 | 263,670 | 39,467 | 22,346 | - | 69,548 | 28,985 | - | 53,107 | \$ 745,315 |

Schedule of Capital Asset Additions by Classification
Last Ten Fiscal Years

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|----------------------------------|--------------------|-------------------|---------------------|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|-------------------|
| Land, Water, & Storage Rights | \$2,077,812 | \$ - | \$ 1,088,461 | \$ - | \$ 6,718,880 | \$ 99,723 | \$ 433,650 | \$ - | \$ 7,000,000 | \$ 90,058 |
| Structures & Improve | 1,984,279 | 142,425 | 4,612,873 | 647,401 | 99,724,123 | 2,759,542 | 15,702,963 | 1,005,294 | 3,749,160 | 242,832 |
| Specialized Equip | 1,791 | 14,738 | 68,966 | 60,202 | 110,451 | 69,706 | 142,709 | 63,522 | 41,246 | 4,777 |
| Auto & Heavy Equip | 402,739 | 617,808 | 213,367 | 195,622 | 238,477 | 193,219 | 248,342 | 205,812 | 229,186 | 190,060 |
| Office Furniture & Equip | 93,149 | 84,821 | 108,694 | 94,745 | 102,270 | 54,612 | 121,309 | 23,902 | 89,353 | 29,423 |
| Miscellaneous Equip | 59,952 | 49,712 | 443,314 | 95,561 | 1,099,896 | 131,337 | 169,314 | 326,797 | 171,895 | 188,165 |
| Total | \$4,619,722 | \$ 909,504 | \$ 6,535,676 | \$ 1,093,531 | \$107,994,097 | \$ 3,308,138 | \$16,818,286 | \$ 1,625,327 | \$11,280,840 | \$ 745,315 |

*Independent Auditor's Report
On Accordance With Government
Auditing Standards*

Report on Compliance and Internal Controls



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FAX 210/341-2588
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**Thompson,
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Biediger,
Kastor
&
Young,
L.C.**

CERTIFIED PUBLIC ACCOUNTANTS
MEMBERS AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors
Guadalupe-Blanco River Authority

We have audited the financial statements of Guadalupe-Blanco River Authority, as of and for the year ended August 31, 2012, which collectively comprise Guadalupe-Blanco River Authority's basic financial statements, and have issued our report thereon dated December 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

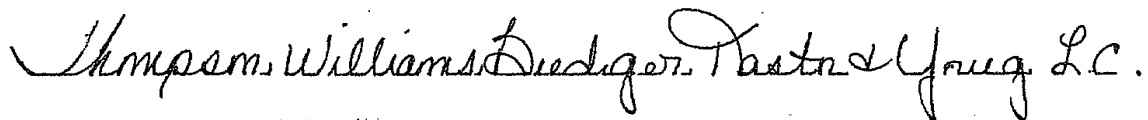
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency or combination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

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

Compliance and Other Matters

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

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



Certified Public Accountants

San Antonio, Texas

December 19, 2012

