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SAN ANTONIO RIVER AUTHORITY

1988 ANNUAL REPORT

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The San Antonio River Authority and the U.S. Army Corps of Engineers, Fort Worth District have embarked upon a program of alleviating the excessive flooding that has historically plagued the downtown San Antonio area. The existing channels were deemed inadequate to contain a severe storm such as one that would occur every hundred years. After intense study of the area, the tunnel solution for a portion of the San Antonio River and San Pedro Creek was approved. The conventional methods of widening and deepening the channels for flood control proved to be too costly, disruptive and hydraulically and geometrically too complex. The San Antonio River Flood Diversion Tunnel will be approximately 16,200 feet long with a finished diameter of 24 feet which will drop approximately 118 feet to the tunnel invert. The tunnel will begin at Josephine Street and generally follows public right of way on the east side of the river to the tunnel outlet at Lone Star Boulevard. The San Pedro Creek Flood Diversion Tunnel will be 6,000 feet long with a finished diameter of 24 feet which will drop nearly 119 feet to the tunnel invert. This tunnel will begin at Interstate 35 between Santa Rosa Street and Cameron Street and will continue along the alignment of San Pedro Creek to its outlet at Guadalupe Street.



View of the San Pedro Creek Tunnel Outlet Shaft as seen from the bottom of the tunnel shaft.



COMMENTS FROM THE CHAIRMAN AND GENERAL MANAGER

Since 1984 the San Antonio River Authority has worked with the City of San Antonio, Edwards Underground Water District and other river authorities, water districts and municipalities to develop a workable and politically acceptable plan for meeting the water needs of the region.

Chairman Cecil Bain served as the SARA representative on the Joint Committee on Water Resources which developed the San Antonio Regional Water Resources Plan. The plan, which provides the framework for protecting, developing and managing the water resources in south central Texas, has been approved by the City of San Antonio, Edwards Underground Water District and the Nueces, Guadalupe-Blanco and San Antonio River Authorities. Legislation which will enable management and protection of the Edwards Aquifer water will be required before the plan can be fully implemented.


Additional flood control work was completed early in the year when the Nueva Street bridge, dam and maintenance marina project in San Antonio was put into operation. The repairs and rebuilding of the San Antonio River channel between Commerce and Houston Streets in downtown San Antonio and betterments to the river from Durango Boulevard to the new Nueva Street dam were also completed.

Landmark flood control projects in the San Antonio river basin began with the awarding of the flood control tunnels contract by the U.S. Army Corps of Engineers to the Ohbayashi Corporation for \$47,750,000. The one mile flood tunnel for San Pedro Creek and three mile tunnel for the San Antonio River will provide 100-year flood protection for downtown San Antonio without the prohibitive costs and extensive municipal disruption associated with major surface channelization in the downtown area.

We are pleased to report that water quality in the San Antonio river basin below the City of San Antonio is the best it has been in decades. This results from the completion by the City of San Antonio of the Dos Rios Waste Water Treatment Plant, the elimination of the outdated Rilling facility and the expansion and upgrading of the Leon and Salado Treatment Plants. We congratulate the City of San Antonio for these accomplishments and especially recognize the personnel of the City's Department of Environmental Management for their expertise in operating the new facilities.

Again last year a record number of fishermen utilized SARA operated Braunig and Calaveras Lake Parks. These popular public projects on City Public Service's cooling lakes offer excellent fishing and related outdoor recreation. To sustain fishing opportunities, SARA constructed nursery ponds at Calaveras Lake with partial funding from the San Antonio Metropolitan League of Bass Clubs. The Texas Parks and Wildlife Department provided fisheries management expertise which contributed to the successful release to Calaveras Lake of 36,300 largemouth bass fingerling from these ponds in the Spring of 1988.

During the fiscal year all activities and operations were sustained without levying the San Antonio River Authority's authorized ad valorem tax. User fees, interest earned on investments and intergovernmental contracts again provided all necessary revenues.



Cecil W. Bain
Chairman of the Board
(left)

Fred N. Pfeiffer
General Manager
(right)



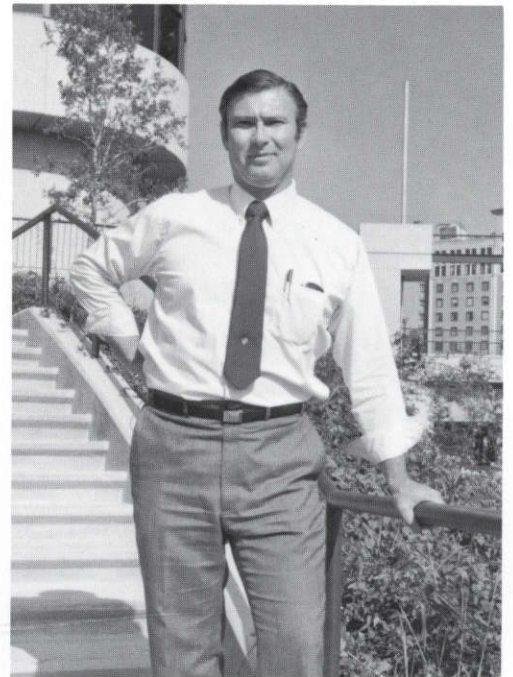
MANAGERS



Fred N. Pfeiffer
General Manager



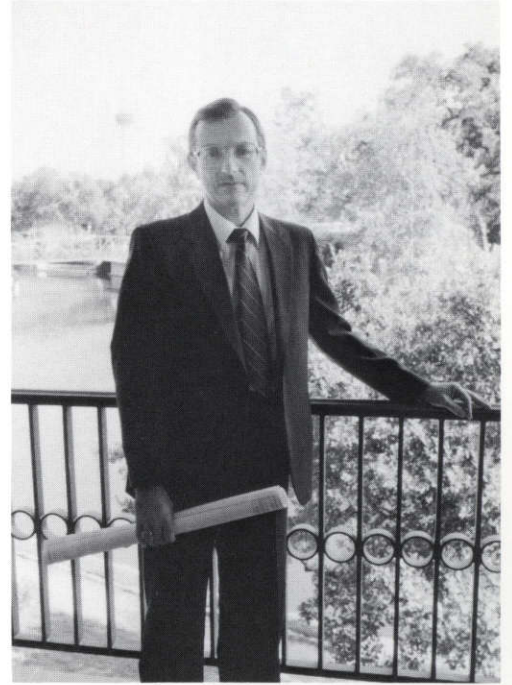
F. Blair Warren
Assistant Manager



Dorian French
Chief Engineer



Judith T. Pavlik
Controller



Dennis Marrin
Chief, Administrative Services



Pictured left to right:

Mike Gonzales
Chief, Environmental Services

James W. Thompson
Chief, Real Estate Division

Steve P. Ramsey
Chief, Engineering Division

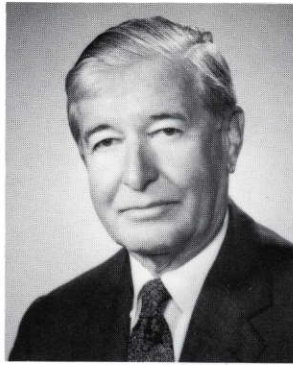
James L. Blair
Chief, Parks and Field Maintenance

Randolph Schwenn
Chief, Utilities Division

BOARD OF DIRECTORS



Cecil W. Bain (1991)
Chairman, Bexar County



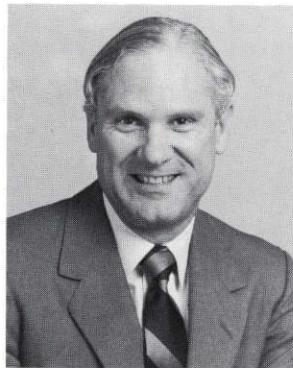
Paul K. Herder (1991)
Bexar County



Truett Hunt (1989)
*Vice Chairman,
Karnes County*



W.W. Lorenz (1989)
Secretary, Wilson County



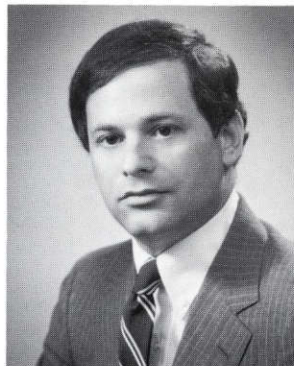
W.W. "Bo" McAllister, III (1989)
Bexar County



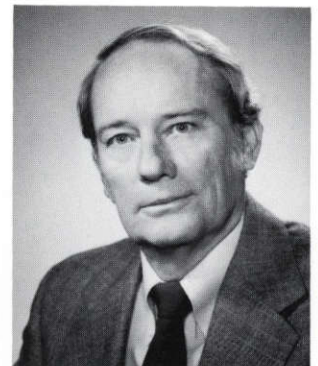
Mary McCampbell (1991)
Treasurer, Goliad County



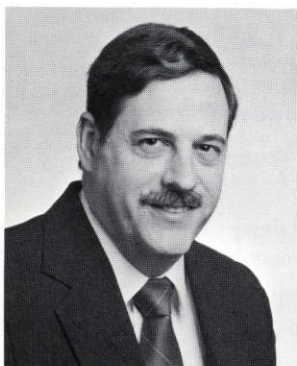
Martha Clifton McNeel (1989)
Bexar County



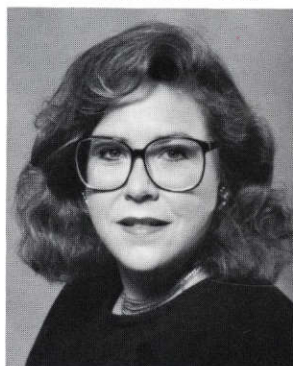
Allan B. Polunsky (1993)
*Executive Committee
Member, Bexar County*



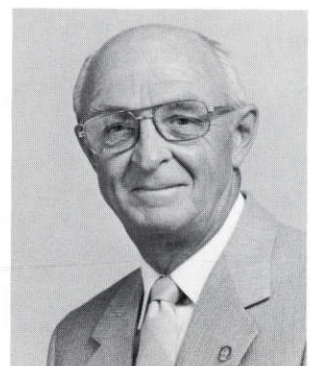
R.H. Ramsey, Jr. (1989)
Goliad County



H.B. Ruckman, III (1991)
Karnes County



Nancy M. Steves (1993)
Bexar County



J.C. Turner (1991)
Wilson County

HISTORY

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

The San Antonio River Authority, Chapter 276, pg. 556, 45th Legislature (1937), as amended, is one of twenty-two such active organizations in the State. Its jurisdiction covers 3,677 square miles, being all of Bexar, Wilson, Karnes and Goliad Counties, which area substantially represents the watershed of the San Antonio River. Responsibilities of the San Antonio River Authority include flood control, pollution prevention, soil conservation, sewage treatment, water conservation (including storage, procurement, distribution and supply), irrigation, navigation, parks, recreational facilities, fish preservation and forestation measures.

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

OPERATIONS

As the organization primarily responsible for the development and conservation of water resources in the San Antonio River Basin, the San Antonio River Authority has established several long range objectives and devotes its full time to accomplishing these goals:

Complete the San Antonio Channel Improvement Project and otherwise provide San Antonio with major stormwater conveyance systems to reduce severe flooding which has taken numerous lives and cost the community millions of dollars.

Improve the quality of water flowing in the San Antonio River and its tributaries through the implementation of an effective stream quality standards program, through the proper operation and maintenance of sewage treatment facilities in the San Antonio River Basin, through basic research and through the implementation of research discoveries.

Implement and/or coordinate upstream watershed protection and flood prevention projects in six watersheds in the San Antonio River Basin by construction of floodwater retarding structures and necessary flood control channels.

Support the implementation of a comprehensive State water plan, including the timely development of the Cibolo and Goliad Reservoirs in the San Antonio River Basin.

Implement a master plan for wastewater treatment under a regional system in the Salatrillo and Martinez watersheds in Bexar County.

Strive for maximum development of parks, recreational facilities, fishing areas and wildlife preserves when possible in conjunction with the Authority's projects.

Cooperate with all interested Federal, State, local and municipal entities in the conservation and development of the Basin's water resources.

FLOOD CONTROL

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

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

The Authority's responsibility as local sponsor in the San Antonio Channel Improvement Project (SACIP) includes right-of-way acquisition, utility relocations and construction of bridges and in-channel dams, mainly financed by the Bexar County Flood Control Tax. The Corps of Engineers designs and constructs the channel project. The City of San Antonio finances segments not covered by the County Tax and operates and maintains the completed segments.

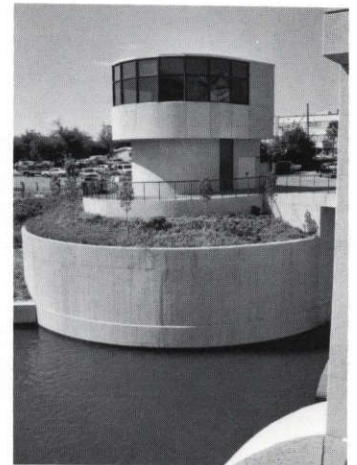
The Berg's Mill Channel Improvement Project, a 1.75 mile downstream extension of the SACIP, authorized and funded by the 1967 contract amendment with Bexar County, has been completed and is being maintained by the Authority.

Also included in the 1967 Bexar County Flood Control contract amendment is the Salado Creek Watershed Protection and Flood Prevention Project, located in northern Bexar County. This project consists of building fifteen flood control dams on the Salado Creek and its tributaries to prevent downstream flooding rather than perform extensive channelizations of individual creeks. These dams also provide recharge water to the Edwards Aquifer. There are now twelve dams in operation, land rights have been acquired for Site 15R and Site 10 should be under construction in 1989.

Another agreement in 1976 amended the flood control contract to include work not previously authorized, including (1) modifications to Olmos Dam, (2) detention dams and reservoirs or downtown bypass, (3) San Antonio River channel modifications from Nueva to 8th Street, (4) reconstruction of San Juan Dam, (5) Six Mile Creek channel improvement, (6) San Pedro Creek channel improvements from Travis to Myrtle and (7) channel dams from Nueva to Brackenridge Park.

The estimated cost of these projects was \$30 million, and the contract calls for the work to be done at cost rather than for a fixed sum as in the original and 1967 contract.

Improvements on the San Antonio River, from Johnson to Nueva and from Eighth to Hildebrand and on San Pedro Creek from Durango to Travis, could not be included in the 1976 County-SARA contract and is being funded by the City of San Antonio. The operation and



The Nueva Street Marina, Dam and Bridge Project, located in the heart of downtown San Antonio, consists of an underground boat repair and storage marina, a leaf gated flood control dam and reconstruction of the Nueva Street bridge. An elevated control tower serves as the headquarters for an early flood warning system on the San Antonio River.



maintenance of the projects completed under the County-SARA contract is the responsibility of the City of San Antonio by previous City ordinance.

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

Throughout the District, the Authority now operates and maintains forty-one flood control structures constructed under P.L. 566 or its predecessor pilot act. In Bexar County the number of completed dams is as follows: Salado 12, Calaveras 7 and Martinez 6. In Karnes County: 13 dams on Escondido Creek, 3 dams on Hondo Creek and 2.07 miles of channel on Nichols creek are complete.

Evidence of the effectiveness of these flood control projects was demonstrated in June of 1986 when over 10 inches of rain fell in parts of Bexar County in less than 12 hours. Olmos Dam, the San Antonio channel projects and Martinez floodwater retention structures all functioned within their design capabilities and prevented substantial flood losses.

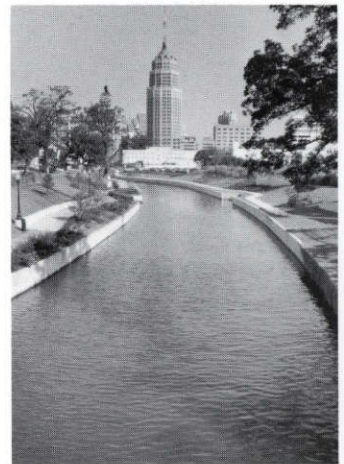
WATER SUPPLY

The proposed Cibolo Reservoir and Goliad Reservoir are water supply projects sponsored by the San Antonio River Authority in the San Antonio River basin. The Cibolo Project is to be located near Stockdale on the Cibolo Creek in Wilson County. Its purpose is to provide additional municipal and industrial water in the San Antonio River basin and serve as a staging reservoir for moving bulk raw water from proposed major reservoirs in the Guadalupe River Basin near Cuero into the San Antonio metropolitan area.

The Goliad Reservoir planned for the San Antonio River near the City of Goliad could serve municipal and industrial needs in the Corpus Christi area and increase the yield of the proposed reservoirs near Cuero by furnishing their portions of the freshwater inflow requirements to the bay and estuarine system.

In 1986 the City of San Antonio, San Antonio River Authority and the Guadalupe-Blanco River Authority completed comprehensive studies to provide updated cost, yield and availability information on the Cuero I and II Reservoirs as well as the Cibolo and Goliad Reservoirs. The studies are available to the general public at local libraries throughout the San Antonio and Guadalupe basins and at the general offices of both Authorities.

Development and utilization of surface water is integral to solving the long range water needs of south central Texas and is recognized in the San Antonio Regional Water Resources Plan. This plan was developed by the Joint Committee on Water Resources composed of representatives from the Edwards Underground Water District, City of San Antonio, Guadalupe-Blanco River Authority, Nueces River Authority and San Antonio River Authority.



The Betterments III project was completed in March, 1988. This section of improvements connects the Historic King William District to downtown San Antonio.



WASTEWATER TREATMENT

In 1961 the Authority was directed by the Texas Legislature to “study, correct and control” water pollution in the San Antonio River Basin and to construct, operate and maintain sewage treatment plants. In 1962 the Authority took its first steps toward this end by initiating the San Antonio River Authority Water Treatment Report which was completed in 1964. The following recommendations in that report were basically adopted by the Authority’s Board of Directors in January 1965:

Improve the operation and maintenance of existing waste treatment facilities in the basin.

Strive for the consolidation of waste treatment facilities wherever practical, particularly in Bexar County.

Long range planning called for development of a regional sewerage system in eastern Bexar County to keep the Cibolo Creek clean. The system began in 1966, when the Authority contracted with the City of Converse to treat its wastewater at the Salatrillo Creek Wastewater Treatment Plant.

Wastewater treatment initially was provided by a .5 million gallons daily contact stabilization plant. Process sludge was placed on drying beds, and then removed to a remote site for land disposal.

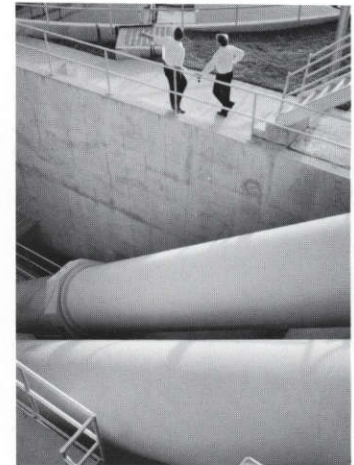
Wastewater from Bexar County Water Control and Improvement District No. 13 and from Booker Public Utility District was routed to the Salatrillo Creek Plant by 1968. These special-purpose districts lost their identities as the Cities of Live Oak and Universal City took their places. By 1970 the Salatrillo Creek Plant and its major sewer outfall lines made up a growing regional sewerage system serving three cities. By 1974 the capacity of the plant had increased to 1.5 MGD by the addition of a 1.0 MGD extended aeration “oxidation ditch”. A similar expansion the following year brought treatment capacity to 2.5 MGD.

The San Antonio River Authority constructed the Upper Martinez Creek Wastewater Treatment Plant in 1970 in the watershed contiguous to and west of the Salatrillo Creek watershed. The initial plant was an “oxidation ditch” extended aeration process plant rated at .3 MGD. Sludge was dried on drying beds and hauled to a remote site for land disposal. Wastewater was piped to the Upper Martinez site from new development occurring outside the corporate jurisdictions of any city but within the extraterritorial jurisdiction of the City of San Antonio.

During the decade of the 1970’s personnel of the San Antonio River Authority Utilities Operations Division designed and built equipment and perfected techniques for applying aerobically digested liquid sludge to the land for irrigation of animal feed crops. So successful was this effort that the United States Environmental Protection Agency accepted its use as the primary sludge disposal method for sludges generated by the most recent expansion facilities at both the Upper Martinez and Salatrillo Plants.

The Salatrillo and Martinez Wastewater Treatment Plants were again expanded in 1984. The Salatrillo and Upper Martinez sites have treatment capacities of 3.52 MGD and 2.21 MGD, respectively. Designed by the Authority’s own engineering staff, the new wastewater facilities represent state-of-the-art technology. Each plant utilizes

*Major components of the
Salatrillo Wastewater
Treatment Plant near
Converse, Texas.*





center-pivot irrigation systems for the land application of liquid sludge to grow animal feed crops. This environmentally-sound system to recycle the by-product of wastewater treatment earned an additional 10 percent in "alternative technology" federal construction grants.

Responding to development needs in the watershed downstream of the existing Upper Martinez plant, the Authority commenced construction of its third wastewater transportation, treatment and disposal system in the summer of 1985. Called "Martinez II", this expansion to the wastewater facilities for the Martinez Creek service area consists of approximately 4 miles of sewer outfall line, a 1.0 MGD Carrousel-type extended aeration wastewater treatment plant, and related sludge disposal facilities. The Martinez II facilities are now in full operation.

PARKS AND RECREATION

The Authority operates two fee-supported recreational projects that are open to the public, Calaveras Lake Park and Braunig Lake Park. Both lakes, lying only four miles apart and within 15 miles of the urban center of San Antonio, offer a wide variety of water oriented recreational activities to all the people of South Texas. The projects are located on steam-electric power plant cooling reservoirs, and are made possible by long-term leases between the City Public Service Board of San Antonio and the Authority.

Calaveras Lake and Braunig Lake Parks are usually open to the public 24 hours daily. However, during the months of December and January, Braunig Lake is open only during the daylight hours for limited operations. Both parks offer complete concession facilities including bait, tackle, supplies and boat rentals. These lakes provide superb fishing for bass, channel and blue catfish as well as adaptive saltwater fish species.

The Texas Parks and Wildlife Department stocks both lakes with native and adaptive saltwater fish in accordance with a fisheries management program. This program has resulted in the highly successful stocking of the saltwater Red Drum (redfish) which has added an exciting new dimension for the area's freshwater sports fishermen. The current Texas freshwater record Red Drum of 27 pounds came from Braunig Lake.

The Authority operates and maintains nursery ponds for the enhancement of largemouth bass fishing at the lakes in a cooperative effort with the Texas Parks and Wildlife and the San Antonio Metropolitan League of Bass Clubs. The Texas Parks and Wildlife Department provides technical assistance and bass fry. Metro-Bass Clubs gave community support and donated \$800 this year towards project funding. As a result of this effort, 36,300 fingerling bass were released to Calaveras Lake in the Spring of 1988.

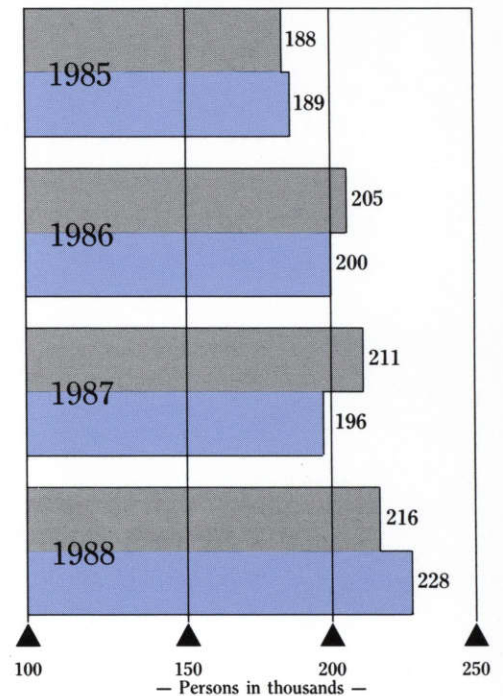
FISCAL YEAR 1988

FISH HARVEST PROFILES

Braunig Lake	
Hybrid Bass	(48%)
Catfish	(30%)
Redfish	(21%)
Black Bass	(1%)

Calaveras Lake	
Corvina	(38%)
Catfish	(24%)
Hybrid Bass	(20%)
Black Bass	(16%)
Redfish	(2%)

ANNUAL VISITATION



Boating is one of the many recreational activities enjoyed at Braunig Lake Park.



ENVIRONMENTAL SERVICES

The Environmental Services Division monitors water quality at 173 sampling stations throughout the San Antonio River basin, including stations at Braunig, Calaveras and Medina Lakes. During this fiscal year, biological monitoring of aquatic habitats at selected sites began in the Salado Creek and Upper Cibolo Creek watersheds.

During Fiscal Year 1988, an ecological assessment of the upper San Antonio River was conducted. The assessment documented existing conditions of the fish and benthic populations compared to aquatic and riparian habitats. The assessment documented ecosystem trends impacted by channelization or water level fluctuations and the enhancements provided by channel design features. The information gathered will serve to improve the design of future projects along the San Antonio River and will enhance the management of the flood control tunnels and their water features when completed.

Also in Fiscal Year 1988, Environmental Services personnel were involved in research with the Freeman Aquatic Station at Southwest Texas State University, in adapting methodology, based on fish community structure, for the evaluation of stream ecosystems in Central and South Texas. This methodology is also under consideration by the Texas Parks and Wildlife Department as a means for assessing stream habitats and ecosystems.

The Environmental Services laboratory provides analytical support for the River Authority's monitoring program and its wastewater treatment facilities. The laboratory also provides analytical services to the Edwards Underground Water District, Nueces River Authority, National Park Service and the Texas Water Commission. Currently, Environmental Services personnel are conducting a water quality assessment of the Leona River in Uvalde County, for the Nueces River Authority and the City of Uvalde. Wastewater effluent samples are tested in the laboratory for 16 municipalities and 7 commercial activities who are concerned about regular compliance with State and Federal wastewater discharge permits.

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

In coordination with the City of San Antonio, the United States Geological Survey and others, the Authority is participating in the expanded USGS water resource and water quality monitoring program. The expanded system will provide instantaneous information on basin stream flow and surface water quality via satellite transmission.

The Authority also participates in the Texas Natural Resource Information System (TNRIS). Stream monitoring and water quality data generated by SARA field and laboratory personnel are reported



*The majority of pollutants
in the upper San Antonio
River originate from
non-point sources.*

*SARA biologists implemented
new research techniques that
enable thorough and efficient
biological monitoring of
aquatic habitats.*



to the State. This information is available to the public through TNRRIS.

As a long term aid to pollution abatement in the basin, the Authority promotes public awareness of aquatic ecology, water pollution, conservation, and resource protection. Environmental Services personnel again participated with the Soil Conservation Service, the County Extension Service and other agencies in providing over 180 Boy Scouts of the Alamo Area Council with instructions and counseling on the Soil and Water Conservation, and Environmental Science merit badges.

MAJOR CAPITAL IMPROVEMENTS

SALATRILLO WASTEWATER TREATMENT SYSTEM

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

The Mid-Salatrillo Relief Line project utilized SARA design and rights-of-way activities for a parallel outfall line to provide flow relief for overload portions of the old WCID 13 outfall in the middle of the Salatrillo service area. Actual construction of the project is scheduled for Fiscal Year 1989. Costs associated with this project are funded by sewer system revenues.

MARTINEZ CREEK WASTEWATER SYSTEM

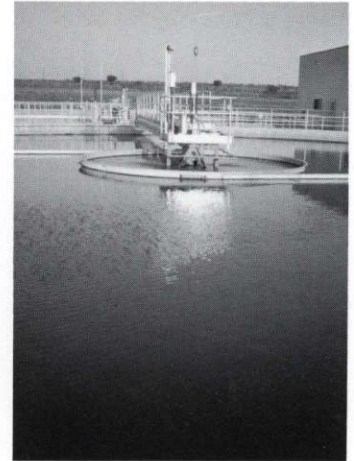
The Martinez Creek Wastewater Plant and Collection System provides sanitary sewage service to residential and commercial development in an unincorporated area between the City of San Antonio and the Salatrillo System service area in northeastern Bexar County.

The Martinez I Outfall Line project consists of the design and construction of a parallel relief sanitary sewer line to relieve the already overloaded existing line. Design of the project began in Fiscal Year 1988 and will continue into Fiscal Year 1989. Rights-of-way acquisition and actual construction is scheduled for Fiscal Year 1989. This project is funded by customers of the Martinez system.

FLOOD CONTROL PROJECTS

During Fiscal Year 1988, the Authority continued its long-standing local sponsorship of the San Antonio Channel Improvement Project (SACIP). The Authority's Engineering Department was actively engaged in planning, design, construction administration, and warranty administration of numerous projects directly or indirectly associated with this long-term flood control project.

Houston to Commerce Streets Channel Restoration was part of a six phase construction project jointly sponsored by the Authority and the City of San Antonio. The channel restoration project began



View of the Salatrillo Wastewater Treatment Plant.

In the foreground is the Clarifier, to the background is the headworks of the plant.

The Salatrillo CPC screw pump utilizes the Archimedes principle to lift the effluent to the next stage of processing.



in May 1987 and was completed in March of 1988. A new concrete U-framed channel was constructed to replace the seriously deteriorated and flood damaged pilot channel. New sidewalks, lighting, irrigation systems and additional planting were also included.

The project was designed to be architecturally compatible and historically faithful to the existing Riverwalk. Additionally, the Houston Street Bridge was repaired to enhance its structural soundness and to be architecturally compatible with future downtown revitalization improvements. Sponsored by the Authority, the channel restoration and Houston Street Bridge repair were funded by Channel Improvement Revenue Bonds and the Bexar County Flood Control Tax.

Flood Control Gate No. 4 along the San Antonio River was also replaced. This structure is vital to the protection of businesses along the Riverloop because it isolates the loop from flooding in the main river channel. The Authority's engineering staff administered this project as part of the six phase total construction contract. This project was sponsored by the City of San Antonio.

San Antonio River Betterments III Project - Durango Boulevard to Nueva Street was designed and administered by Authority personnel as part of the six phase construction project. These betterments were constructed along the river from Durango Boulevard to the new Nueva Street Dam complex. Sidewalks, handicapped access ramps, stairways, lighting and extensive planting were installed.

These improvements connect existing amenities constructed along the improved river channel in the King William Historic District with the Downtown Riverwalk. Additionally, the nearby Arsenal Street Bridge was repaired to enhance its structural soundness and appearance. Both projects were funded by the City of San Antonio.

Nueva Street Dam, Marina and Bridge Project started in January 1984 and completed in the fall of 1987, consisted of an underground boat repair and storage marina, a leaf gated flood control dam across the San Antonio River and reconstruction of the Nueva Street Bridge. An elevated "control tower" located on the west bank of the river can serve as the headquarters for an early flood warning system on the San Antonio River.

On-site construction administration and quality control functions for this project were provided by the Authority's engineering staff. The marina facility was previously located under the main library on St. Mary's Street. The marina is now used by the Parks and Recreation Department of the City of San Antonio in support of its river maintenance operations. Unlike its predecessor, the new dam maintains a constant water level in the downtown river loop, from steady state to flood flow conditions. The new Nueva Street bridge provides an extra two lanes for traffic. Maintenance vehicles will be able to access the river channel using a circular ramp. The structure of the leaf gates is obscured by the waterfall effect of river flow over the gates. An extension of this project is a combination pier supported/cantilevered sidewalk which links the marina to the Riverloop.

The City of San Antonio paid all costs associated with the



The new river extension allows pedestrians to enjoy the river walk from downtown to the King William District.



The recently completed Gate Number Four project helps protect the downtown riverloop from damaging floods. During a severe flood the gate will rise and close off the archway thus protecting the loop from flooding.



Marina, while the San Antonio River Authority paid for the balance of the project out of bonds secured by the Bexar County Flood Control Tax.

San Antonio River Tunnel Project - Lone Star Boulevard to U.S Highway 281; Planning by the River Authority and the U.S Army Corps of Engineers began in 1984 for the construction of two major underground flood control conduits. Conduits will carry part of the surface floodwaters beneath rather than through the central business district of San Antonio. Staff members provided survey and engineering data to the Corps for inclusion in the project plans, made arrangements for relocation of utilities conflicting with project construction and secured all rights-of-way required by the Corps.

The Engineering Department continues the design of the tunnel inlet and outlet structures. Facilities are also under design to provide for aeration and recirculation of stored tunnel water and to complement the adjacent surroundings. Construction began in November of 1987 and will provide flood relief to downtown San Antonio without the requirements for major and disruptive reconstruction of streets, bridges, utilities, and the river channel itself. Federal appropriations to the Corps will fund the tunnel construction. The Authority's local interest contribution, rights-of-way acquisition, utility relocations and engineering activities are funded by the Bexar County Flood Control Tax.

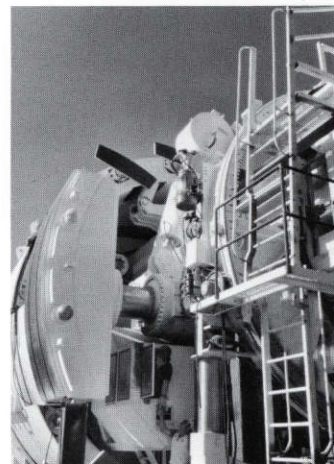
San Pedro Creek Tunnel Project - Guadalupe Street to Quincy Street will provide additional flood control protection to downtown San Antonio. During Fiscal Year 1988, the Authority coordinated and completed the necessary utility relocations and certified all rights-of-way to the Corps of Engineers. Actual tunnel construction began in January 1988. The San Pedro Creek Tunnel will also eliminate substantial surface disruption in the central business district of San Antonio.

The Authority has undertaken the design of inlet and outlet structures for the San Pedro Creek Tunnel. Local interest costs including rights-of-way acquisition, engineering by the Authority and utility relocations are being borne by the City of San Antonio.

The **San Juan Dam** was an in-channel dam constructed by the Authority in the 1960's to replace the historic San Juan Dam which was bypassed by construction of Unit One of the SACIP. The Dam failed in 1977 and the Authority plans to replace it.

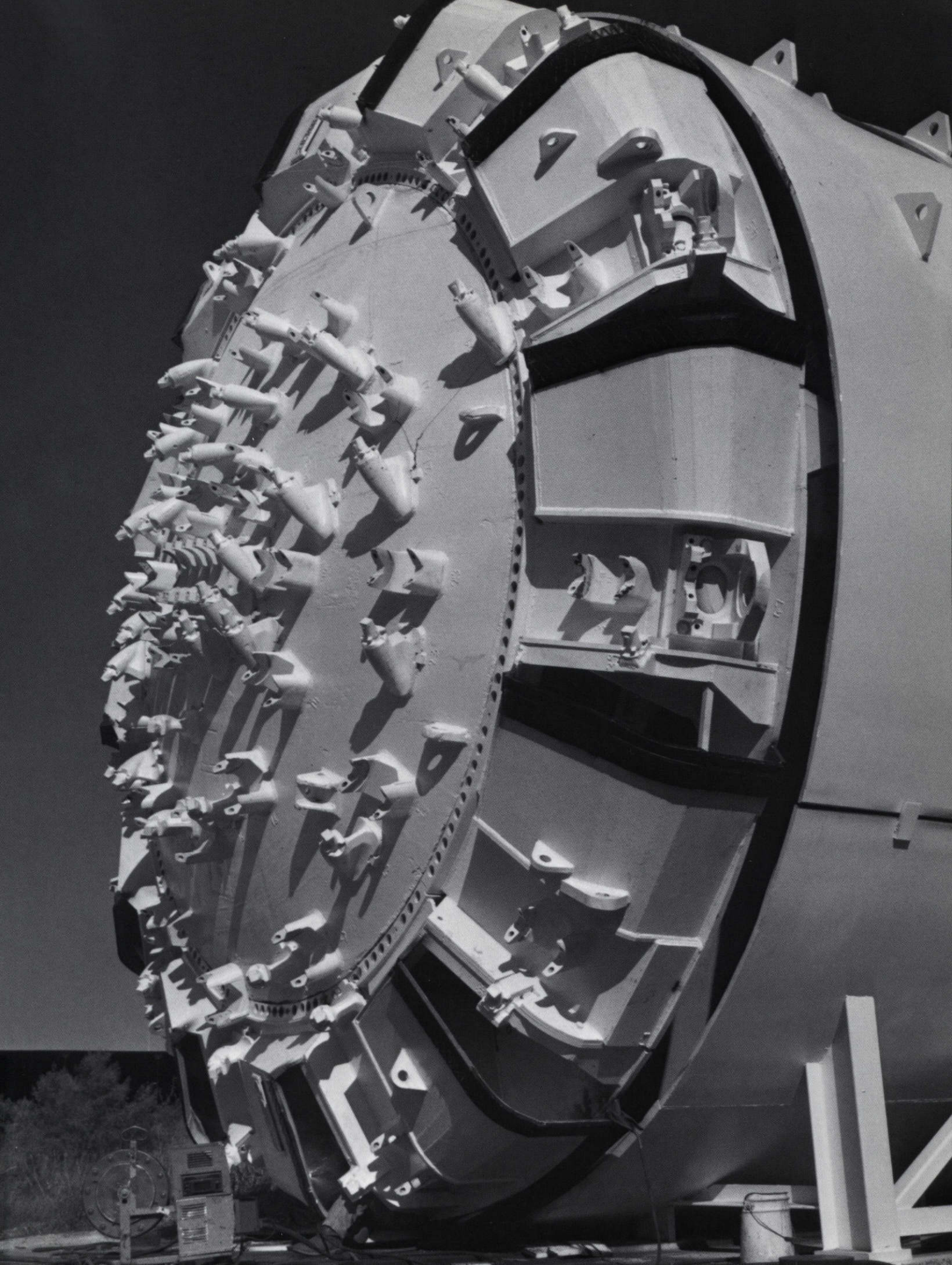
In support of that goal, design of the dam was started in Fiscal Year 1988 and will be completed in Fiscal Year 1989 by the Authority's consultants for the dam and San Juan Ditch flow diversion facilities. Public coordination for this project began in 1986 and will continue into Fiscal Year 1989 with the interested governmental and civic groups for the project. The project is funded by Channel Improvement Revenue Bonds serviced by the Bexar County Flood Control Tax.

The **San Pedro Creek Channel Project from Poplar Street to Myrtle Street** is a joint effort by the Corps of Engineers and the Authority to complete flood control improvements along San Pedro Creek. In addition to these flood control improvements, the construction of a U-framed channel from Poplar Street to North



Shown is a view of the tunnel boring machine gripper pads. These pads prevent the 620 ton machine from slipping while in operation in the tunnel.

The cutter head on the tunnel boring machine is more than 27 feet in diameter. This is to allow for a 24 foot finished interior diameter of the tunnel as well as 12" concrete liners on each side.



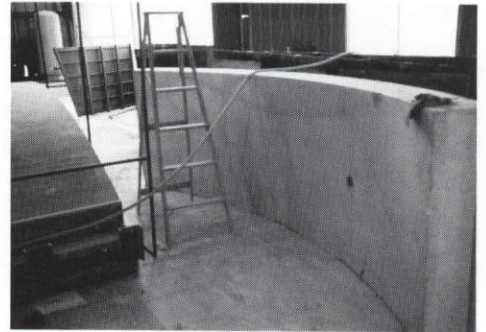
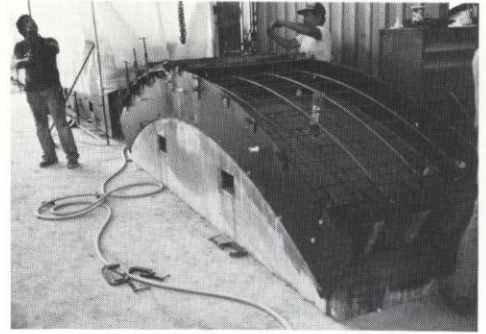
Flores is scheduled for construction in 1989 by the Corps of Engineers. The Authority's improvements along the San Pedro Creek Channel will provide flood control protection for the Five Points area and the VIA Metropolitan Transit Authority's general office and maintenance facility. Federal appropriations will fund project construction. The Authority's local interest contribution, rights-of-way acquisition, utility relocations and engineering activities are funded by the Bexar County Flood Control Tax.

Programming Phase Report Nueva Street to U.S. Highway 281 identifies future potential improvement areas along the San Antonio River. Approximately ten years ago, the City of San Antonio and the Authority entered into an agreement for joint funding (55% City; 45% SARA) of an Authority study of the section of the river from South Alamo Street upstream to Hildebrand Avenue. The first phase of the study from South Alamo Street to Nueva Street identified needs along the river and developed a plan for constructing improvements along the Corps of Engineers flood control channel. As a result, the San Antonio River Betterments Project was constructed and eventually dedicated in March of 1988.

During Fiscal Year 1988, a second phase report was started and extended from Nueva Street to U.S. Highway 281. Public presentations to solicit input and final report preparation is scheduled for completion during Fiscal Year 1989. This study seeks to establish funding sources and development alternatives concerning beautification and use along the San Antonio River.

Brackenridge Park Emergency Channel Repairs considered repair of an eroded area of the San Antonio riverbank in Brackenridge Park. During Fiscal Year 1988, the Authority assisted the City of San Antonio in the design for repairs to an eroded area of the river's bed and bank. The project consisted of soil and sod covering for a gabion bank stabilization system and maintained the natural park atmosphere while protecting the river bank. This project will be constructed by the City of San Antonio during Fiscal Year 1989. Costs associated with this project for engineering design were paid by the City of San Antonio.

The Olmos Dam Gate Hoist Operators, installed with the original dam in 1927, were in poor repair at the beginning of this fiscal year and overhaul of these operators had failed. The Authority plans to replace these operators and also designed new instrumentation and controls to tie into the flood control tower located at Nueva Street. This project is funded by the San Antonio River Authority through the Bexar County Flood Control Contract.

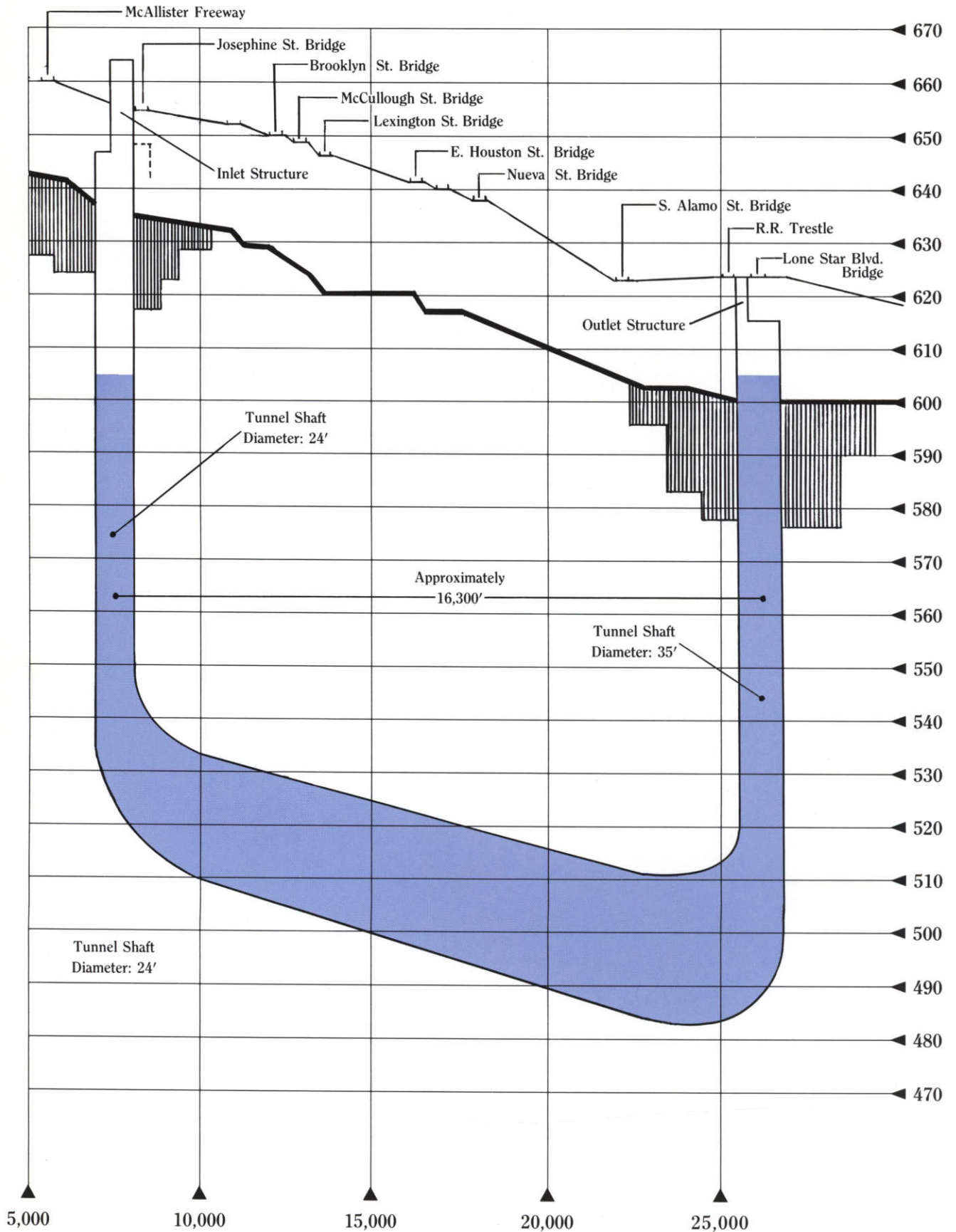


The concrete liners are precast and then moved to the tunnel site for installation. The concrete liners are in four foot wide segments to allow for drilling and placement at the same time.

The interior of the San Pedro Creek tunnel as it was before placement of the tunnel boring machine. The track below is for the tunnel boring machine to move along, and later will serve railcars to haul the tunnel spoil from the tunnel itself.



CROSS-SECTION OF TUNNEL ELEVATION



Board of Directors
San Antonio River Authority
San Antonio, Texas

REPORT OF INDEPENDENT AUDITORS

We have audited the accompanying general purpose financial statements of the San Antonio River Authority as of and for the year ended June 30, 1988, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the San Antonio River Authority at June 30, 1988, and the results of its operations and the changes in financial position of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles.

Ernst & Whinney

San Antonio, Texas
September 2, 1988

COMBINED BALANCE SHEET
All Fund Types and Account Groups - June 30, 1988

ASSETS:

Cash — Note B	
Investments — Note B	
Receivables:	
Accounts	
Accrued Interest	
Taxes	
Allowances for Delinquent Taxes (Deduction)	
	Total Receivables
Due from Other Funds — Note C	
Prepaid Expenses and Other Assets	
Concession Inventory	
Investments by Agent to Fund Deferred Compensation Annuities	
Restricted Assets — Notes F and G	
Cash — Note B	
Cash with Fiscal Agent	
Accounts Receivable	
Investments	
Bond Sale Expense — Net of Amortization	
Office Furniture, Fixtures, and Equipment	
Other Machinery and Equipment	
Automobiles and Trucks	
Buildings	
Improvements Other Than Buildings	
Sewage Treatment Facilities	
Construction In Progress	
Allowances for Depreciation (Deduction)	
Land	
Soil Conservation Service Projects	
Model Cities Project	
Flood Control Projects — Note H	
Amount Available in Debt Service Funds	
Amount to be Provided for Retirement of General Long-Term Debt	
	Total Assets

Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
General	Special Revenue	Debt Service	Capital Projects	Enterprise- Note K	Agency	General Fixed Assets- Note J	General Long-Term Obligations	
\$2,366,640	\$ 18	\$ 5	\$ 10,412	\$ 45,943	\$ 60,088			\$ 2,483,106
5,653,275	666,480	4,260,125	6,862,585	2,016,500				19,458,965
112,035	63,628			197,728	472,996			846,387
72,362	3,749			15,605				91,716
11,199								11,199
(11,199)								(11,199)
184,397	67,377			213,333	472,996			938,103
272,010	562		209,228	7,245				489,045
49,547				4,100				53,647
				19,578				19,578
					103,887			103,887
			2,596	66	2,773			5,435
		2,026,745		520,401				2,547,146
				369,901				369,901
			395,120	5,265,055	51,296			5,711,471
				96,161				96,161
				53,483		\$ 807,473		860,956
				399,614		645,083		1,044,697
				272,279		288,377		560,656
				554,717		2,831,132		3,385,849
				1,497,108		70,041		1,567,149
				17,242,054				17,242,054
				218,724				218,724
				(3,014,716)				(3,014,716)
				1,457,836		98,898		1,556,734
						12,874,773		12,874,773
						9,109,195		9,109,195
						104,685,574		104,685,574
							\$ 4,865,131	4,865,131
							28,169,869	28,169,869
\$8,525,869	\$734,437	\$6,286,875	\$7,479,941	\$27,239,382	\$691,040	\$131,410,546	\$33,035,000	\$215,403,090

COMBINED BALANCE SHEET
All Fund Types and Account Groups - Continued
June 30, 1988

LIABILITIES AND FUND EQUITY:

Liabilities:

Accounts Payable

Performance Deposit

Amounts Held in Custody for Other Taxing Units

Payroll Deductions

Sales Tax Payable

Employees' Deferred Compensation

Due to Other Funds - Note C

Other Accrued Liabilities

Deferred Income - Connection Fees

Liabilities of Restricted Assets:

Accounts Payable

Accrued Bond Interest Payable

Bonds Payable Within One Year

Matured Interest Coupons Payable

Other Bonds Payable - Notes E, F, G, and L

Total Liabilities

Fund Equity:

Contributed Capital

Investment in Fixed Assets:

From Revenues

From Contributions

Retained Earnings

Fund Balances:

Reserved for Flood Control Administration — Note I

Reserved for Encumbrances

Unreserved:

Designated by Management

Designated for Self Insurance

Designated for Debt Service

Undesignated

Total Fund Equity

Total Liabilities and Fund Equity

Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Type	Account Groups		
General	Special Revenue	Debt Service	Capital Projects	Enterprise- Note K	Agency	General Fixed Assets- Note J	General Long-Term Obligations	Totals (Memorandum Only)
\$151,316	\$ 2,987		\$ 213,612	\$ 52,810	\$ 444,101			\$ 864,826
1,500								1,500
					244			244
1,530				35				1,565
				3,789				3,789
					102,282			102,282
7,790	25,108		75,096	236,638	144,413			489,045
505,409				6,837				512,246
				249,480				249,480
				78,771				78,771
				280,302				280,302
				245,000				245,000
		\$1,421,744						1,421,744
				7,060,000			\$33,035,000	40,095,000
667,545	28,095	1,421,744	288,708	8,213,662	691,040		33,035,000	44,345,794
				8,441,193				8,441,193
						\$38,487,800		38,487,800
						92,922,746		92,922,746
				10,584,527				10,584,527
70,799								70,799
152,975	150		469,542					622,667
14,843								14,843
300,000								300,000
		4,865,131						4,865,131
7,319,707	706,192		6,721,691					14,747,590
7,858,324	706,342	4,865,131	7,191,233	19,025,720	—	131,410,546	—	171,057,296
\$8,525,869	\$734,437	\$6,286,875	\$7,479,941	\$27,239,382	\$691,040	\$131,410,546	\$33,035,000	\$215,403,090

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES**
All Governmental Fund Types - Year Ended June 30, 1988

Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Revenues and Other Financing Sources:					
Revenues:					
Ad Valorem Taxes	\$ 603				\$ 603
Bexar County Flood Control Tax		\$3,565,367			3,565,367
Interest Income	1,497,999	34,618			1,532,617
Intergovernmental Revenues	57,559			\$ 12,761	70,320
Sale of Assets	22,346				22,346
Laboratory Sampling	108,468				108,468
Vehicle Usage	38,131	2,754			40,885
Materials Testing	12,417				12,417
Computer Usage	51,038				51,038
Sale of Hay and Miscellaneous	56,466			13,927	70,393
Administrative Fee for Pollution Bonds	7,336				7,336
Insurance Reimbursement	31,347				31,347
Total Revenues	1,883,710	3,602,739		26,688	5,513,137
Other Financing Sources:					
Proceeds from Sale of Property				10,855	10,855
Interfund Transfer			\$3,381,930	6,952	3,388,882
Total Revenues and Other Financing Sources	1,883,710	3,602,739	3,381,930	44,495	8,912,874
Expenditures and Other Financing Uses:					
Expenditures:					
Current:					
Regular Salaries	1,400,512	41,357			1,441,869
Part-Time Salaries	28,297				28,297
Directors Compensation	13,400				13,400
Expense Allowance	8,100				8,100
Retirement	112,783	3,295			116,078
Employer FICA, Unemployment, and Insurance	187,548	7,729			195,277
Educational Allowance	3,277				3,277
Office Supplies	8,486				8,486
Operating and Maintenance Supplies	111,182	13,216			124,398
Operating and Maintenance Supplies: Vehicles	26,930				26,930
Photographic Supplies	1,645				1,645
Commissions and Discounts on Taxes	48				48
Professional Services	155,254	1,262			156,516
Communications	26,383	375			26,758
Janitorial Services	10,824				10,824
Travel	32,003				32,003

(cont'd)

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES**
All Governmental Fund Types - Year Ended June 30, 1988 - continued

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Expenditures and Other Financing Uses - Continued:					
Expenditures - Continued:					
Current - Continued:					
Vehicle Usage	\$ 18,286	\$ 4,801			\$ 23,087
Advertising	4,089				4,089
Binding and Printing	4,803				4,083
Dues and Subscriptions	21,353				21,353
General Insurance	27,274				27,274
Utilities	30,073	522			30,595
Repairs and Maintenance Contracts	49,498				49,498
Rentals	57,563				57,563
Miscellaneous	31,346				31,346
Allocation of Administrative Expenses (Deduction)	(1,741,460)	28,754			(1,712,706)
Total Current Expenditures	629,497	101,311			730,808
Capital Outlay:					
Buildings	1,204,394				1,204,394
Land				\$ 177,328	177,328
Improvements Other Than Buildings				4,531,800	4,531,800
Other Machinery and Equipment	173,260				173,260
Total Capital Outlay	1,377,654			4,709,128	6,086,782
Debt Service:					
Bond Principal			\$ 445,000		445,000
Interest on Bonds			2,854,891		2,854,891
Total Expenditures	2,007,151	101,311	3,299,891	4,709,128	10,117,481
Other Financing Uses:					
Miscellaneous	3,000				3,000
Transfers to Interest and Redemption Fund		3,381,930			3,381,930
Transfers to Capital Projects Fund		6,952			6,952
Total Expenditures and Other Financing Uses	2,010,151	3,490,193	3,299,891	4,709,128	13,509,363
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(126,441)	112,546	82,039	(4,664,633)	(4,596,489)
Fund Balances, July 1, 1987	7,984,765	593,796	4,783,092	11,855,866	25,217,519
Fund Balances, June 30, 1988	\$7,858,324	\$ 706,342	\$4,865,131	\$7,191,233	\$ 20,621,030

See notes to financial statements.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
General and Special Revenue Fund Types - Year Ended June 30, 1988**

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)
Revenues and Other Financing Sources:						
Revenues:						
Ad Valorem Taxes	\$ 500	\$ 603	\$ 103			
Bexar County Flood Control Tax				\$3,600,000	3,565,367	\$ (34,633)
Interest Income	830,000	1,497,999	667,999	30,000	34,618	4,618
Intergovernmental Revenues	63,900	57,559	(6,341)			
Sale of Assets	5,000	22,346	17,346			
Laboratory Sampling	53,313	108,468	55,155			
Vehicle Usage	40,000	38,131	(1,869)	4,000	2,754	(1,246)
Materials Testing	17,550	12,417	(5,133)			
Computer Usage	88,200	51,038	(37,162)			
Sale of Hay and Miscellaneous	23,250	56,466	33,216			
Administrative Fee for Pollution Bonds	730	7,336	6,606			
Insurance Reimbursement	31,130	31,347	217			
Total Revenues and Other Financing Sources	1,153,573	1,883,710	730,137	3,634,000	3,602,739	(31,261)
Expenditures and Other Financing Uses:						
Expenditures:						
Current:						
Regular Salaries	1,539,920	1,400,512	139,408	46,400	41,357	5,043
Part-Time Salaries	39,175	28,297	10,878			
Directors Compensation	16,800	13,400	3,400			
Expense Allowance	8,100	8,100				
Retirement	139,400	112,783	26,617	3,750	3,295	455
Employer FICA, Unemployment, and Insurance	260,000	187,548	72,452	8,750	7,729	1,021
Educational Allowance	6,000	3,277	2,723			
Office Supplies	12,518	8,486	3,672			
Operating and Maintenance Supplies	152,297	111,182	41,115	17,300	13,216	4,084
Operating and Maintenance Supplies: Vehicles	34,500	26,930	7,570			
Photographic Supplies	2,765	1,645	1,120			
Commissions and Discounts on Taxes	300	48	252			
Professional Services	228,245	155,254	72,991	2,000	1,262	738
Communications	31,400	26,383	5,017	420	375	45
Janitorial Services	12,710	10,824	1,886			

(cont'd)

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**
General and Special Revenue Fund Types - Continued

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)
Expenditures and Other Financing Uses - Continued:						
Expenditures - Continued:						
Current - Continued:						
Travel	\$ 39,250	\$ 32,003	\$ 7,247			
Vehicle Usage	19,200	18,286	914	\$ 8,400	\$ 4,801	\$ 3,599
Advertising	4,370	4,089	281			
Binding and Printing	11,982	4,803	7,179			
Dues and Subscriptions	27,141	21,353	5,788			
General Insurance	55,000	27,274	27,726			
Utilities	32,900	30,073	2,827	720	522	198
Repairs and Maintenance Contracts	82,728	49,498	33,230			
Rentals	61,345	57,563	3,782	1,500		1,500
Miscellaneous	31,362	31,346	16			
Allocation of Administrative Expenses (Deduction)	(1,637,981)	(1,741,460)	103,479	28,754	28,754	
Total Current Expenditures	1,211,067	629,497	581,570	117,994	101,311	16,683
Capital Outlay:						
Buildings	1,524,845	1,204,394	320,451			
Other Machinery and Equipment	203,923	173,260	30,663			
Total Capital Outlay	1,728,768	1,377,654	351,114			
Total Expenditures	2,939,835	2,007,151	932,684	117,994	101,311	16,683
Other Financing Uses:						
Miscellaneous	9,775	3,000	6,775			
Transfers to Interest and Redemption Fund				3,444,000	3,381,930	62,070
Transfers to Capital Projects Funds					6,952	(6,952)
Total Expenditures and Other Financing Uses	2,949,610	2,010,151	939,459	3,561,994	3,490,193	71,801
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under)						
Expenditures and Other Financing Uses	(1,796,037)	(126,441)	1,669,596	72,006	112,546	40,540
Fund Balances, July 1, 1987	7,984,765	7,984,765		593,796	593,796	
Fund Balances, June 30, 1988	\$6,188,728	\$7,858,324	\$ 1,669,596	\$ 665,802	\$ 706,342	\$ 40,540

See notes to financial statements.

**COMBINED STATEMENT OF CHANGES IN RESERVES,
CONTRIBUTED CAPITAL, AND RETAINED EARNINGS
All Proprietary Fund Types - Year Ended June 30, 1988**

	Parks & Recreation Fund		Sewage Treatment Funds		Pollution Control Con- tract Fund	Combined Totals	
	Retained Earnings	Contributed Capital	Retained Earnings	Contributed Capital	Retained Earnings	Retained Earnings	Contributed Capital
Balances at July 1, 1988	\$ 1,807,700\$	114,963	\$ 8,287,537\$	8,326,230	\$ —	\$ 10,095,237\$	8,441,193
Additions (Deductions):							
Net Income (Loss)	(88,135)		577,425			489,290	
Balance at June 30, 1988	\$ 1,719,565\$	114,963	\$ 8,864,962\$	8,326,230	\$ —	\$ 10,584,527\$	8,441,193

See notes to financial statements.

COMBINED STATEMENT OF REVENUES AND EXPENSES
All Proprietary Fund Types - Year Ended June 30, 1988

	Enterprise Funds			Combined Total
	Parks and Recreation Fund	Sewage Treatment Funds	Pollution Control Contract Fund	
Operating Revenues:				
Concession Sales	\$ 482,071			\$ 482,071
Less Cost of Goods Sold	273,355			273,355
Gross Profit on Sales	208,716			208,716
Entrance Fees	674,838			674,838
Annual Permits	95,556			95,556
Connection Fees		\$ 136,960		136,960
Sewer Service Charges		2,305,352		2,305,352
Administrative Fees			\$ 730	730
Sale of Hay and Miscellaneous	7,166	48,343		55,509
Total Operating Revenues	986,276	2,490,655	730	3,477,661
Operating Expenses:				
Regular Salaries	433,100	413,077		846,177
Part-Time Salaries	9,579			9,579
Retirement	31,186	22,899		54,085
Employer FICA, Unemployment, and Insurance	87,327	75,583		162,910
Office Supplies		858		858
Operating and Maintenance Supplies	46,398	127,223		173,621
Operating and Maintenance: Vehicles	4,484	23,910		28,394
Photographic Supplies	920	146		1,066
Communications	993	3,994		4,987
Professional Services	1,001	29,999		31,000
Laboratory Services	192	22,210		22,402
Travel	500	2,799		3,299
Vehicle Usage	7,952			7,952
Binding and Printing	2,496			2,496
Dues, Subscriptions, and Advertising	46	922		968
General Insurance	45,614	27,589		73,203
Utilities	13,830	186,173		200,003
Repair and Maintenance Contracts	660	888		1,548
Rentals	29	1,084		1,113
Allocation of Administrative Expenses	280,039	264,140	730	544,909
Depreciation	122,023	603,676		725,699
Miscellaneous	800	7,058		7,858
Total Operating Expenses	\$ 1,089,169	\$ 1,814,228	\$ 730	\$ 2,904,127
Operating Income (Loss)	(102,893)	676,427	—	573,534

COMBINED STATEMENT OF REVENUES AND EXPENSES
All Proprietary Fund Types - Continued

	Enterprise Funds			Combined Total
	Parks and Recreation Fund	Sewage Treatment Funds	Pollution Control Contract Fund	
Nonoperating Revenues:				
Interest Income	\$ 13,043	\$ 483,916		\$ 496,959
Intergovernmental Revenues:				
Interest Requirements on Bond Issues			\$ 19,710	19,710
Fiscal Agent Fee Requirement			356	356
Gain on Disposal of Assets	1,715	406		2,121
Total Nonoperating Revenues	14,758	484,322	20,066	519,146
Nonoperating Expenses:				
Interest on Bonds		550,803	19,710	570,513
Other Interest Expense		25,718		25,718
Amortization of Bond Sale Expenses		6,803		6,803
Fiscal Agent Fees			356	356
Total Nonoperating Expenses	—	583,324	20,066	603,390
NET INCOME (LOSS)	\$ (88,135)	\$ 577,425	\$ —	\$ 489,290

See notes to financial statements.

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION
All Proprietary Fund Types - Year Ended June 30, 1988

	Enterprise Funds		
	Parks and Recreation Fund	Sewage Treatment Funds	Combined Total
Sources of Funds:			
Net Income (Loss)	\$ (88,135)	\$ 577,425	\$ 489,290
Add Expenses Not Requiring Work Capital:			
Depreciation Expense	122,023	603,676	725,699
Amortization Expense		6,803	6,803
Funds Provided From Operations	33,888	1,187,904	1,221,792
Net Book Value of Fixed Assets Disposed of	3,396		3,396
Increase in Liabilities of Restrcted Assets		1,423	1,423
Total Sources of Funds	37,284	1,189,327	1,226,611
Applications of Funds:			
Increase in Restricted Assets		1,109,291	1,109,291
Reduction in Long Term Debt		245,000	245,000
Repayment of Interfund Loan		328,785	328,785
Furniture and Fixtures	1,765	1,638	3,403
Other Machinery and Equipment	41,927	38,918	80,845
Automobiles and Trucks	13,112	30,865	43,977
Buildings		6,243	6,243
Improvements Other Than Buildings	468,980		468,980
Sewage Treatment Facilities		39,874	39,874
Construction In Progress	(398,615)	99,885	(298,730)
Total Funds Applied	127,169	1,900,499	2,027,668
Decrease in Working Capital	\$ (89,885)	\$ (711,172)	\$ (801,057)
Elements of Increase (Decrease) in Working Capital:			
Current Assets:			
Cash	\$ (2,450)	\$ (23,165)	\$ (25,615)
Investments	(211,600)	(924,371)	(1,135,971)
Accounts Receivable		28,674	28,674
Interest Receivable	(1,495)	(24,709)	(26,204)
Due From Other Funds of the Authority	(1,874)	4,013	2,139
Inventory	3,256		3,256
Total Decrease in Current Assets	(214,163)	(939,558)	(1,153,721)
Elements of Increase (Decrease) in Working Capital - Continued:			
Current Liabilities:			
Accounts Payable	\$ (57,924)	\$ (114,150)	\$ (172,074)
Payroll Deductions		(55)	(55)
Sales Tax Payable	(2,921)		(2,921)
Due to Other Funds	(67,820)	(114,631)	(182,451)
Other Accrued Liabilities	4,387	450	4,837
Total Decrease in Current Liabilities	(124,278)	(228,386)	(352,664)
Decrease in Working Capital	\$ (89,885)	\$ (711,172)	\$ (801,057)

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS — ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1988

NOTE A — REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity: For financial reporting purposes, the San Antonio River Authority (the Authority) includes all funds and account groups that are controlled by, or dependent on, the Authority. Control by or dependence on the Authority was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the Authority, obligation of the Authority to finance any deficits that may occur, or receipt of significant subsidiaries from the Authority.

Based on the foregoing criteria, the San Antonio River Industrial Development Authority (the Corporation) is not part of the San Antonio River Authority; therefore, it is excluded from the accompanying financial statements. The Corporation was formulated by the San Antonio River Authority under the provisions of the Development Corporation Act of 1979 of the State of Texas, for the purpose of promoting industrial growth within the four county area serviced by the San Antonio River Authority. Eligible applicants are furnished financial assistance through the sale of tax-free industrial development bonds. The Authority has no contingent liability for these bonds. Assets and revenue of the Corporation may ultimately be transferred to the Authority through passage of a resolution by the directors of the Corporation.

Basis of Presentation: The financial statements of the Authority are prepared with generally accepted accounting principles for local governmental units. The financial transactions of the Authority are recorded in individual funds and account groups. The various funds and account groups are reported by type in the financial statements. Amounts in the "Totals (Memorandum Only)" columns in the combined financial statements represent a summation of the combined financial statement line items of the fund types and account groups and are presented only for analytical purposes. Consequently, amounts shown in the "Totals (Memorandum Only)" columns are not comparable to a consolidation and do not represent the total resources available or total revenues and expenditures/expenses of the Authority.

The Authority uses the following fund categories, fund types, and account groups:

GOVERNMENTAL FUND TYPES:

General Fund: To account for all financial resources except those required to be accounted for in another fund. The General Fund is the Authority's operating fund.

Special Revenue Funds: To account for the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are legally restricted to expenditures for a specific purpose. Special revenue funds include the Improvement Bonds Revenue Fund and the Berg's Mill and Salado Creek Maintenance Fund which are used for internal report purposes.

Capital Project Fund: To account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary and fiduciary funds).

Debt Service Fund: To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

PROPRIETARY FUND TYPE:

Enterprise Funds: To account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic

determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

FIDUCIARY FUND TYPE:

Agency Funds: To account for assets held by the Authority as agents for individuals, private organizations, other governments, and/or other funds.

ACCOUNT GROUPS:

General Fixed Assets Account Group: To account for all fixed assets of the Authority, except those accounted for in proprietary funds.

General Long-Term Obligations Account Group: To account for all long-term obligations of the Authority, except those required to be accounted for in proprietary funds.

Basis of Accounting: The modified accrual basis of accounting has been utilized in all funds of the Authority, with the exception of the enterprise funds. Under the modified accrual basis, revenues are recognized in the accounting period in which they become available and measurable, and expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, with the following exception that is in conformity with generally accepted accounting principles: costs for accumulated unpaid vacation and sick leave are reported as expenditures in the period due rather than in the period earned by employees. Interest due July 1, 1988, on general bonded debt has been accrued and reported as mature interest coupons payable in the Debt Service Fund because resources have been provided during the fiscal year for payment of such expenditures and because the cash to pay this interest is on deposit with the fiscal agent at June 30, 1988.

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

Budgeting: By-laws of the Authority require the Board of Directors to adopt an annual budget in which is estimated the amount of funds available from all sources and to allocate the amount of funds which may be expended during the forthcoming fiscal year. Such allocation vests in the manager of the Authority the full authority to expend funds but not to exceed the amounts so allocated. The annual budgetary data for governmental fund types included in the financial statements represents the original budget and amendments as adopted by the Board of Directors and is on the same modified accrual basis used to reflect revenues and expenditures of the General Fund and Special Revenue Funds.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation, is used for formal budgetary control.

Unencumbered appropriations lapse at the end of the fiscal year. Encumbrances outstanding at year end are reported as reservations of fund balances of the governmental fund types. These outstanding encumbrances serve as authorization for expenditures in the following fiscal year.

NOTES TO FINANCIAL STATEMENTS — ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1988 — Continued

NOTE A — Continued

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

All fixed assets of the enterprise funds are recorded in those funds at cost or at fair market value in the case of contributed or donated assets. Depreciation is provided using the straight-line method over the estimated useful lives of the assets of the enterprise funds. The Authority's policy is to expense interest on proprietary fund construction projects as incurred due to the immateriality of amounts involved.

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

Ad Valorem Tax: In 1961, an ad valorem tax of two cents per one hundred dollars assessed valuation was approved by Authority voters and was collected annually at its maximum rate by the tax collector of each county. Effective July 1, 1977, the tax was reduced to one and one-half cents per one hundred dollars valuation by action of the Authority. Use of this tax income is limited to general administration, maintenance of completed projects and updating of the Authority's master plan for water resource development. This tax revenue may not be pledged to debt service on any bonds nor may it be used to construct works of improvement. No tax was levied for fiscal year 1981 and subsequent years, and it is anticipated that no tax will be levied in future years; however, the authority to levy the tax is being retained for usage if required.

Allocation of Administrative Expenses: An allocation plan is utilized to charge the various operating divisions for administrative costs recorded in the General Fund. The allocation is recorded as a negative expenditure in the General Fund and as expenditures/expenses in each fund receiving an allocation.

Deferred Compensation Trust Fund: On September 2, 1975, the Authority established a deferred compensation plan for employees. This plan allows employees to participate on a voluntary basis and is funded entirely by employee contributions based on individual contracts. Contributions to the plan are handled on a payroll deduction basis and are remitted to a trustee monthly. The fund is reported as an agency fund.

NOTE B — CASH AND INVESTMENTS

The Authority's deposits were entirely covered by federal deposit insurance and collateral held in safekeeping for the Authority's general depository bank for the accounts of the Authority through the fiscal year, except at July 31, 1987, when deposits were 96.3% covered. Coverage was adequate again shortly after the end of this month.

Statutes and bond covenants allow the Authority to invest in time deposits or certificates of deposit which must be secured by obligations of the type authorized as investments for the Authority. The Authority may invest in direct obligations of the United States of America, obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed

by its full faith and credit or represents its general obligations, or invested in obligations of instrumentalities of the United States of America, including, but not limited to, evidences of indebtedness issued, insured, or guaranteed by such governmental agencies as the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, United States Postal Service, Farmers Home Administration, Federal Home Loan Mortgage Association, Small Business Administration, Federal Housing Association, or Participation Certificates in the Federal Assets Financing Trust.

The Authority's investments at year end were all in certificates of deposit and U.S. Government obligations and were held by the Authority's general depositories in the name of the Authority.

NOTE C — INTERFUND RECEIVABLES AND PAYABLES

The interfund receivables and payables consist primarily of items arising at year end from the allocation of administrative costs for the year. Significant interfund amounts due to the General Fund from other funds for this allocation consist of \$76,730 due from Martinez/Salatrillo Sewage System Fund, \$51,370 due from the SACIP Phase III Fund, \$88,290 due from the Parks and Recreation Fund and \$120,616 due from the SARA/City of San Antonio ROW Fund.

NOTE D — PENSION PLAN

The Authority has a defined contribution (money purchase) pension plan which was adopted in 1979. To be eligible for the Plan, a participant must be a full-time employee with one year's service. A participant is fully vested after 15 years of service. The Authority is required to contribute 8% of eligible payroll each plan year. The Plan also allows voluntary after-tax employee contributions. Effective January 1, 1987, voluntary employee contributions (made after December 31, 1986) may no longer be withdrawn without penalty. The Plan allows for early and late retirement.

The Authority's covered payroll for the year ended June 30, 1988 was \$1,935,150, compared to total current-year payroll for all employees (full-time and part-time) of \$2,325,922. Employer contributions to the Plan were \$154,812 and \$144,874 or 8% of covered payroll for fiscal years 1988 and 1987, respectively. The Authority's policy is to fund all pension plan costs as they accrue.

NOTE E — SAN ANTONIO CHANNEL IMPROVEMENT PROJECT (SACIP) FUNDS

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

SACIP Improvement Bonds Series 1957 through Series 1977 were issued pledging revenues of the Bexar County flood control tax for retirement of the bonds. Effective January 1, 1980, all outstanding SACIP bonds in the amount of \$17,135,000 were defeased by issuance of \$13,045,000 in San Antonio River Authority Channel Improvement Refunding Revenue Bonds, Series 1980. The refunding bonds were

NOTES TO FINANCIAL STATEMENTS — ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1988 — Continued

NOTE E — Continued

placed in escrow for the payment of all future principal and interest of the refunded bonds. The refunding bonds provided for issuance of additional bonds which are payable from revenue derived from the contract with Bexar County, particularly the 1976 and 1979 amendments.

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

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

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

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

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

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

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

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

The Channel Improvement Revenue Bonds Reserve Fund (the "Reserve Fund"): Established to pay the principal and interest on any bonds to the extent the amounts in the Interest and Sinking Fund are not sufficient for such purpose. No additional deposits are to be made into the Reserve Fund as long as the market value of investments and money is at least equal to the average annual principal and interest requirements on all outstanding bonds, which was \$2,757,156 at June 30, 1988.

At June 30, 1988, the balances of cash and certificates of deposit in the required fund were: Interest and Sinking Fund, \$1,393,065; and Reserve Fund, \$2,867,065. An additional \$2,026,745 has been remitted to the fiscal agent for principal and interest amounts due July 1, 1988.

Channel Improvement Bonds: In addition to the Refunding Revenue Bonds, Series 1980, issued in the amount of \$13,045,000 under provisions of The 1979 Amendatory Contract, additional Channel Improvement Revenue Bonds were issued in series and amounts as follows: Series 1980, \$4,000,000; Series 1982, \$6,000,000; Series 1983, \$6,000,000; and Series 1987, \$6,060,000. These bonds are reported in the General Long-Term Obligations group of accounts.

The Channel Improvement Revenue Bonds are due serially through 2014, with interest rates of 7.2% to 10.0%. Annual requirements for principal and interest range from a high of \$3,434,647 in fiscal year 1990 to a low of \$1,356,386 in fiscal year 2014.

NOTE F — REVENUE BONDS PAYABLE — MARTINEZ/SALATRILLO SEWAGE SYSTEM

The Authority has issued revenue bonds for the purpose of constructing sewage facilities and improvements to the Martinez/Salatrillo Creeks Sewage System. At June 30, 1988, the original amounts of the bonds total \$7,960,000 consisting of Series 1969, 1972, 1982, and 1985. The bond covenants authorizing issuance of these bonds provide for creation and maintenance of separate accounts which are accounted for within an enterprise fund as follows:

1. **Revenue Fund:** All gross revenues of the system must be deposited into this account, from which disbursements for current expenses of the system are made. After all required deposits have been made to the Interest and Sinking Fund and Reserve Fund, at the end of each fiscal year one-half of the money remaining in the Revenue Fund must be deposited into the Contingency and Improvement Fund.
2. **Interest and Sinking Fund:** This account is to be used only for the payment of principal and interest on outstanding bonds. On or before the fifteenth day of each month, in equal monthly installments, an amount must be deposited as is necessary for the payment of principal and interest on the next interest and/or principal payment date.
3. **Reserve Fund:** The minimum amount to be in this account is an amount equal in market value to the average annual principal and interest requirements of all outstanding sewage system revenue bonds. The Reserve Fund complied with this requirement during fiscal 1988. The Fund may be used only to pay principal of and interest on the bonds for which the Interest and Sinking Fund is not adequate.
4. **Contingency and Improvement Fund:** This account is used only for making replacements that are not considered as current expenses; improvements, additions, and extensions to the System; payment of principal and interest on bonds if the Interest and Sinking Fund and Reserve Fund are insufficient; and for the purpose of outstanding bonds for redemption.
5. **Construction Fund:** Moneys in this account are used only for paying the cost of constructing improvements to the System.

At June 30, 1988, the balance of cash, certificates of deposit, and cash with fiscal agent in the required funds were: Interest and Sinking Fund, \$786,848; Reserve Fund, \$755,423; Contingency and Improvement Fund, \$4,083,414; and Construction Fund, \$159,836.

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

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

NOTES TO FINANCIAL STATEMENTS — ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 1988 — Continued

NOTE G — POLLUTION CONTROL CONTRACT FUND — CITY OF KENEDY

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

The City of Kenedy Waste Disposal Contract Revenue Bonds are due serially from fiscal year 1994 through fiscal year 2002, with interest of 5.4%. Annual interest requirements through 1993 are \$19,710; thereafter, principal and interest requirements range from a high of \$53,765 in fiscal year 1994 to a low of \$48,640 in fiscal year 1999.

NOTE H — PARTICIPATION IN FEDERAL CONSTRUCTION PROJECTS

The Authority and the United States Army Corps of Engineers have entered into an agreement which provides that the agencies will cooperate in improving the channel of the San Antonio River and its four tributaries within the City of San Antonio. This agreement further provides that the Authority will pay 2.65% of actual federal costs. Cash payments to June 30, 1988, amounted to \$1,339,177. Pursuant to the agreement, the Corps transfers to the Authority all improvements as they are completed, and the cost to the Corps of Engineers is used as the basis of the additions to the Authority's General Fixed Assets group of accounts.

NOTE I — STATE-DONATED TAXES — GENERAL FUND

In prior years, the Legislature of the State of Texas donated certain ad valorem taxes to the San Antonio River Authority. At June 30, 1988, the fund balance of the General Fund included \$70,799 of these State-donated taxes which are restricted for the construction of improvements, structures, dams, reservoirs, and other works suitable for use in connection with flood control, for the employment of necessary personnel, maintenance of offices, financial aid to the U.S. Army Corps of Engineers and other governmental agencies.

NOTE J — GENERAL FIXED ASSETS

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

	Balance July 1, 1987	Additions —Net	Balance June 30, 1988
Office Furniture, Fixtures and Equipment	\$ 724,338	\$ 83,135	\$ 807,473
Other Machinery and Equipment	609,562	35,521	645,083
Automobiles and Trucks	301,475	(13,098)	288,377
Buildings	1,680,857	1,150,275	2,831,132
Improvements Other Than Buildings	70,041		70,041
Land	98,898		98,898
Soil Conservation Service Projects	12,852,557	22,216	12,874,773
Model Cities Project	9,109,195		9,109,195
Flood Control Projects	86,698,475	17,987,099	104,685,574
	\$112,145,398	\$19,265,148	\$131,410,546

NOTE K — SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The significant portion of the Authority's enterprise funds consists of the Sewage Treatment Funds and the Parks and Recreation Fund. Segment information for the year ended June 30, 1988, is as follows:

	Sewage Treatment Funds	Parks and Recreation Fund	Other Funds	Total Enterprise Funds
Property, Plant and Equipment	\$19,465,770	\$2,230,045		\$21,695,815
Accumulated Depreciation	(2,462,889)	(551,827)		(3,014,716)
Working Capital	1,850,281	156,310	\$ (1)	2,006,590
Property Additions	217,423	127,169		344,592
Total Equity	17,191,192	1,834,528		19,025,720
Total Assets	24,899,204	1,970,275	369,903	27,239,382
Long-Term Liabilities:				
Payable from Operating Revenues	6,695,000			6,695,000
Payable from Other Sources			365,000	365,000
Operating Revenues	2,490,655	986,276	730	3,477,661
Depreciation	603,676	122,023		725,699
Operating Income (Loss)	676,427	(102,893)		573,534
Net Income (Loss)	577,425	(88,135)		489,290

NOTES TO FINANCIAL STATEMENTS — ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1988 — Continued

NOTE L — LONG-TERM DEBT MATURITIES

Principal and interest requirements to maturity for all long-term debt of the River Authority as of June 30, 1988 are as follows:

	Principal	Interest	Total
General Long-Term Obligations Group			
Channel Improvement Bonds —			
Note E			
1989	\$ 605,000	\$ 2,814,711	\$ 3,419,711
1990	680,000	2,754,647	3,434,647
1991	740,000	2,689,206	3,429,206
1992	805,000	2,617,658	3,422,658
1993	875,000	2,539,532	3,414,532
1994-1998	5,675,000	11,280,400	16,955,400
1999-2003*	8,645,000	8,196,146	16,841,146
2004-2008*	8,475,000	4,102,045	12,577,045
2009-2013*	5,230,000	1,605,324	6,835,324
2014*	1,305,000	51,386	1,356,386
TOTAL	\$33,035,000	\$38,651,055	71,686,055

*Series 1980 Refunding Bonds covenants require mandatory early redemption of fixed amounts of bonds through random selection of bonds each year. The fixed amount of required redemption for bonds with July 1, 2013 maturity is included for years 2001 through 2013.

	Principal	Interest	Total
Enterprise Funds			
Martinez/Salatrillo Creeks			
Sewage System Bonds —			
Note F			
1989	245,000	541,839	786,839
1990	265,000	523,001	788,001
1991	250,000	503,426	753,426
1992	285,000	482,834	767,834
1993	325,000	459,612	784,612
1994-1998	2,050,000	1,865,943	3,915,943
1999-2003	2,115,000	1,014,958	3,129,958
2004-2006	1,405,000	187,850	1,592,850
TOTAL	\$6,940,000	\$5,579,463	\$12,519,463

NOTE L — Continued

	Principal	Interest	Total
City of Kenedy			
Waste Disposal Contract			
Bonds — Note G			
1989		\$ 19,710	\$ 19,710
1990		19,710	19,710
1991		19,710	19,710
1992		19,710	19,710
1993		19,710	19,710
1994-1998	\$ 185,000	74,385	259,385
1999-2002	\$ 180,000	20,250	200,250
TOTAL	\$ 365,000	\$ 193,185	\$ 558,185

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

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

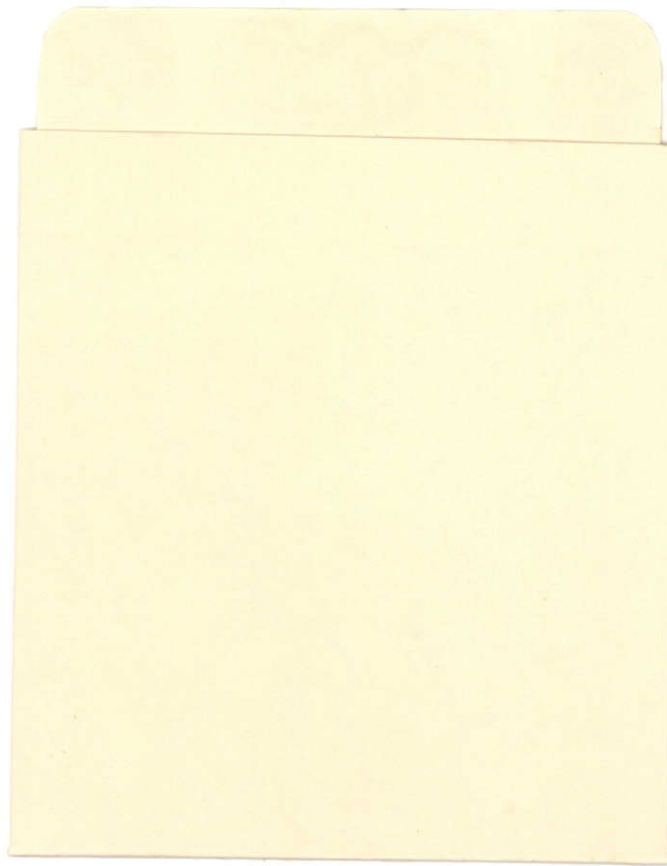
NOTE M — CONTINGENCIES

The San Antonio River Authority was named as defendant in a cause filed by a contractor. The complaint arose from disagreements between the parties concerning a construction contract. The cause has been submitted to the American Arbitration Association for determination, and such determination will be binding on both parties. An accrual has been recorded in the General Fund to provide for that portion of the claim considered by the Authority's counsel to be a probable loss.

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