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Water . . .

lifegiving

shimmering

liquid

whirlpool

*splashing
flowing
flooding*

raging

*cascading
misting*

waves

rippling

stormy

replenishing

Water . . .

lifegiving

shimmering

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*cascading
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waves

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Water is life. Without it, life would wither like
fish on sand. ☽ The nature of water is

expressed like so many facets of a living personality.

Gentle and soothing, meandering peacefully within its
banks. In a rainswelled rage, it roars beastlike, crashing
and smashing beyond containment. ☽ Our own

moods swing as if in accordance with its behavior: drizzle

and gloom, flood and fear, water falling-- spirits rising . . . the exhilaration at rainbow's end. ☽

On a scorching Summer day, just the mere thought of water gurgling, gliding mossy cool over
stones sends us packing picnics to the creek. ☽ Water also has a practical side. We drink it. We

turn it on our dishes, clothes and lawns. We cook with it, bathe with it, boat and ski in it. We
irrigate our farms and gardens with it. We harness its power . . . ☽ As precious as it is to us,

we choose also to ignore it, waste it, and contaminate it. Unless a responsible balance is

maintained between water and civilization, both are destined to suffer. ☽ In 1718, when

Franciscan Father Antonio, discovered the clear waters of the twisting, springfed river, there was
no need for a regulatory body. It very naturally flowed into its function as watering place for

settlers and their stock. ☽ But as settlement grew to town, and town to city, the river brought

periodic destruction. Sharp turns in the picturesque mile-long horseshoe bend delayed water flow and flooded when torrential rains filled the river to its banks. Either by force of its presence, or lack thereof, water tends to remind us rather emphatically that it should never be taken for granted. Devastating floods throughout Texas in 1913 and 1914 provided enough emphasis for voters to pass a constitutional amendment in 1917, creating special purpose subdivisions to serve regional areas that coincided generally with river basins. They were charged with developing and conserving the state's water resources and came to be known as river authorities. The jurisdiction of the SAN ANTONIO RIVER AUTHORITY, Chapter 276, pg. 556, 45th Legislature (1937), as amended, covers 3,677 square miles, being all of Bexar, Wilson, Karnes and Goliad Counties, an area substantially encompassed by the watershed of the San Antonio River. It is governed by a twelve member board of directors. Six are elected from Bexar County, two from the remaining three, and each member serves 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. Its responsibilities are Flood Control, Soil Conservation, Water Conservation (including storage, procurement, distribution and supply), Pollution Prevention, Sewage Treatment, Parks, Recreational Facilities, Fish Preservation, Irrigation, Forestation Measures and Navigation.

*I look at the creek at my feet.
It smashes under the bridge like a fist, but there is no end to its force;
it hurtles down as far as I can see till it lurches round the bend,
filling the valley, flattening, mashing,
pushed wider and faster, till it fills my brain.*

PILGRIM AT TINKER CREEK
ANNIE DILLARD

Naturally occurring floods are sometimes devastating. In ancient times, man learned to live away from flood prone areas or seasonally migrated into and out of flood plains. Older civilizations capitalized on floods to fertilize and irrigate their crops. As civilizations progressed and formed densely populated communities, the associated development caused increased stormwater runoff. This intensified flood occurrences, resulting in extensive property damage and greater loss of lives. 🌊 Locally, the San Antonio flood of 1921 was the catalyst for the City of San Antonio's adoption of a flood control plan. This resulted in Olmos Dam being built in 1926 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. 🌊 This work, however, was not sufficient and 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 recommended 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 (SARA) was designated the "local interest" participant.



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Under this authorization, the Corps of Engineers is responsible for the design and construction of the project. SARA's responsibility as local sponsor includes right-of-way acquisition, utility relocations and construction of bridges and in-channel dams, mainly financed by the Bexar County Flood Control Tax. Through separate agreements, the City of San Antonio finances segments not covered by the County Tax, and operates and maintains the completed channels. 🌊 Although most of the SACIP has been completed, vital sections remain unimproved and these impact downtown San Antonio. In this highly congested area, Corps of Engineers studies determined that conventional methods of flood control were hydraulically and geometrically complex and would prove to be too costly and disruptive. The Corps, therefore, recommended using flood diversion tunnels similar to the one built in Hartford, Connecticut. 🌊 Two flood control tunnels, one on the San Antonio River and the other on the San Pedro Creek, have been designed to divert and carry a major portion of the floodwater beneath downtown San Antonio. With the diversion, existing channels will then be able to safely contain the remaining floodwater. 🌊 The San Antonio River tunnel will be approximately 16,200 feet long with a finished inside diameter of 24'-4." The intake structure is located at a site on the east bank of the river near Josephine Street adjacent to the river. This site is immediately south of the Brackenridge Park golf course and is being designed to complement the park setting by incorporating landscaping and a waterfeature that cascades almost 30 feet into the San Antonio River. The waterfeature is intended to mask the 120 foot long floodwater intake opening and trashracks. In addition, the waterfeature will aerate the water before returning it to the river, thus enhancing the quality of the river. 🌊 Floodwaters entering the intake structure will be carried through the tunnel to the

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SEPTEMBER 26-27, 1946,
A CAR IS CAUGHT IN A
LOW WATER CROSSING.
THIS FLOOD CAUSED SIX
DEATHS AND \$2.1 MILLION
DOLLARS IN PROPERTY
DAMAGE.



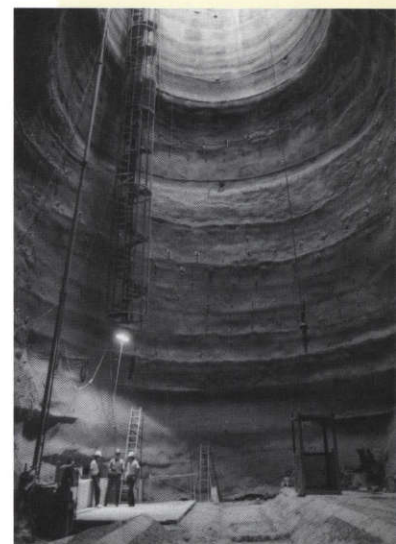
discharge site located on the west bank of the river near Lone Star Boulevard.

There, stormwaters will flow out of the outlet shaft over a 200 foot concrete apron before combining with the flow in the San Antonio River channel. 🌊

The San Pedro Creek tunnel begins at Interstate 35 between Santa Rosa and Cameron Streets and continues along the alignment of San Pedro Creek to the outlet at Guadalupe Street. It is 6,000 feet long with the same finished inside diameter of 24'-4". The inlet structure includes a bypass pumping system to maintain base flow in San Pedro Creek. The San Pedro Creek Tunnel Project is anticipated to be complete by Fall 1992. 🌊

Upstream of the San Pedro Creek Tunnel Project flood containment structures and landscaping amenities for San Pedro Creek from Poplar to Myrtle Street are now being designed by the San Antonio River Authority Engineering Department. This area of San Pedro Creek contains historically and culturally significant features of San Antonio dating back to times of the earliest settlers in Texas, therefore, additional care is being taken to design a project that will complement this special setting. 🌊 In planning for future San Antonio River improvements, the SARA and the City of San Antonio have developed a design team to coordinate a series of planning projects encompassing the San Antonio River from Espada Dam located below S.W. Military Drive to the northern boundary of Brackenridge Park at Hildebrand Avenue. This planning effort with its active solicitation of public input at every opportunity is similar to the first design team work undertaken in the late seventies in the King William area immediately south of downtown San Antonio.

**VIEW OF THE SAN
PEDRO CREEK TUNNEL
OUTLET SHAFT AS SEEN
FROM THE BOTTOM OF
THE TUNNEL SHAFT**



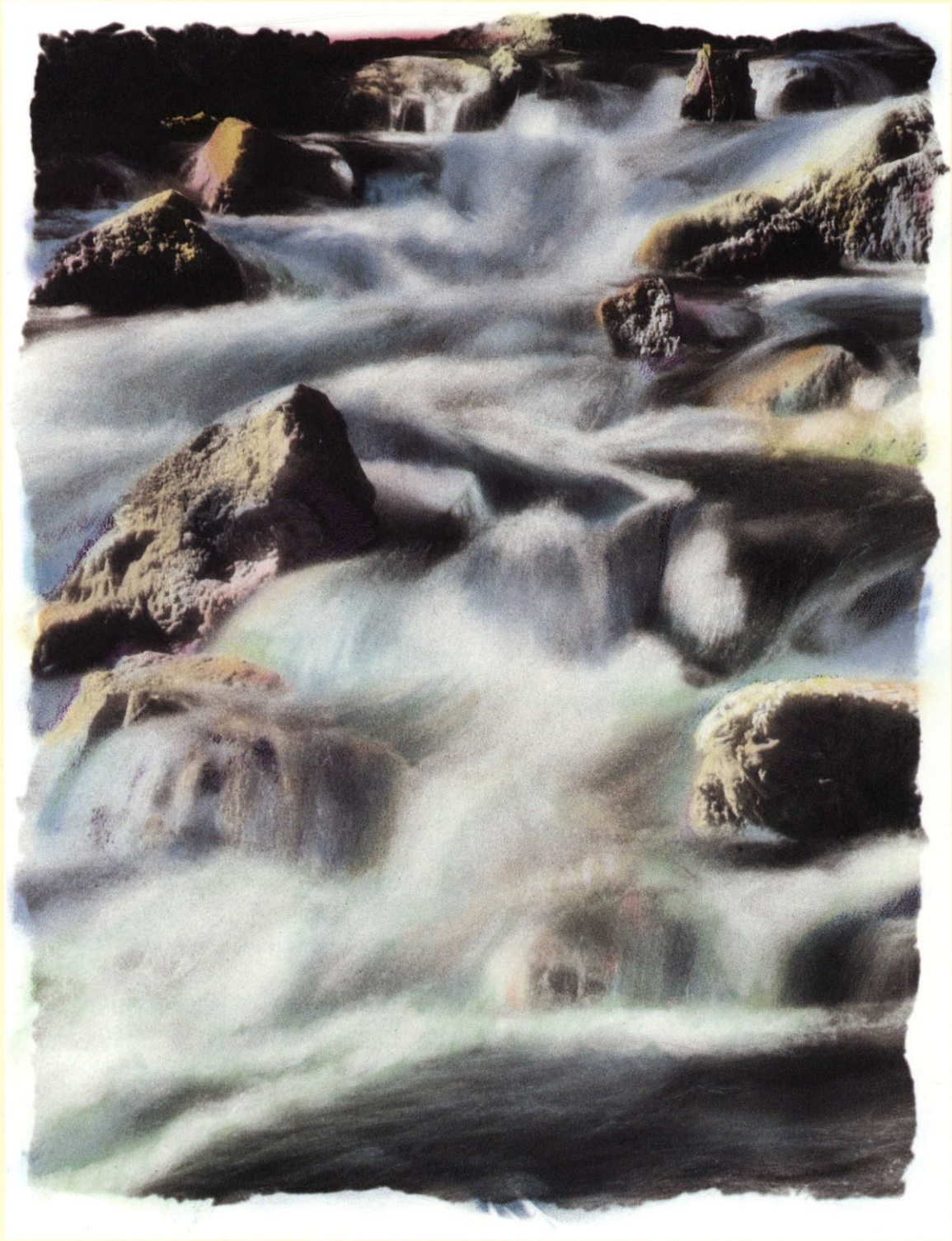
The design team phase from Nueva Street to U.S. Highway 281 along the river has been in progress for two years and is nearing completion. This study will identify development alternatives concerning beautification and adjacent uses along the San Antonio River as well as potential funding sources. 🌊 The segment of the river from Guenther Street to Espada Dam is also being studied to identify potential improvements for future enhancements. Over 45 groups and organizations have expressed a desire to have input into the process. This study will include historic areas such as the San Antonio Missions National Historic Park and the King William District. 🌊 The study segment from U.S. Highway 281 to Hildebrand Avenue is still in the preliminary stages and will not be ready for public input until spring or summer of 1991. 🌊 In addition to the SARA's involvement with the Corps of Engineers and flood control on the San Antonio River, the Authority has also worked with the Soil Conservation Service, USDA, in the rural areas throughout the San Antonio River basin. This effort helped develop the concept of achieving flood control by constructing numerous small floodwater retention dams on tributary streams as opposed to extensive channelization. As a result of SARA's involvement in obtaining first congressional appropriations for the Pilot Watershed Projects in 1953, the Calaveras Creek Pilot Watershed Project in Bexar County and the Escondido Creek Pilot Watershed Project in Karnes County were two of only four pilot projects funded in the State of Texas.

*It has always been a happy thought to me
that the creek runs on all night,
new every minute
whether I wish it or know it or care.*

PILGRIM AT TINKER CREEK
ANNIE DILLARD

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.





Throughout the District, the SARA now operates and maintains forty-one (41) flood control structures constructed under the current Federal P.L. 566 Program and the preceding Pilot Watershed Project. In Karnes County, the completed projects include thirteen (13) dams in the Escondido Creek watershed and three (3) dams in the Hondo Creek watershed, as well as 2.07 miles of channel on Nichols Creek in the City of Kenedy. In Bexar County, the completed projects include seven (7) dams in the Calaveras Creek watershed and six (6) dams in the Martinez Creek watershed. These structures located on private lands are operated by the SARA under easement agreements. Many landowners have incorporated the 20 to 30 acre ponds formed by these structures into their farm or ranch operations and they also benefit from the outdoor recreation these sites provide. 🌊 The Salado Creek Watershed Project, located in Bexar County, is an active construction project. This multipurpose fourteen structure project is being constructed to impound stormwater runoff and reduce damaging floods along Salado Creek and its major tributaries in northern Bexar County. Ten of the structures are located on the porous limestone of the Edwards Aquifer recharge zone. It is estimated that this project has increased the average annual recharge to the Edwards by 3,000 acre feet. 🌊 Twelve of the fourteen floodwater retarding structures have been completed and the dam at Site 10 is now under construction. Consisting of a series of “smaller” floodwater retarding structures rather than one large dam or massive channel improvement project, this project demonstrates that flooding can be reduced without serious negative impact on the environment of the floodplain. 🌊 The floodwater retarding structure at Site 10 is the most complex and expensive dam yet designed for this project. Construction will be ongoing for the next three (3) years at an estimated cost of \$3.5 million. The top of this dam will be sixty-two (62) feet above the bottom of Mud Creek and the impoundment will have a maximum stormwater retention capacity of 1,846 acre feet.

Rainfall renews our water supply. It replenishes underground aquifers, such as the Edwards and Carrizo, and provides water for surface streams and rivers. Rainfall and waters found in aquifers and rivers are free, but capturing, containing, treating and distributing water is not free. ➤ Providing adequate supplies of water for over one million people, industries and agriculture in the San Antonio River Basin is costly and will become more difficult and expensive as south Texas continues to grow. ➤ The beneficial development and prudent management of natural and manmade water supplies to satisfy current and future demands can be generally defined as “Water Conservation.” SARA has long supported efficient use of existing water supplies and development and utilization of surface water to meet the long range needs of south central Texas. SARA, along with the Edwards Underground Water District, City of San Antonio, Nueces River Authority, and Guadalupe-Blanco River Authority, participated in the development of the San Antonio Regional Water Resources Plan. The Plan, which calls for comprehensive management and development of additional water resources to supplement underground supplies, recognizes the need for construction of surface water projects.

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Cibolo Reservoir and Goliad Reservoir are proposed 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 and will have a firm yield of 30,000 acre feet per year. 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, having a firm yield of 115,000 acre feet per year could serve municipal and industrial needs in both San Antonio and the Corpus Christi area and increase the yield of the proposed reservoirs near Cuero

*The rain and the snow come down from heaven,
and do not return to it
without watering the earth
and making it bud and flourish,
so that it yields seed for the sower
and bread for the eater.*

[SAIAH 55:10

by furnishing their portions of the freshwater inflow requirements to the bay. 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. These studies are available to the general public at local libraries throughout the San Antonio and Guadalupe River basins.

SKILLED PERSONNEL
COMBINED WITH THE LATEST
COMPUTER EQUIPMENT
ALLOW US TO PRODUCE A
QUALITY SET OF
ENGINEERING PLANS.



SARA MONITORS**ACCIDENTS AND CHEMICAL****SPILLS AS WELL AS****SEEMINGLY MINOR FORMS****OF WATER POLLUTION.****PLASTIC CUPS AND SIX-****PACK RINGS APPEAR TO BE****FOOD TO AQUATIC****ANIMALS AND FISH, OFTEN****WITH FATAL****CONSEQUENCES.**

Often, water pollution is associated with the concentration of people and activities in urbanized and industrialized areas. Wastewater must be properly treated before it is discharged into the environment and potable water quality must be insured before the water is used. Regular, systematic laboratory analysis of the quality of water in reservoirs, streams, and potable water supply systems is essential to water pollution control. Similarly, wastewater from residential, commercial and industrial dischargers must be analyzed in the laboratory. The Environmental Services Division of the San Antonio River Authority is one provider of such laboratory services in the San Antonio River basin. ▲ Wastewater effluent samples are tested in the Environmental Services laboratory for sixteen (16) municipalities and seven (7) commercial activities that treat the wastewater according to the requirements of State and Federal discharge permits. Certified by the Texas Department of Health to perform bacterial analysis of drinking water, the SARA laboratory also provides analyses of potable water supplies to public and private entities throughout the San Antonio River basin.

SARA has continued its long-standing practice of investigating water pollution complaints within the basin often in cooperation with others such as the Texas Water Commission, Texas Parks and Wildlife Department and the San Antonio Metropolitan Health District. The Authority has also monitored 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 furnished to other agencies involved in impact assessment.

▲ In coordination with the City of San Antonio, the United States Geological Survey (USGS) and others, the San Antonio River Authority is participating in the expanded USGS water resource and water quality monitoring program. This program features instantaneous information on basin stream flow and surface water quality via a satellite transmission system. ▲ The Environmental Services Division monitors water quality and aquatic ecosystems throughout the San Antonio River basin. Stream monitoring and water quality data are reported to the Texas Natural Resource Information System (TNRIS). The TNRIS provides information to agencies, conservation groups, engineering consultants and planners that are concerned with the protection of aquatic environments. ▲ Awareness of aquatic ecology and the hydrologic cycle can be an important foundation for water pollution abatement in the basin. SARA Environmental Services Division personnel continue to present educational programs to scout troops, Senior Citizen groups, fishing clubs, schools and civic organizations interested in aquatic ecology and environmental preservation.

**A SARA ANALYST
EXPLAINS ANALYTICAL
TECHNIQUES TO STUDENTS
IN THE EDGEWOOD ISD
HIGH SCHOOL
INTERN PROGRAM.**

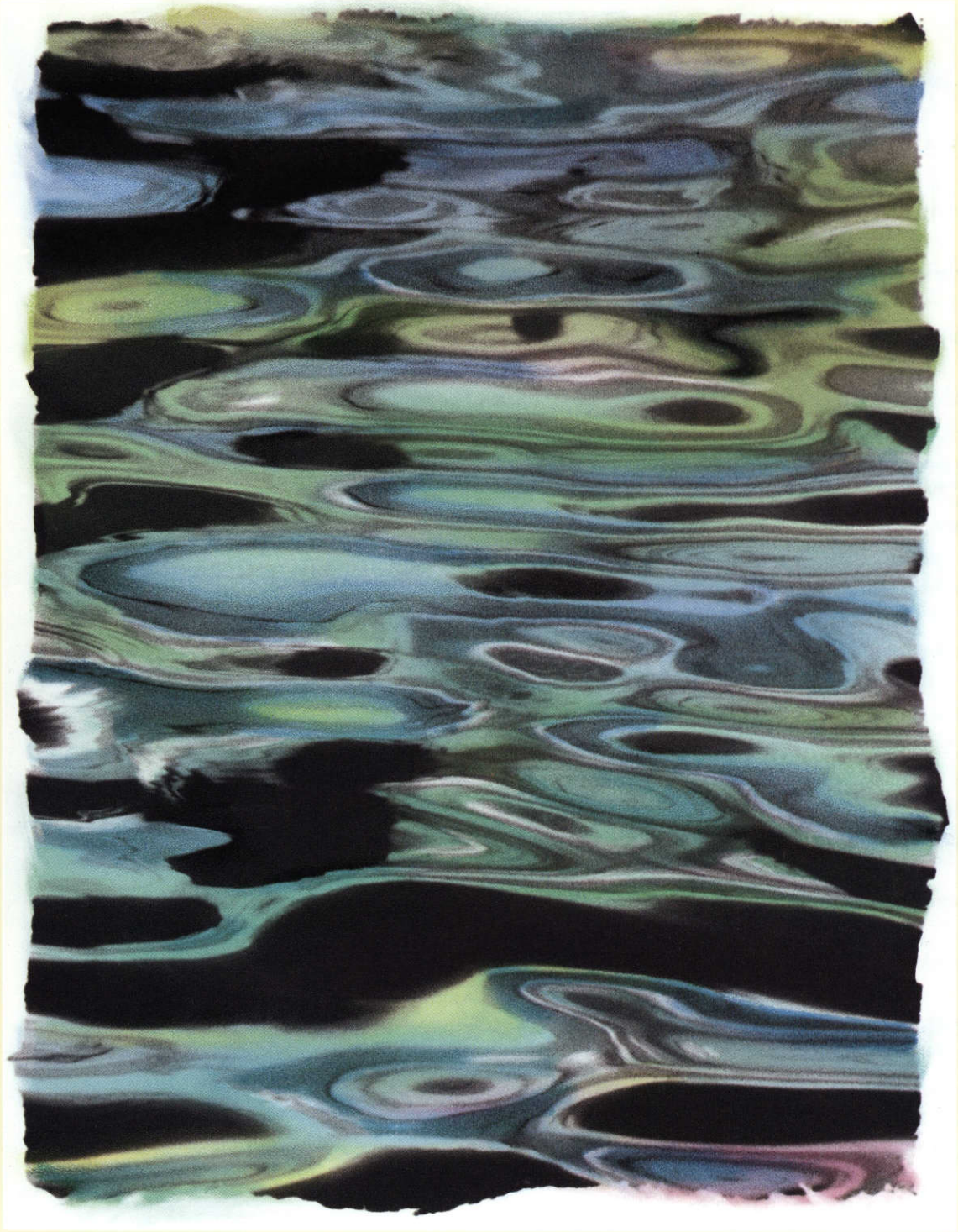


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Waterborne wastes from kitchen disposals, lavatories, toilets, bathtubs, washing machines, restaurants, car wash establishments, and numerous similar sources are collected in underground sanitary sewer systems and delivered by pipelines to wastewater treatment plants. These plants use a variety of methods to purify the wastewater so that it can be safely returned to the environment. These plants now operate according to state and federal permits issued by the governmental agencies which bear the responsibility for determining the extent of wastewater treatment required. These same agencies are the primary enforcers of these permits. 🚰 The Utilities Operations Division of the San Antonio River Authority provides sanitary sewerage service with three sewage treatment plants in the Salatrillo Creek and Martinez Creek watersheds in eastern Bexar County. 🚰 The Salatrillo Creek Wastewater System serves the requirements of the cities of Live Oak, Converse, the western part of Universal City, and the area outside these cities which is within the gravity drainage basin of the treatment plant. The treatment capacity of the Salatrillo Plant is 3.52 MGD (million gallons daily) and it utilizes the carousel-type extended aeration system. The plant has center-pivot irrigation systems for the land application of liquid sludge residual to grow animal feed crops. This environmentally-sound system recycles the by-products of wastewater treatment.

*Water is the blood of the earth,
and flows through its muscles and veins.*

KUANTZU
LATE 4TH CENTURY

VIEW OF THE SALATRILLO
WASTEWATER PLANT. IN
THE FOREGROUND IS
THE CLARIFIER, TO THE
BACKGROUND IS
THE HEADWORKS
OF THE PLANT.



**MAJOR COMPONENTS OF
THE SALATRILLO
WASTEWATER
TREATMENT PLANT NEAR
CONVERSE, TEXAS**



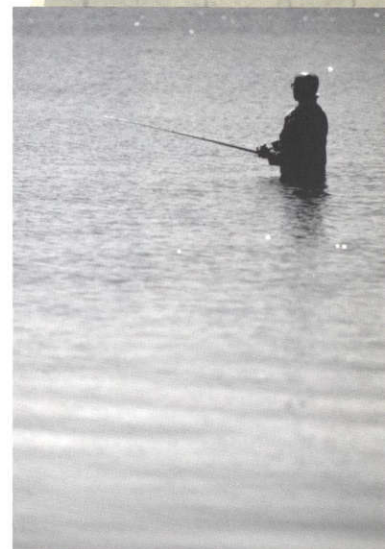
During 1990, administrative requirements were completed to obtain the renewal of the state and federal permits for the Salatrillo plant. Also, initial investigations of the proposed use of ultraviolet lamps for effluent disinfection at this plant were completed.

The Martinez Creek Wastewater System provides service to residential and commercial development in an unincorporated area between the City of San Antonio and the Salatrillo System service area. The carousel-type Martinez I Plant has treatment capacity of 2.21 MGD and utilizes the center-pivot irrigation system for the disposal of liquid sludges. The Martinez II Plant, with its similar type treatment system, is an extension of the Martinez Creek Wastewater system and provides additional capacity for the Martinez Creek service area. In 1990, the Martinez I Relief Outfall Line was completed to provide ample sewer line capacity for current and future development. Preliminary work started on the Walzem Road Line Relocation Project to make way for the future widening of Walzem Road by the State. The Mid-Martinez Relief Outfall Line Project traversing the Woodlake Golf Course was abandoned, and design on a new and more cost effective route has begun. State and federal permits for both the Martinez I and Martinez II plants were renewed, and dechlorination facilities were installed at the Martinez II Plant to meet new permit requirements. In 1990, the performance of the San Antonio River Authority's three wastewater treatment plants was excellent, and there were no permit violations.

Historically, towns and villages grew near dependable sources of water. Although it is no longer necessary for people to live near natural waterways, people are still attracted to water for recreation and relaxation.

🐟 The Authority operates two fee-supported public recreational parks, Calaveras Lake Park and Braunig Lake Park. Lying only four miles apart and within 20 miles of the urban center of San Antonio, both lakes offer a wide variety of water-oriented recreational activities to all the people of south Texas. The parks are located on steam-electric power plant “off-channel” cooling reservoirs and are made possible by long term leases between the City Public Service Board of San Antonio and the Authority. The “off-channel” operating procedure requires that the water lost to evaporation be replaced by pumping “make-up” water from the San Antonio River located nearby. 🐟 The pumping of “make-up” water from the San Antonio River over the last twenty years has increased the dissolved salts in the lakes to a point that the waters will now support adaptive saltwater fish. This enables the Texas Parks and Wildlife Department to stock the lakes with both native and adaptive fish in accordance with their fisheries management program. This program has resulted in the highly successful stocking of the saltwater Red Drum (redfish) which has added an exciting new dimension for the area’s freshwater sports fishermen.

THE ENJOYMENT OF
FISHING CAN HELP
FACILITATE PEACE OF
MIND, ALLOWING ONE TO
EXPERIENCE THE CALM
AND SERENITY OF
NATURE'S
SURROUNDINGS.

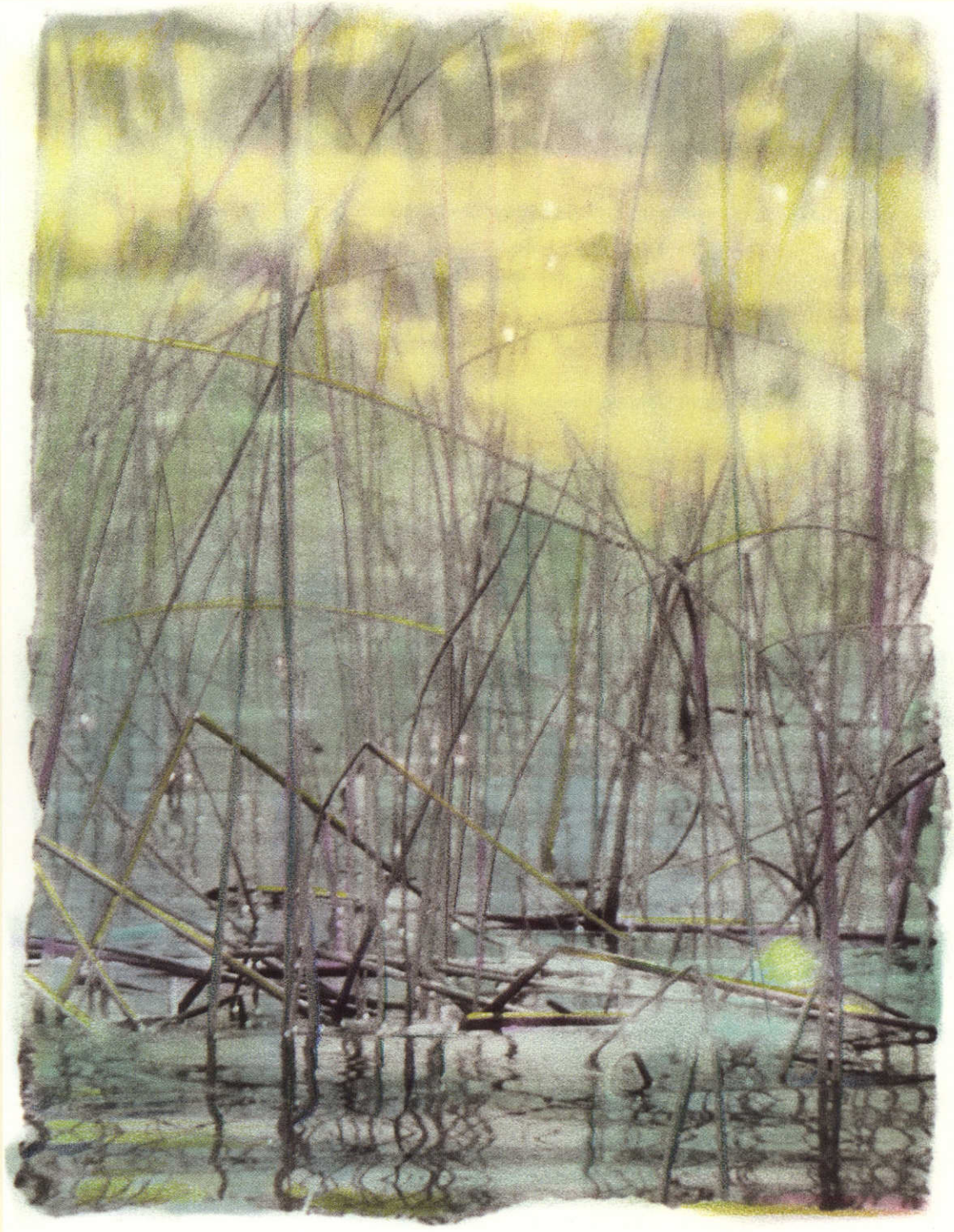



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The current Texas freshwater record Red Drum of 30 pounds 4 ounces came from Braunig Lake in the fall of 1989. 

Calaveras Lake is open to the public 24 hours daily year-around, as is Braunig Lake except for the months of December and January when this lake is open only for limited operations during daytime hours.

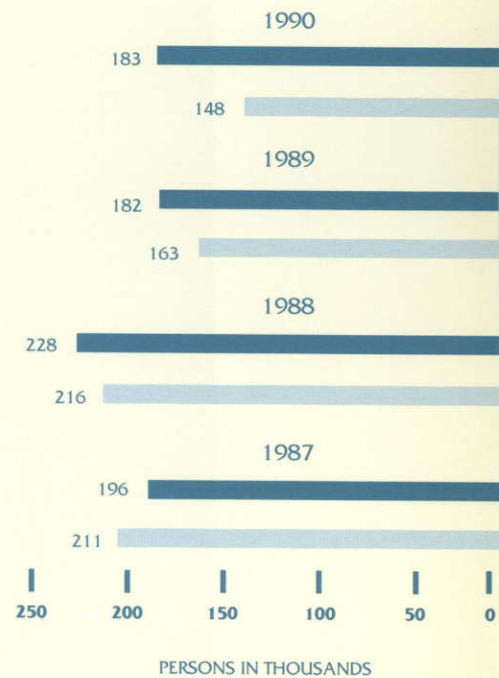
Both parks offer complete concession facilities including bait, tackle, picnic supplies and boat rentals. Both lakes provide superb fishing for bass, channel and blue catfish, as well as adaptive saltwater fish species.



 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 Department and the San Antonio Metropolitan League of Bass Clubs. The Texas Parks and Wildlife Department provides technical assistance and furnishes the bass fry. Now in the fourth year of operation, releases from the nursery ponds totaled 72,000 fingerling bass into Calaveras Lake in the Spring of 1990.

*You sat on the earth as on a raft,
listening to music
which was not of the earth,
but which ruled
and arranged it.*

HENRY DAVID THOREAU

BRAUNIG AND CALAVERAS LAKES ANNUAL VISITATION



CALAVERAS LAKE 
BRAUNIG LAKE 

FISH HARVEST PROFILE

CALAVERAS LAKE
 CATFISH 39%
 CORVINA 25%
 REDFISH 19%
 HYBRID BASS 16%
 BLACK BASS 1%

BRAUNIG LAKE
 CATFISH 58%
 REDFISH 31%
 HYBRID BASS 10%
 BLACK BASS 1%



Front row (l. to r.)

- Nancy M. Steves** (1993) Bexar County
- Jesse Oviedo** (1995) Bexar County
- Allan B. Polunsky** (1993) Executive Committee, Bexar County
- Mary McCampbell** (1991) Treasurer, Goliad County
- Truett Hunt** (1995) Vice Chairman, Karnes County
- Martha Clifton McNeel** (1995) Bexar County
- J.C. Turner** (1991) Wilson County

Back Row (l. to r.)

- Paul K. Herder** (1991) Chairman, Bexar County
- R.H. Ramsey, Jr.** (1995) Goliad County
- Cecil W. Bain** (1991) Bexar County
- W.W. Lorenz** (1995) Secretary, Wilson County
- H. B. Ruckman, III** (1991) Karnes County



Front Row (l. to r.)

Judith T. Pavlik, Controller
Fred N. Pfeiffer, General Manager
Dennis Marrin, Chief, Administrative Services

Back Row (l. to r.)

Dorian French, Chief Engineer
F. Blair Warren, Assistant Manager

Not Pictured

Randolph Schwenn, Wastewater Systems Manager
James L. Blair, Chief, Parks and Field Maintenance
Steve P. Ramsey, Chief, Engineering Division
James W. Thompson, Real Estate Administrator
Mike Gonzalez, Chief, Environmental Services
William H. Bohlke, Data Processing Manager



S A N A N T O N I O R I V E R A U T H O R I T Y

AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

A N N U A L R E P O R T 1 9 9 0

S A N A N T O N I O R I V E R A U T H O R I T Y

AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

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NOTES TO FINANCIAL STATEMENTS

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100 West Houston St.
San Antonio, Texas 78205
Telephone: (512) 228-9696
Fax: (512) 554-0252
Mail Address:
Post Office Box 2938
San Antonio, Texas 78299

REPORT OF INDEPENDENT AUDITORS

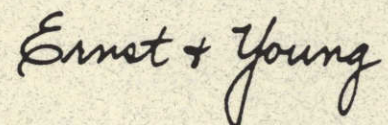
Board of Directors
San Antonio River Authority

We have audited the accompanying general purpose financial statements and the combining and individual fund and account group financial statements of the San Antonio River Authority as of June 30, 1990, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the San Antonio River Authority management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the San Antonio River Authority as of June 30, 1990, 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. Also, in our opinion, the combining and individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the San Antonio River Authority as of June 30, 1990, and the results of operations of such funds and the changes in financial position of individual proprietary funds for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining and individual fund and account group financial statements. The accompanying financial information listed as schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the San Antonio River Authority. Such information, except for that marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in our audit of the general purpose, combining and individual fund and account group financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

The logo for Ernst & Young, featuring the company name in a stylized, cursive script font.

August 24, 1990

SAN ANTONIO RIVER AUTHORITY

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1990

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
Assets:				
Cash—Note B	\$ 379,155	\$ 34,468	\$ 5,996	\$ 32
Investments—Note B	9,441,587	892,833	4,074,620	4,107,623
Receivables:				
Accounts	116,039	140,630		152,869
Accrued Interest	136,824	4,757		
Taxes	10,810			
Allowances for Delinquent Taxes (Deduction)	(10,810)			
Total Receivables	252,863	145,387		152,869
Due from Other Funds—Note C	543,905	18		87,956
Prepaid Expenses and Other Assets	3,000			
Concession Inventory				
Investments by Agent to Fund Deferred Compensation Annuities				
Restricted Assets—Notes E and F:				
Cash—Note B				
Cash with Fiscal Agent			2,131,408	
Accounts Receivable				
Investments				126,780
Bond Sale Expense—Net of Amortization				
Office Furniture, Fixtures, and Equipment				
Other Machinery and Equipment				
Automobiles and Trucks				
Buildings				
Improvements Other Than Buildings				
Sewage Treatment Facilities				
Construction in Progress (Estimated Cost of Completion—\$2,256,311)				
Allowances for Depreciation (Deduction)				
Land				
Soil Conservation Service Projects				
Model Cities Project				
Flood Control Projects—Note H				
Other Debits:				
Amount Available in Debt Service Funds				
Amount to be Provided for Retirement of General Long-Term Debt				
Total Assets and Other Debits	<u>\$10,620,510</u>	<u>\$1,072,706</u>	<u>\$6,212,024</u>	<u>\$4,475,260</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts Payable	\$ 158,859	\$ 1,356		\$ 289,294
Performance Deposit	1,500			
Amounts Held in Custody for Other Taxing Units				
Payroll Deductions	2,241			
Sales Tax Payable				
Employees' Deferred Compensation				
Due to Other Funds—Note C	62,748	45,298		205,075
Other Accrued Liabilities	511,350			
Deferred Income—Connection Fees				
Liabilities of Restricted Assets:				
Accounts Payable				
Accrued Bond Interest Payable				
Bonds Payable Within One Year				
Matured Interest Coupons Payable			\$ 1,251,408	
Other Bonds Payable—Notes E, F, G, and L				
Total Liabilities	<u>736,698</u>	<u>46,654</u>	<u>1,251,408</u>	<u>494,369</u>
Fund Equity:				
Contributed Capital				
Investment in Fixed Assets:				
From Revenues				
From Contributions				
Retained Earnings				
Fund Balances:				
Reserved for Flood Control Administration—Note I	70,799			
Reserved for Encumbrances	260,613	16,650		679,101
Unreserved:				
Designated by Management	14,843			
Designated for Self Insurance—Note I	300,000			
Designated for Debt Service			4,960,616	
Undesignated	9,237,557	1,009,402		3,301,790
Total Fund Equity	<u>9,883,812</u>	<u>1,026,052</u>	<u>4,960,616</u>	<u>3,980,891</u>
Total Liabilities and Fund Equity	<u>\$10,620,510</u>	<u>\$1,072,706</u>	<u>\$6,212,024</u>	<u>\$4,475,260</u>

See notes to financial statements.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		Enterprise— Note K	Agency	
\$ 178,699	\$ 13,505			\$ 611,855
2,325,241				20,841,904
204,435	41,772			655,745
53,809				195,390
				10,810
				(10,810)
258,244	41,772			851,135
134				632,013
3,800				6,800
18,244				18,244
	133,307			133,307
5,354	1			5,355
506,563				2,637,971
369,901				369,901
5,522,413	504,311			6,153,504
83,205				83,205
104,371		\$ 954,697		1,059,068
486,524		662,432		1,148,956
335,297		300,748		636,045
572,418		3,006,054		3,578,472
1,518,175		70,041		1,588,216
17,922,370				17,922,370
615,551				615,551
(4,586,063)				(4,586,063)
1,468,723		118,973		1,587,696
		13,241,274		13,241,274
		9,109,195		9,109,195
		144,421,601		144,421,601
			\$ 4,960,616	4,960,616
			27,989,384	27,989,384
<u>\$27,709,164</u>	<u>\$692,896</u>	<u>\$171,885,015</u>	<u>\$32,950,000</u>	<u>\$255,617,575</u>
\$ 44,285	\$ 528,304			\$ 1,022,098
				1,500
	244			244
206				2,447
3,285				3,285
	130,967			130,967
285,511	33,381			632,013
5,703				517,053
249,480				249,480
78,771				78,771
261,464				261,464
250,000				250,000
				1,251,408
6,545,000			\$ 32,950,000	39,495,000
7,723,705	692,896		32,950,000	43,895,730
8,441,193				8,441,193
		\$ 42,274,047		42,274,047
		129,610,968		129,610,968
11,544,266				11,544,266
				70,799
				956,364
				14,843
				300,000
				4,960,616
				13,548,749
19,985,459		171,885,015		211,721,845
<u>\$27,709,164</u>	<u>\$692,896</u>	<u>\$171,885,015</u>	<u>\$32,950,000</u>	<u>\$255,617,575</u>

SAN ANTONIO RIVER AUTHORITY

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

Year Ended June 30, 1990

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
REVENUES AND OTHER FINANCING SOURCES:					
Revenues:					
Taxes	\$ 125				\$ 125
Interest Income	1,645,442	\$ 40,254			1,685,696
Intergovernmental	58,962	3,621,070		\$ 358,016	4,038,048
Charges for Services	234,551	45,571			280,122
Miscellaneous	15,233	1,093		17,848	34,174
Total Revenues	1,954,313	3,707,988		375,864	6,038,165
Other Financing Sources:					
Operating Transfers In			\$ 4,627,543	245,299	4,872,842
Proceeds of Refunding Bonds			12,340,000		12,340,000
Total Revenues and Other Financing Sources	1,954,313	3,707,988	16,967,543	621,163	23,251,007
EXPENDITURES AND OTHER FINANCING USES:					
Expenditures:					
Current:					
General Government	31,266				31,266
Administration	42,131	21,120		11,131	74,382
Environmental Services	181,300				181,300
Engineering Services	170,028				170,028
Flood Control Dam Maintenance	264,407	114,530		25,299	404,236
Total Current Expenditures	689,132	135,650		36,430	861,212
Capital Outlay	30,697	9,052		2,735,754	2,775,503
Debt Service:					
Bond Principal			680,000		680,000
Interest on Bonds			2,323,656		2,323,656
Payment to Refunded Bonds Escrow Agent			12,012,400		12,012,400
Professional Services			312,575		312,575
Advance Refunding Escrow Expense			225,416		225,416
Total Expenditures	719,829	144,702	15,554,047	2,772,184	19,190,762
Other Financing Uses:					
Operating Transfers to Interest and Redemption Fund		4,627,543			4,627,543
Operating Transfers to Capital Projects Funds		245,299			245,299
Total Expenditures and Other Financing Uses	719,829	5,017,544	15,554,047	2,772,184	24,063,604
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,234,484	(1,309,556)	1,413,496	(2,151,021)	(812,597)
Fund Balances, July 1, 1989	8,649,328	2,335,608	3,547,120	6,131,912	20,663,968
Fund Balances, June 30, 1990	\$9,883,812	\$1,026,052	\$ 4,960,616	\$3,980,891	\$19,851,371

See notes to financial statements.

SAN ANTONIO RIVER AUTHORITY

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

Year Ended June 30, 1990

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)
REVENUES AND OTHER FINANCING SOURCES:						
Revenues:						
Taxes	\$ 370	\$ 125	\$ (245)			
Interest Income	1,065,000	1,645,442	580,442	\$ 28,000	\$ 40,254	\$ 12,254
Intergovernmental	49,500	58,962	9,462	3,740,000	3,621,070	(118,930)
Charges for Services	220,172	234,551	14,379	3,000	45,571	42,571
Miscellaneous	19,600	15,233	(4,367)		1,093	1,093
Total Revenues and Other Financing Sources	1,354,642	1,954,313	599,671	3,771,000	3,707,988	(63,012)
EXPENDITURES AND OTHER FINANCING USES:						
Expenditures:						
Current:						
General Government	32,800	31,266	1,534			
Administration	309,610	42,131	267,479	115,004	21,120	93,884
Environmental Services	208,270	181,300	26,970			
Engineering Services	492,091	170,028	322,063			
Flood Control Dam Maintenance	294,475	264,407	30,068	121,905	114,530	7,375
Total Current Expenditures	1,337,246	689,132	648,114	236,909	135,650	101,259
Capital Outlay	801,588	30,697	770,891	37,447	9,052	28,395
Total Expenditures	2,138,834	719,829	1,419,005	274,356	144,702	129,654
Other Financing Uses:						
Operating Transfers to Interest and Redemption Fund				3,404,000	4,627,543	(1,223,543)
Operating Transfers to Capital Projects Funds					245,299	(245,299)
Total Expenditures and Other Financing Uses	2,138,834	719,829	1,419,005	3,678,356	5,017,544	(1,339,188)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(784,192)	1,234,484	2,018,676	92,644	(1,309,556)	(1,402,200)
Fund Balances, July 1, 1989	8,649,328	8,649,328		2,335,608	2,335,608	
Fund Balances, June 30, 1990	\$7,865,136	\$9,883,812	\$2,018,676	\$2,428,252	\$1,026,052	\$(1,402,200)

See notes to financial statements.

**COMBINED STATEMENT OF CHANGES IN RESERVES, CONTRIBUTED CAPITAL, AND RETAINED EARNINGS -
ALL PROPRIETARY FUND TYPES**

Year Ended June 30, 1990

	Sewage Treatment Funds		Parks and Recreation Fund		Pollution Control Contract Fund	Combined Totals	
	Retained Earnings	Contributed Capital	Retained Earnings	Contributed Capital	Retained Earnings	Retained Earnings	Contributed Capital
Balances at July 1, 1989	\$9,414,927	\$8,326,230	\$1,665,968	\$114,963	\$ -	\$11,080,895	\$8,441,193
Additions (Deductions):							
Net Income (Loss)	492,925		(29,554)			463,371	
Balance at June 30, 1990	\$9,907,852	\$8,326,230	\$1,636,414	\$114,963	\$ -	\$11,544,266	\$8,441,193

See notes to financial statements.

SAN ANTONIO RIVER AUTHORITY

COMBINED STATEMENT OF REVENUES AND EXPENSES - ALL PROPRIETARY FUND TYPES

Year Ended June 30, 1990

	Enterprise Funds			Combined Total
	Sewage Treatment Funds	Parks and Recreation Fund	Pollution Control Con- tract Fund	
OPERATING REVENUES:				
Concession Sales		\$ 355,631		\$355,631
Less Cost of Goods Sold		<u>203,990</u>		<u>203,990</u>
	Gross Profit on Sales	151,641		151,641
Entrance Fees		697,721		697,721
Annual Permits		118,416		118,416
Connection Fees	\$ 21,625			21,625
Sewer Service Charges	2,408,695			2,408,695
Administrative Fees			\$ 730	730
Sale of Hay and Miscellaneous	<u>30,494</u>	<u>4,841</u>		<u>35,335</u>
	Total Operating Revenues	2,460,814	730	3,434,163
OPERATING EXPENSES:				
Regular Salaries	477,441	410,078		887,519
Part-Time Salaries		8,408		8,408
Retirement	31,162	30,797		61,959
Employer FICA, Unemployment, and Insurance	83,972	84,990		168,962
Office Supplies	904			904
Operating and Maintenance Supplies	124,487	34,449		158,936
Operating and Maintenance — Vehicles	22,287	4,631		26,918
Photographic Supplies	239	894		1,133
Communications	4,356	1,016		5,372
Professional Services	74,825	345		75,170
Laboratory Services	23,651	282		23,933
Travel	6,515	940		7,455
Vehicle Usage		6,837		6,837
Binding and Printing		2,334		2,334
Dues, Subscriptions, and Advertising	1,002	58		1,060
General Insurance	24,015	8,265		32,280
Utilities	183,251	14,334		197,585
Repair and Maintenance Contracts	1,691	660		2,351
Rentals	812	360		1,172
Allocation of Administrative Expenses	339,705	280,000	730	620,435
Depreciation	666,325	134,530		800,855
Miscellaneous	<u>6,150</u>	<u>324</u>		<u>6,474</u>
	Total Operating Expenses	2,072,790	730	3,098,052
	Operating Income (Loss)	388,024	-	336,111
NONOPERATING REVENUES:				
Interest Income	\$628,134	\$ 23,175		\$651,309
Gain on Disposal of Assets	900			900
Intergovernmental Revenues:				
Interest Requirements on Bond Issues			\$19,710	19,710
Fiscal Agent Fee Requirement			400	400
	Total Nonoperating Revenues	629,034	20,110	672,319
NONOPERATING EXPENSES:				
Interest on Bonds	513,127		19,710	532,837
Premium on Bond Sale	5,000			5,000
Amortization of Bond Sale Expenses	6,006			6,006
Fiscal Agent Fees			400	400
Loss on Disposal of Assets		816		816
	Total Nonoperating Expenses	524,133	20,110	545,059
	Net Income (Loss)	<u>\$492,925</u>	<u>\$ -</u>	<u>\$463,371</u>

See notes to financial statements.

SAN ANTONIO RIVER AUTHORITY

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION - ALL PROPRIETARY FUND TYPES

Year Ended June 30, 1990

	Enterprise Funds		
	Sewage Treatment Funds	Parks and Recreation Fund	Combined Total
SOURCES OF FUNDS:			
Net Income (Loss)	\$ 492,925	\$ (29,554)	\$463,371
Add Expenses Not Requiring Working Capital:			
Depreciation Expense	666,325	134,530	800,855
Amortization Expense	6,006		6,006
Funds Provided From Operations	1,165,256	104,976	1,270,232
Net Book Value of Fixed Assets Disposed of	2,753	815	\$ 3,568
Total Sources of Funds	1,168,009	105,791	1,273,800
APPLICATIONS OF FUNDS:			
Decrease in Liabilities of Restricted Assets	9,875		9,875
Increase in Restricted Assets	216,799		216,799
Reduction in Long-Term Debt	265,000		265,000
Furniture and Fixtures	43,053		43,053
Other Machinery and Equipment	26,259	9,372	35,631
Automobiles and Trucks	50,937		50,937
Buildings	9,551		9,551
Sewage Treatment Facilities	32,371		32,371
Construction in Progress	293,638		293,638
Total Funds Applied	947,483	9,372	956,855
Increase in Working Capital	\$ 220,526	\$ 96,419	\$316,945
ELEMENTS OF INCREASE (DECREASE) IN WORKING CAPITAL:			
Current Assets:			
Cash	\$ (41,347)	\$ 150,394	\$109,047
Investments	197,982	(60,259)	137,723
Accounts Receivable	(27,600)		(27,600)
Interest Receivable	4,710	1,090	5,800
Due From Other Funds of the Authority		67	67
Prepaid Expenses and Other Assets	(128)		(128)
Inventory		(2,286)	(2,286)
Total Increase in Current Assets	133,617	89,006	222,623
Current Liabilities:			
Accounts Payable	(112,981)	(9,189)	(122,170)
Payroll Deductions	156		156
Sales Tax Payable		3,285	3,285
Due to Other Funds	25,916	(885)	25,031
Other Accrued Liabilities		(624)	(624)
Total Decrease in Current Liabilities	(86,909)	(7,413)	(94,322)
Increase in Working Capital	\$ 220,526	\$ 96,419	\$316,945

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 1990

NOTE A — REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL REPORTING ENTITY:

For financial reporting purposes, the San Antonio River Authority (the Authority) includes all funds and account groups and component units for which the Authority's Board of Directors may exercise oversight responsibility. During fiscal 1989 the State Auditor of Texas determined that current laws and regulations give river authority boards of directors oversight responsibilities for industrial development corporations formed by the respective river authorities.

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

FUND ACCOUNTING:

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

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

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

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

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

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

BASIS OF ACCOUNTING:

The 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, 1990, on general bonded debt has been accrued and reported as matured interest coupons payable in the Debt Service Fund because resources have been provided during the fiscal year for payment of such expenditures and because the cash to pay this interest is on deposit with the fiscal agent at June 30, 1990.

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 immaterial 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. The Debt Service Fund is controlled by provisions of the bond orders and appropriated transfers from the General Fund and in 1990 by a Board-approved debt refunding. The Capital Projects Funds are budgeted by project period rather than by fiscal year.

NOTES TO FINANCIAL STATEMENTS

June 30, 1990

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 become authorization for expenditures in the following fiscal year.

FIXED ASSETS AND DEPRECIATION:

All fixed assets purchased or constructed for general purposes are recorded as expenditures in the fund that finances the asset acquisition. Such assets are capitalized at cost in the General Fixed Assets 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, and effective July 1, 1979, the tax was further reduced to one cent per one hundred dollars valuation by action of the Authority. Use of this tax income is limited to general administration, maintenance of completed projects and updating of the Authority's master plan for water resource development. This tax revenue may not be pledged to debt service on any bonds nor may it be used to construct works of improvement. No tax was levied for fiscal year 1981 and subsequent years, and it is anticipated that no tax will be levied in future years; however, the authority to levy the tax is being retained for usage if required.

ALLOCATION OF ADMINISTRATIVE EXPENSES:

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

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 by other banks in the name of the Authority for the Authority's general depository banks throughout the fiscal year ended June 30, 1990 and at June 30, 1990.

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 represent 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 obligations guaranteed or insured by the United States of America.

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 1990

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Deferred Compensation Trust	\$ 2,341
	Parks and Recreation	94,302
	Original SACIP	2,824
	SACIP Phase II	4,094
	Berg's Mill & Salado Creek	
	Maintenance	18,977
	SACIP Phase III	198,157
	SARA/City of San Antonio ROW	31,040
	Pollution Control Contract	2
	Contract Plant	1
	Martinez-Salatrillo System	191,189
	San Antonio River Industrial	
	Development Authority	978
	General	90
Parks and Recreation	Berg's Mill & Salado Creek	
	Maintenance	44
SACIP Phase II Berg's Mill & Salado Creek Maintenance	General	3,084
	General	1
SACIP Phase III	Parks and Recreation	17
	General	59,573
	Improvement Bond Revenue	25,299
		<u>\$632,013</u>

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 7 years of service. The Authority is required to contribute 8% of eligible payroll each plan year. The Plan also allows voluntary after-tax employee contributions. Effective January 1, 1987, voluntary employee contributions (made after December 31, 1986) may no longer be withdrawn without penalty. The Plan allows for early and late retirement.

The Authority's covered payroll for the year ended June 30, 1990 was \$2,278,471, compared to total current-year payroll for all employees (full-time and part-time) of \$2,496,705. Employer contributions to the Plan were \$180,251 or 8% of covered payroll for 1990. 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 have been issued pledging revenues of the Bexar County flood control tax for retirement of the bonds.

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 1990

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 \$2,647,996 at June 30, 1990.

At June 30, 1990, the balances of cash and certificates of deposit in the required funds were: Interest and Sinking Fund, \$3,344,956; and Reserve Fund, \$2,867,068.

CHANNEL IMPROVEMENT REVENUE BONDS:

These bonds are reported in the General Long-Term Obligations group of accounts. See Note L.

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 defeased bonds have a final maturity date of July 1, 2013. Proceeds from the refunding bonds were 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 revenues derived from the contract with Bexar County, particularly the 1976 and 1979 amendments.

In August 1989 the Authority advance refunded \$11,140,000 of its San Antonio Channel Improvement Revenue Bonds, Series 1980, Series 1982, and Series 1983, maturing in the years 1990 through 1993. The Authority issued \$12,340,000 of Channel Improvement Refunding Revenue Bonds, Series 1989, to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunding debt. As a result, the refunded bonds are considered to be defeased, and the liability has been removed from the general long-term debt account group. This advance refunding was undertaken to reduce total debt service payments over the next fifteen years by \$1,342,291 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded debt and refunding bonds) of \$820,691.

NOTE F - REVENUE BONDS PAYABLE — MARTINEZ-SALATRILLO CREEKS SEWAGE SYSTEM

The Authority has issued revenue bonds for the purpose of constructing sewage facilities and improvements to the Martinez-Salatrillo Creeks Sewage System. The bond covenants authorizing issuance of these bonds provide for creation and maintenance of separate accounts 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 1990. The Fund may be used only to pay principal of and interest on the bonds for which the Interest and Sinking Fund is not adequate.
4. Contingency and Improvement Fund: This account is used only for making replacements that are not considered as current expenses; improvements, additions, and extensions to the System; payment of principal and interest on bonds if the Interest and Sinking Fund and Reserve Fund are insufficient; and for the purchase of outstanding bonds for redemption.
5. Construction Fund: Moneys in this account are used only for paying the cost of constructing improvements to the System.

At June 30, 1990, the balances of cash, certificates of deposit, and cash with fiscal agent in the required funds were: Interest and Sinking Fund, \$506,563; Reserve Fund, \$755,423; Contingency and Improvement Fund, \$4,674,641; and Construction Fund, \$97,703.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 1990

The Martinez-Salatrillo Creeks Sewage System Revenue Bonds are due serially through the year 2006, with interest rates of 5.4% to 10.0% and are callable at a premium from July 1, 1995 through January 1, 2000 on any interest payment date.

Additional bonds on a parity with all outstanding bonds may be issued when the net revenues of the System are (1) at least 1.25 times the average annual principal and interest requirements on all outstanding bonds and the then proposed additional bonds for the past fiscal year or twelve-month period ending within 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.

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. The agreement further provides that the Authority will pay 2.65% of actual federal costs. There were no cash payments for the year ended June 30, 1990. Pursuant to the agreement, the Corps transfers to the Authority all improvements as they are completed, and the cost to the Corps of Engineers is used as the basis of the additions to the Authority's General Fixed Assets Account Group.

NOTE I - RESERVATIONS AND DESIGNATIONS OF FUND BALANCE - GENERAL FUND

In prior years, the Legislature of the State of Texas donated certain ad valorem taxes to the San Antonio River Authority. At June 30, 1990, 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.

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

NOTE J - GENERAL FIXED ASSETS

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

	Balance July 1, 1989	Additions— Net	Balance June 30, 1990
Office Furniture, Fixtures and Equipment	\$ 897,016	\$ 57,681	\$ 954,697
Other Machinery and Equipment	664,710	(2,278)	662,432
Automobiles and Trucks	300,748		300,748
Buildings	2,978,678	27,376	3,006,054
Improvements Other Than Buildings	70,041		70,041
Land	118,973		118,973
Soil Conservation Service Projects	12,883,258	358,016	13,241,274
Model Cities Project	9,109,195		9,109,195
Flood Control Projects	122,348,908	22,072,693	144,421,601
	<u>\$149,371,527</u>	<u>\$22,513,488</u>	<u>\$171,885,015</u>

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, 1990, is as follows:

SAN ANTONIO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 1990

	Sewage Treatment Funds	Parks and Recreation Fund	Other Funds	Total Enterprise Funds
Property, Plant and Equipment	\$20,790,877	\$2,232,552		\$23,023,429
Property Additions	455,809	9,372		465,181
Accumulated Depreciation	3,765,350	820,713		4,586,063
Working Capital	2,105,834	339,538		2,445,372
Total Equity	18,234,082	1,751,377		19,985,459
Total Assets	25,466,441	1,872,820	\$369,903	27,709,164
Long-Term Liabilities:				
Payable From Operating Revenues	6,180,000			6,180,000
Payable From Other Sources			365,000	365,000
Operating Revenues	2,460,814	972,619	730	3,434,163
Depreciation	666,325	134,530	800,855	
Operating Income (Loss)	388,024	(51,913)		336,111
Net Income (Loss)	492,925	(29,554)		463,371

NOTE L - SUMMARY OF LONG-TERM DEBT

The following is a summary of changes in long-term debt of the Authority during the year ended June 30, 1990:

Series	Effective Interest Rate	Original Amount	Outstanding July 1 1989	Additions	Deletions	Outstanding June 30 1990
GENERAL BONDED DEBT						
SACIP Improvement Bonds:						
1980 Refunding	7.923%	\$13,045,000	\$13,045,000			\$13,045,000
1980	8.5477	4,000,000	2,500,000		\$ 2,240,000	260,000
1982	9.97	6,000,000	5,270,000		4,395,000	875,000
1983	9.3697	6,000,000	5,670,000		5,040,000	630,000
1987	8.3502	6,060,000	5,945,000		145,000	5,800,000
1989 Refunding	6.8145	12,340,000		\$12,340,000		12,340,000
		<u>\$47,445,000</u>	<u>\$32,430,000</u>	<u>\$12,340,000</u>	<u>\$11,820,000</u>	<u>\$32,950,000</u>
ENTERPRISE FUND BONDS						
Sewage Treatment Funds						
Martinez-Salatrillo						
Creeks Sewage System						
Revenue Bonds:						
1969	6.4976%	\$ 300,000	\$ 135,000		\$ 20,000	\$ 115,000
1972	6.249258	500,000	350,000		10,000	340,000
1974	5.35636	210,000	25,000		25,000	
1982	5.5	2,200,000	1,700,000		100,000	1,600,000
1985	9.14	4,750,000	4,485,000		110,000	4,375,000
		<u>7,960,000</u>	<u>6,695,000</u>		<u>265,000</u>	<u>6,430,000</u>
Contract Funds						
San Antonio River						
Authority - City						
of Kenedy, Waste						
Disposal Contract						
Revenue Bonds:						
1974	5.35636%	365,000	365,000			365,000
		<u>\$ 8,325,000</u>	<u>\$ 7,060,000</u>		<u>\$ 265,000</u>	<u>\$ 6,795,000</u>

Principal and interest requirements to maturity for all long-term debt of the River Authority as of June 30, 1990 are as follows:

General Long-Term Obligations Group	Principal	Interest	Total
Channel Improvement			
Bonds—Note E			
1991	\$ 880,000	\$ 2,464,484	\$ 3,344,484
1992	950,000	2,387,260	3,337,260
1993	1,025,000	2,306,022	3,331,022
1994	1,100,000	2,217,893	3,317,893
1995	1,180,000	2,130,996	3,310,996
1996-2000	7,230,000	9,258,175	16,488,175
2001-2005*	10,175,000	6,148,354	16,323,354
2006-2010*	5,735,000	2,917,556	8,652,556
2011-2014*	4,675,000	771,164	5,446,164
TOTAL	<u>\$32,950,000</u>	<u>\$30,601,904</u>	<u>\$63,551,904</u>

*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.

SAN ANTONIO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 1990

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Enterprise Funds			
Martinez-Salatrillo Creeks			
Sewage System Revenue Bonds—			
Note F			
1991	\$ 250,000	\$ 503,426	\$ 753,426
1992	285,000	482,834	767,834
1993	325,000	459,612	784,612
1994	350,000	433,887	783,887
1995	370,000	406,176	776,176
1996-2000	2,395,000	1,530,885	3,925,885
2001-2005	1,940,000	675,915	2,615,915
2006	515,000	21,888	536,888
TOTAL	<u>\$6,430,000</u>	<u>\$4,514,623</u>	<u>\$10,944,623</u>
City of Kenedy Waste			
Disposal Contract			
Bonds—Note G			
1991		\$ 19,710	\$ 19,710
1992		19,710	19,710
1993		19,710	19,710
1994	\$ 35,000	18,765	53,765
1995	35,000	16,875	51,875
1996-2000	200,000	53,730	253,730
2001-2002	95,000	5,265	100,265
TOTAL	<u>\$ 365,000</u>	<u>\$ 153,765</u>	<u>\$ 518,765</u>

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 the bonds are payable solely from and secured by a first lien on the pledge of the payments from the installment sale agreements. The corporations are absolutely and unconditionally obligated to pay each installment.

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—EXCESS EXPENDITURES OVER APPROPRIATIONS

An excess of expenditures or other financing uses over appropriations was incurred in two special revenue funds as follows:

Improvement Bond Revenue Fund	\$1,468,842
San Antonio River Industrial Development Authority	994

The excess in the Improvements Bond Revenue Fund resulted from Board approved operating transfers into the Debt Service Fund which had an advanced refunding as described in Note E. The excess was paid from available fund balance.

The excess in the San Antonio River Industrial Development Authority resulted as the component unit was not budgeted. The excess was paid from available fund balance.

NOTE N - CONTINGENCIES

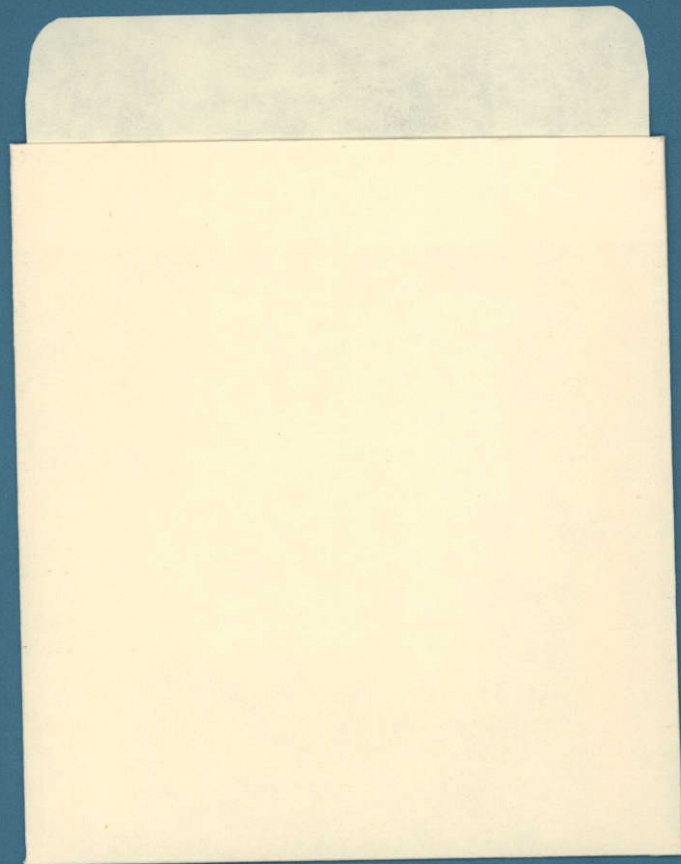
The San Antonio River Authority was named as defendant in a cause filed by a contractor. The complaint arose from disagreements between the parties concerning a construction contract. The cause has been submitted to the American Arbitration Association for determination, and such determination will be 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.

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

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