

Upper Guadalupe River Authority

Annual Financial Report

For the Year Ended September 30, 2012



Upper Guadalupe River Authority
Annual Financial Report
For the Year Ended September 30, 2012

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ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS X
 X
COUNTY OF KERR X

I, Raymond L. Buck, Jr.
(Name of duly authorized District Representative)
of the Upper Guadalupe River Authority hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of Directors of the Board of Directors of the District on the 19th day of December, 2012 its annual audit report for the fiscal year ended September 30, 2012 and that copies of the annual audit report have been filed in the district office located in Kerrville, Texas.

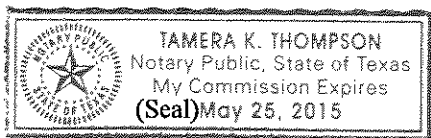
The annual filing affidavit and the attached copy of the annual audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of all annual filing requirements within Section 49.194 of the Texas Water Code.

Date: 12/20/12 Raymond L. Buck, Jr.
(Signature of District Representative)

Raymond L. Buck, Jr. General Manager
(Typed Name & Title of District Representative)

Sworn to and subscribed to before me this 20th day of December 2012

Tamera K. Thompson
(Signature of Notary)



My commission expires on 5/25/15, Notary Public in and for the State of Texas.

EDE & COMPANY

Certified Public Accountants

Eric Ede
Frank Ede
Donna Ede Jones

P. O. Box 219
Knippa, Texas 78870
Telephone (830) 934-2148
Fax (830) 934-2799

Independent Auditor's Report

Board of Directors
Upper Guadalupe River Authority
125 Lehmann Dr.
Suite 100
Kerrville, Texas 78028

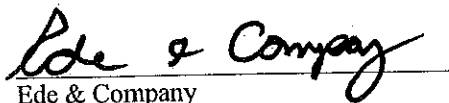
We have audited the accompanying financial statements of the governmental activities the business-type activities and the remaining fund information of the Upper Guadalupe River Authority, as of and for the year ending September 30, 2012, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Upper Guadalupe 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 auditing standards generally accepted in the United States of America. 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 amount 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and the aggregate remaining fund information of the Upper Guadalupe River Authority, as of September 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 25, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Upper Guadalupe River Authority basic financial statements. The introductory section and required supplementary information are presented for purposed of additional analysis and are not a required part of the basic financial statements. The introductory section and the required supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Ede & Company
Certified Public Accountants
December 10, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Upper Guadalupe River Authority's annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year ended September 30, 2012. Please read it in conjunction with the Authority's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Authority's total combined net assets were \$3,450,838 at September 30, 2012
- During the year, the Authority's expenses were \$183,484 less than the \$1,162,682 generated in taxes, service fees and other revenues for governmental activities.
- The total cost of the Authority's programs was virtually unchanged from last year, and no new programs were added this year.
- The general fund reported a fund balance this year of \$2,873,704
- The Authority's net assets increased \$183,484 which represents a 5.4 percent increase from 2011.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the Authority: The Statement of Net Assets and the Statement of Activities provide information about the activities of the Authority as a whole and present a longer-term view of the Authority's finances. All of the Authority's activities are accounted for in the General Fund.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

Government-wide Statements

The government-wide statements report information about the Authority as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Authority's net assets and how they have changed. Net assets, the difference between the Authority's assets and liabilities is one way to measure the Authority's financial health or position.

- Over time, increases or decreases in the Authority's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Authority, one needs to consider additional nonfinancial factors such as changes in the Authority's population.

The government-wide financial statements of the Authority include the *Governmental activities*. All of the Authority's basic services are included here.

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

The Authority's combined net assets were \$3,450.8, thousand at September 30, 2012. (See Table A-1.)

Table A-1
Upper Guadalupe River Authority
(in thousands dollars)

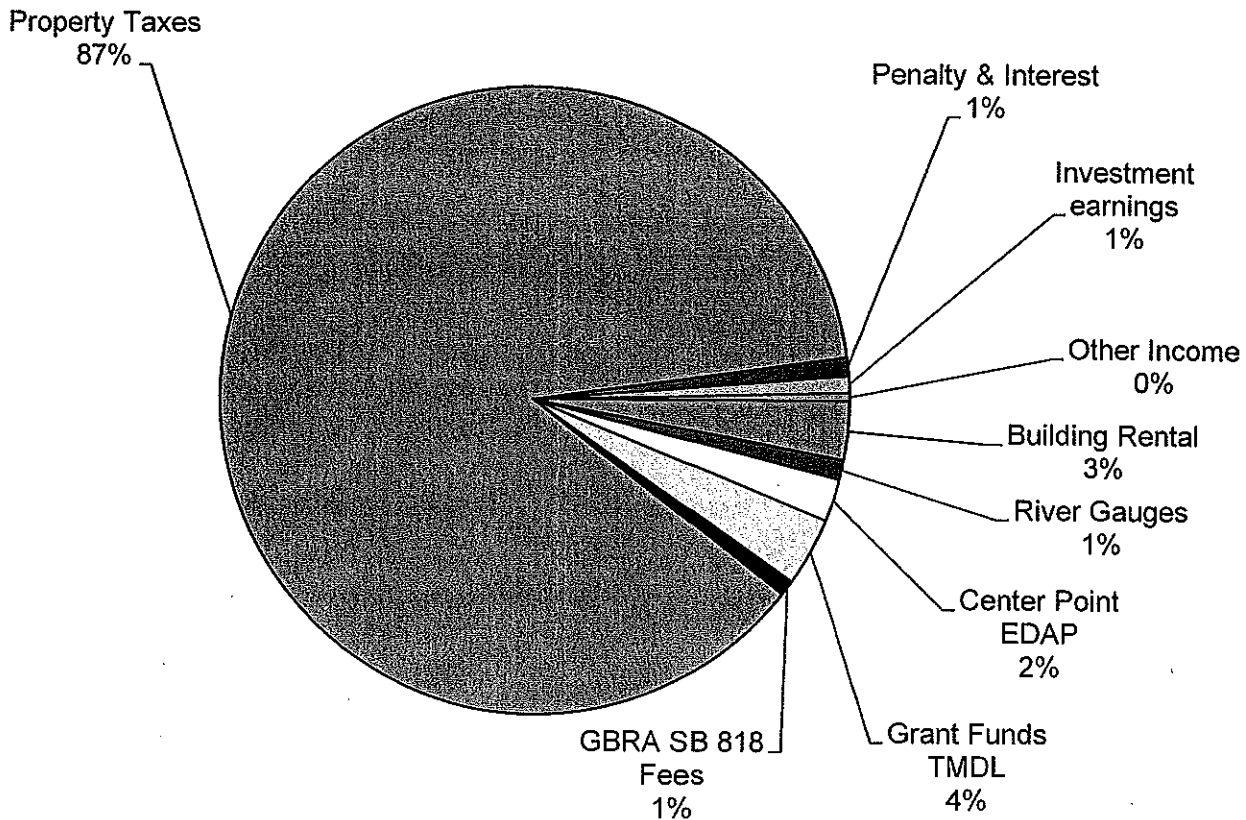
	Governmental Activities		Total Percentage Change 2012 - 2011
	2012	2011	
Current assets:			
Cash and cash equivalents	\$ 2,930.3	\$ 2,680.5	8.5%
Property taxes receivable	49.1	48.1	2.0%
Due from other governments	1.9	2.2	-15.8%
Due from other funds	0.2	-	-100.0%
Accounts receivable	3.2	4.2	-31.3%
Total current assets	<u>2,984.7</u>	<u>2,735.0</u>	<u>8.4%</u>
Noncurrent assets:			
Capital Assets	861.9	861.9	0.0%
Less accumulated depreciation	<u>(333.9)</u>	<u>(300.4)</u>	<u>10.0%</u>
Total noncurrent assets	<u>528.0</u>	<u>561.5</u>	<u>-6.3%</u>
Total Assets	<u>3,512.7</u>	<u>3,296.5</u>	<u>6.2%</u>
Current liabilities:			
Accounts payable and accrued liabilities	39.9	10.1	74.7%
Due to other funds	<u>22.0</u>	<u>22.0</u>	<u>100.0%</u>
Total Liabilities	<u>61.9</u>	<u>32.1</u>	<u>48.1%</u>
Net Assets:			
Invested in capital assets	528.0	561.5	-6.3%
Restricted	-	-	0.0%
Unrestricted	<u>2,922.8</u>	<u>2,702.9</u>	<u>7.5%</u>
Total Net Assets	<u>\$ 3,450.8</u>	<u>\$ 3,264.4</u>	<u>5.4%</u>

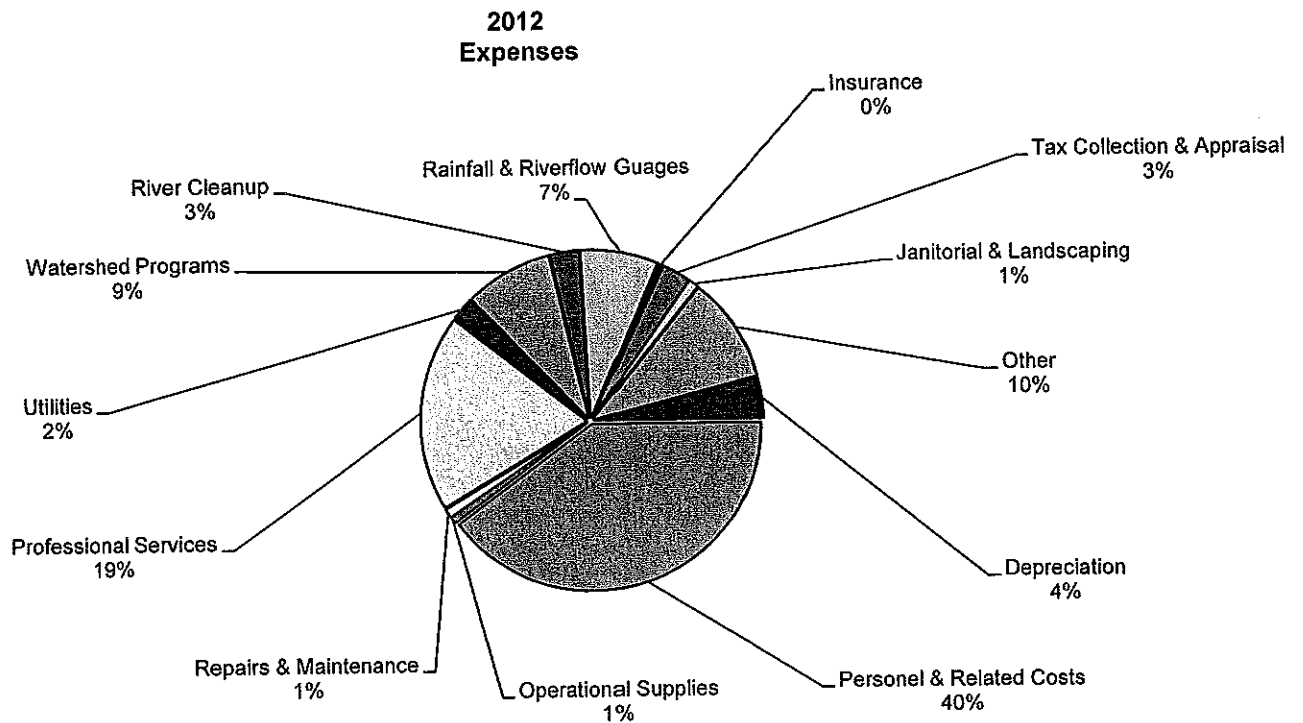
Changes in net assets. The Authority's total revenues were \$1,162.7 thousand. A significant portion, 87 percent, of the Authority's revenue comes from property taxes. (See Figure A-3.) 1 percent comes from penalty & interest on property taxes, 1 percent comes from investment income and 3 percent relates to building rental. The total cost of all programs and services was \$829.6 thousand; 100 percent of these costs are for General Government.

Table A-2
Changes in Upper Guadalupe River Authority's Net Assets
(In thousands dollars)

	Governmental Activities		Total Percentage Change 2012-2011
	2012	2011	
General Revenue			
Property Taxes	\$ 1,013.6	\$ 1,000.8	1.3%
Building Rental	35.1	54.3	-35.4%
Investment Earnings	10.1	11.6	-12.9%
Other	103.9	90.6	14.7%
Total Revenue	<u>1,162.7</u>	<u>1,157.3</u>	<u>0.5%</u>
Program Expenses			
General Government	<u>829.6</u>	<u>840.2</u>	<u>-1.3%</u>
Total Expense	<u>829.6</u>	<u>840.2</u>	<u>-1.3%</u>
Excess (Deficiency) of Revenues over Expenditures	<u>333.1</u>	<u>317.1</u>	<u>5.0%</u>
Other Financing Sources (Uses):			
Transfers In	-	-	0.0%
Transfers Out	(149.6)	(124.8)	19.9%
Total Other Financing Sources (Use)	<u>(149.6)</u>	<u>(124.8)</u>	<u>100.0%</u>
Increase (Decrease) in Net Assets	<u><u>183.5</u></u>	<u><u>192.3</u></u>	<u><u>-4.6%</u></u>

2012 Revenue Sources





- The cost of all *governmental* activities this year was \$829.6 thousand.

Table A-3
Net Cost of Selected District Functions & Major Administrative Categories
(in thousands of dollars)

	Total Costs of Services		
	2012	2011	Percent Change
Personel & Related Costs	331.1	317.3	4.3%
Operational Supplies	5.9	7.2	-18.1%
Repairs & Maintenance	7.3	8	-8.8%
Professional Services	157.7	80.7	95.4%
Utilities	22.9	23.8	-3.8%
River Cleanup	23.6	24.2	-2.5%
Rainfall & Riverflow Guages	60.6	57.3	5.8%
Insurance	4.6	4.2	9.5%
Tax Collection & Appraisal	23	23	0.0%
Janitorial & Landscaping	8.1	7.7	5.2%
Other	151.3	248.5	-39.1%
Depreciation	33.5	37.3	-10.2%

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority's Business Services Department.

Basic Financial Statements

Upper Guadalupe River Authority
Statement of Net Assets and Governmental Funds Balance Sheet
September 30, 2012

	General Fund	Adjustments	Primary Government
ASSETS			
Cash and investments	\$ 2,930,319.67	\$ -	\$ 2,930,319.67
Taxes receivable	49,114.99	-	49,114.99
Due From Other Governments	1,912.75	-	1,912.75
Due From Other Funds	239.79	-	239.79
Accounts Receivables	3,150.07	-	3,150.07
Capital assets (net of accumulated depreciation)	-	528,018.80	528,018.80
Total assets	<u>\$ 2,984,737.27</u>	<u>\$ 528,018.80</u>	<u>\$ 3,512,756.07</u>
LIABILITIES			
Accounts payable	\$ 30,633.08	\$ -	\$ 30,633.08
Compensated Absences	8,610.77	-	8,610.77
Payroll taxes payable	673.10	-	673.10
Due To Other Funds	22,001.23	-	22,001.23
Deferred revenue	49,114.99	(49,114.99)	-
Total liabilities	<u>111,033.17</u>	<u>(49,114.99)</u>	<u>61,918.18</u>
FUND BALANCES/NET ASSETS			
Fund balances:			
Reserved	-	-	-
Unreserved			
Designated	352,950.43	(352,950.43)	-
Undesignated	<u>2,520,753.67</u>	<u>(2,520,753.67)</u>	-
Total fund balance	<u>2,873,704.10</u>	<u>(2,873,704.10)</u>	-
Total liabilities and fund balances	<u>\$ 2,984,737.27</u>	<u>\$ (2,873,704.10)</u>	<u>\$ -</u>
Net Assets:			
Invested in capital assets, net of related debt		528,018.80	528,018.80
Unassigned Fund Balance		2,922,819.09	2,922,819.09
Total net assets		<u>\$ 3,450,837.89</u>	<u>\$ 3,450,837.89</u>

The accompanying notes are an integral part of this statement.

<u>Business Activities</u>	<u>Statement of Net Assets</u>
\$ 3,128.47	\$ 2,933,448.14
-	49,114.99
-	1,912.75
22,001.23	22,241.02
20,206.60	23,356.67
<u>35,434.62</u>	<u>563,453.42</u>
\$ <u>80,770.92</u>	\$ <u>3,593,526.99</u>

\$ 1,748.56	\$ 32,381.64
5,654.54	14,265.31
37.78	710.88
239.79	22,241.02
-	-
<u>7,680.67</u>	<u>69,598.85</u>

35,434.62	563,453.42
37,655.63	2,960,474.72
\$ <u>73,090.25</u>	\$ <u>3,523,928.14</u>

Upper Guadalupe River Authority
Statement of Activities and Governmental Funds
Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2012

	General Fund	Adjustments	Primary Governments
Revenues:			
Building Rental	\$ 35,114.64	\$ -	\$ 35,114.64
River Gauges	11,777.50	-	11,777.50
GBRA SB 818 Fees	9,282.12	-	9,282.12
Grant Funds for TMDL	41,110.07	-	41,110.07
Property Taxes	1,015,643.37	(2,047.31)	1,013,596.06
Penalty & Interest	11,148.75	-	11,148.75
Investment earnings	10,087.43	-	10,087.43
River Clean-Up Sponsorship	3,120.00	-	3,120.00
Center Point EDAP Grant	25,513.25	-	25,513.25
Other Income	1,931.73	-	1,931.73
Laboratory Fees	-	-	-
Total revenues	<u>1,164,728.86</u>	<u>(2,047.31)</u>	<u>1,162,681.55</u>
Expenditures/expenses:			
Service operations:			
Personnel & Related Costs	331,131.57	-	331,131.57
Operational Supplies	5,850.91	-	5,850.91
Repairs & Maintenance	7,308.72	-	7,308.72
Professional Services	157,689.58	-	157,689.58
Tax Collection & Appraisal	22,953.71	-	22,953.71
Utilities	18,499.59	-	18,499.59
Janitorial & Landscaping	8,132.20	-	8,132.20
Watershed Programs	71,560.58	-	71,560.58
Water Research	-	-	-
River Cleanup	23,615.35	-	23,615.35
HazMat Initiative	-	-	-
Water Development/ Easements	1,780.03	-	1,780.03
Riverflow /Rainfall Gauge	60,550.00	-	60,550.00
Guadalupe Bass Restoration	-	-	-
Memberships	1,467.00	-	1,467.00
Board Meeting Expense	2,166.59	-	2,166.59
Meals & Lodging	700.79	-	700.79
Mileage & Vehicle Operations	2,631.21	-	2,631.21
Public Education	60,482.89	-	60,482.89
Rent	-	-	-
Center Point EDAP Grant	-	-	-
Insurance	4,616.89	-	4,616.89
Small Equipment	6,640.09	-	6,640.09
Office Building Improvements	6,124.95	-	6,124.95
Miscellaneous	1,196.10	-	1,196.10
Legislative Service	1,048.30	-	1,048.30
Depreciation	-	33,450.93	33,450.93
Total expenditures/expenses	<u>796,147.05</u>	<u>33,450.93</u>	<u>829,597.98</u>
Excess (deficiency) of revenues over expenditures	<u>368,581.81</u>	<u>(35,498.24)</u>	<u>333,083.57</u>

<u>Business Activities</u>	<u>Statement of Activities</u>
\$ -	\$ 35,114.64
-	11,777.50
-	9,282.12
-	41,110.07
-	1,013,596.06
-	11,148.75
9.20	10,096.63
-	3,120.00
-	25,513.25
77.57	2,009.30
181,418.00	181,418.00
<u>181,504.77</u>	<u>1,344,186.32</u>
192,457.81	523,589.38
57,525.97	63,376.88
18,966.48	26,275.20
19,895.20	177,584.78
-	22,953.71
4,668.39	23,167.98
-	8,132.20
-	71,560.58
-	-
-	23,615.35
-	-
-	1,780.03
-	60,550.00
-	-
100.00	1,567.00
-	2,166.59
109.78	810.57
-	2,631.21
-	60,482.89
12,750.00	12,750.00
-	-
829.79	5,446.68
5,254.33	11,894.42
-	6,124.95
7,170.17	8,366.27
-	1,048.30
8,142.39	41,593.32
<u>327,870.31</u>	<u>1,157,468.29</u>
<u>(146,365.54)</u>	<u>186,718.03</u>

Upper Guadalupe River Authority
Statement of Activities and Governmental Funds
Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2012

	<u>General Fund</u>	<u>Adjustments</u>	<u>Primary Governments</u>
Other Financing Sources (Uses):			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>(149,600.00)</u>	<u>-</u>	<u>(149,600.00)</u>
	<u>(149,600.00)</u>	<u>-</u>	<u>(149,600.00)</u>
Net Change in Fund Balance	218,981.81	(35,498.24)	183,483.57
Fund balance/net assets:			
Beginning of the year	2,654,722.29	612,632.03	3,267,354.32
End of the year	<u>\$ 2,873,704.10</u>	<u>\$ 577,133.79</u>	<u>\$ 3,450,837.89</u>

The accompanying notes are an integral part of this statement.

<u>Business Activities</u>	<u>Statement of Activities</u>
149,600.00	149,600.00
<u>-</u>	<u>(149,600.00)</u>
149,600.00	-
3,234.46	186,718.03
\$ <u>69,855.79</u>	<u>3,337,210.11</u>
\$ <u>73,090.25</u>	\$ <u>3,523,928.14</u>

Upper Guadalupe River Authority
Statement of Net Assets
Proprietary Fund
September 30, 2012

ASSETS

Cash and cash equivalents	\$ 3,128.47
Due From Other Funds	22,001.23
Accounts Receivables	20,206.60
Property and equipment, Net	35,434.62
Total assets	<u>\$ 80,770.92</u>

LIABILITIES

Accounts payable	\$ 1,748.56
Payroll taxes payable	37.78
Compensated Absences	5,654.54
Due To Other Funds	239.79
Total liabilities	<u>7,680.67</u>

NET ASSETS

Invested in capital assets, net of related debt	35,434.62
Restricted	-
Unrestricted	37,655.63
Total net assets	<u>\$ 73,090.25</u>

The accompanying notes are an integral part of this statement.

Upper Guadalupe River Authority
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Fund
For the Year Ended September 30, 2012

Operating Revenues:			
Laboratory Fees		\$	181,418.00
Investment earnings			9.20
Other Income			<u>77.57</u>
Total revenues			181,504.77
Operating Expenses:			
Personnel & Related Costs	\$ 192,457.81		
Operational Supplies	57,525.97		
Repairs & Maintenance	18,966.48		
Professional Services	19,895.20		
Utilities	4,668.39		
Memberships	100.00		
Professional Licenses	2,708.52		
Meals & Lodging	109.78		
Mileage & Vehicle Operations	-		
Publications	181.80		
Customer Relations	3,539.91		
Printing	739.94		
Bad Debt Expense	-		
Insurance	829.79		
Small Equipment	5,254.33		
Rent	12,750.00		
Depreciation	8,142.39		
Total expenditures/expenses			<u>327,870.31</u>
Total Operating Income (Loss)			(146,365.54)
Non Operating Income (Expenses):			
Transfers In	149,600.00		
Total Non Operating Income (Expenses)			<u>149,600.00</u>
Change in Net Assets			3,234.46
Total Net Assets - Beginning			69,855.79
Total Net Assets - Ending		\$	<u><u>73,090.25</u></u>

The accompanying notes are an integral part of this statement.

Upper Guadalupe River Authority
Statement of Cash Flows
Proprietary Fund
For the Year Ended September 30, 2012

Cash flows from operating activities:

Cash received from customers	\$ 172,545.99
Cash payments to suppliers for goods and services	(127,331.24)
Cash payments to employees	(192,363.21)
Net cash provided (used) by operating activities	<u>(147,148.46)</u>

Cash flows from non-capital financing activities:

Transfers from other funds	149,600.00
Transfers to other funds	-
Net cash provided (used) by non-capital financing activities	<u>149,600.00</u>

Cash flows from capital and related financing activities:

Acquisition and construction of capital assets	-
Net cash provided (used) by capital and related financing activities:	<u>-</u>

Net Increase (Decrease) in Cash and Cash Equivalents:	2,451.54
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Cash and Cash Equivalents, Beginning of Year	<u>676.93</u>
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Cash and Cash Equivalents, End of Year	<u>\$ 3,128.47</u>
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Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating income (loss)	\$ (146,365.54)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation expense	8,142.39
(Increase) decrease in accounts receivable	(8,958.78)
Increase (decrease) in accounts payable	(301.02)
Increase (decrease) in accrued expenses	94.60
Increase (decrease) in due to other funds	239.89
Net cash provided (used) by operating activities	<u>\$ (147,148.46)</u>

The accompanying notes are an integral part of this statement.

Upper Guadalupe River Authority
Statement of Fiduciary Net Assets
Fiduciary Fund
For the Year Ended September 30, 2012

ASSETS

Cash and Cash Equivalents

\$ 1,166.72

LIABILITIES:

Due to other agencies

\$ 1,166.72

The accompanying notes are an integral part of this statement.

Upper Guadalupe River Authority
Notes to the Financial Statements
For the Year Ended September 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Upper Guadalupe River Authority was chartered in 1939, under the provisions of Article 16, Section 59 of the constitution of the State of Texas. Article 8280-142, Vernon's Texas Civil Statutes, gives the Authority the right to control, store and preserve the waters and flood waters of the Upper Guadalupe River and tributaries for any beneficial and useful purpose, and the right to purchase, build, and improve dams, water works, and sewer systems, and the right to develop recreational facilities for public use and the right to purchase the necessary sites, easements, right-of-way, land or other properties necessary to accomplish any other the other rights. The boundaries of the Authority are coterminous with the boundaries of Kerr County. The Authority is governed by a board of nine directors who serve for terms of six years. The directors are appointed by the Governor of Texas.

The Authority's Board of Directors, has governance responsibilities over all activities related to the Authority's operations within the jurisdiction of Upper Guadalupe River Authority. Members of the Board of Directors are appointed by the Governor of Texas. They have the primary accountability for fiscal matters. The Authority is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial reporting Standards.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers who goods or services provided by a given function or segment. Other items not properly included among program revenues are reported instead as general revenues.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The general fund column of the government-wide financial statements is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within thirty-one days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Fund Accounting

The Authority uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Upper Guadalupe River Authority

Notes to the Financial Statements

For the Year Ended September 30, 2012

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources.

Expendable assets are assigned to the various governmental funds according to the purpose for which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The Authority reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources of the Authority except those required to the accounted for in another fund.

Additionally, the Authority reports the following fund types:

Proprietary Fund – Is a business-type activity and accounts for laboratory services.

Agency Funds – The Authority accounts for resources held for others in a custodial capacity in agency funds.

D. Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the statement of net assets column of the government-wide statement of net assets but are not reported in the general fund column.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The Authority maintains a capitalization threshold of \$1,500 for equipment, and all additions to infrastructure are capitalized. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not.

E. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Upper Guadalupe River Authority
Notes to the Financial Statements
For the Year Ended September 30, 2012

F. Reconciliation of Government-wide and General Fund Financial Statements

**Reconciliation of General Fund Balance to
Net Assets of Governmental Activities**

Total Fund Balance - Government	\$ 2,873,704.10
Amounts reported in governmental activities in the statement of net assets are different because:	
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.	561,469.73
Accumulated depreciation has not been included in the general fund financial statements.	(33,450.93)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting	-
Revenue reported as deferred revenue in the general fund was recorded as revenue in the government-wide financial statements.	49,114.99
Net Assets of Governmental Activities	\$ <u>3,450,837.89</u>

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities**

Net Change in Governmental Fund Balances	\$ 218,981.81
Amounts reported for the governmental activities in the statement of activities are different because:	
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis	(2,047.31)
Governmental funds report capital outlays as expenditures. However, they are reported as increases in capital assets in the government-wide financial statements.	-
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of the current year's depreciation is to decrease net assets.	(33,450.93)
Change in Net Assets of Governmental Activities	\$ <u>183,483.57</u>

Upper Guadalupe River Authority
Notes to the Financial Statements
For the Year Ended September 30, 2012

NOTE 2 – DEPOSITS, SECURITIES AND INVESTMENTS

The Authority's funds are required to be deposited and invested under the terms of the depository contract. The depository bank deposits for safekeeping and trust with the Authority's agent bank, approved pledged securities in an amount sufficient to protect the Authority's funds on a day-by-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

The Authority's deposits were adequately covered at the time of the highest cash balance and at the end of the fiscal year.

The cash deposit held at financial institutions can be categorized according to three levels of risk. These three levels of risk are:

- Category 1 - Deposits which are insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2 - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3 - Deposits which are not collateralized.

Based on the level of risk, all of the Authority's deposits are classified as Category 1.

NOTE 3 – DUE FROM OTHER GOVERNMENTS

This balance represents taxes and penalty and interest that were collected by the Tax Assessor-Collector, before September 30, 2012, but not remitted to the Authority.

NOTE 4 – PENSION PLAN OBLIGATIONS

The Authority offers a deferred compensation plan created in accordance with Internal Revenue Code Section 457 that covers all employees who are eighteen years of age and have completed six months of service. Contributions to the plan are based on seven percent of each participant's compensation. The Authority Contributed \$25,589.00 to the plan during the year ended September 30, 2012. The plan assets are held in trust, with the Authority serving as trustee, for the exclusive benefit of the plan participants and their beneficiaries.

Upper Guadalupe River Authority
Notes to the Financial Statements
For the Year Ended September 30, 2012

NOTE 5 – CAPITAL ASSET ACTIVITY

Capital asset activity for the twelve months ended September 30, 2012, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Capital assets being depreciated:</i>				
PRIMARY GOVERNMENT				
Leasehold Improvement & Infrastructure	737,646	-	-	737,646
Equipment	106,279	-	-	106,279
Vehicles	17,992	-	-	17,992
Total capital assets being depreciated	861,917	-	-	861,917
Less accumulated depreciation for:				
Leasehold Improvements & Infrastructure	(190,920)	(30,001)		(220,921)
Equipment	(91,535)	(3,450)		(94,985)
Vehicles	(17,992)	-	-	(17,992)
Total accumulated depreciation	(300,447)	(33,451)	-	(333,898)
Total capital assets being depreciated, net	561,470	(33,451)	-	528,019
PROPRIETARY FUND				
Equipment	107,673	-	-	107,673
Vehicles	1,999	-	-	1,999
Total capital assets being depreciated	109,672	-	-	109,672
Less accumulated depreciation for:				
Equipment	(64,097)	(8,142)	-	(72,240)
Vehicles	(1,999)	-	-	(1,999)
Total accumulated depreciation	(66,096)	(8,142)	-	(74,239)
Total capital assets being depreciated, net	43,576	(8,142)	-	35,433

Required Supplementary Information

Upper Guadalupe River Authority
Budgetary Comparison Statement - General Fund
For the Year Ended September 30, 2012

	Actual	Original Budget	Final Amended Budget	Variance Positive (Negative)
Revenues:				
Building Rental	\$ 35,114.64	\$ 38,200.00	38,200.00	\$ (3,085.36)
River Gauges	11,777.50	15,930.00	15,675.00	(3,897.50)
GBRA SB 818 Fees	9,282.12	9,696.00	9,696.00	(413.88)
Grant Funds for TMDL	41,110.07	49,400.00	49,400.00	(8,289.93)
Property Taxes	1,015,643.37	982,099.83	982,099.83	33,543.54
Penalty & Interest	11,148.75	25,000.00	25,000.00	(13,851.25)
Investment earnings	10,087.43	10,680.00	10,680.00	(592.57)
River Clean-Up Sponsorship	3,120.00	2,000.00	2,000.00	1,120.00
Center Point EDAP Grant	25,513.25	37,709.25	-	25,513.25
Other Income	1,931.73	-	-	1,931.73
Total revenues	<u>1,164,728.86</u>	<u>1,170,715.08</u>	<u>1,132,750.83</u>	<u>31,978.03</u>
Expenditures/expenses:				
Service operations:				
Personnel & Related Costs	331,131.57	335,018.06	334,668.06	3,536.49
Operational Supplies	5,850.91	7,880.00	7,880.00	2,029.09
Repairs & Maintenance	7,308.72	13,700.00	13,700.00	6,391.28
Professional Services	157,689.58	212,483.00	162,204.00	4,514.42
Tax Collection & Appraisal	22,953.71	23,571.00	23,571.00	617.29
Utilities	18,499.59	28,200.00	27,600.00	9,100.41
Janitorial & Landscaping	8,132.20	8,200.00	8,200.00	67.80
Watershed Programs	71,560.58	382,000.00	382,000.00	310,439.42
Water Research	-	1,000.00	1,000.00	1,000.00
River Cleanup	23,615.35	24,000.00	24,000.00	384.65
HazMat Initiative	-	600.00	600.00	600.00
Water Development/ Easements	1,780.03	1,500.00	1,500.00	(280.03)
Riverflow /Rainfall Gauge	60,550.00	63,320.00	60,550.00	-
Guadalupe Bass Restoration	-	-	-	-
Memberships	1,467.00	1,700.00	1,700.00	233.00
Board Meeting Expense	2,166.59	3,000.00	3,000.00	833.41
Meals & Lodging	700.79	1,250.00	1,250.00	549.21
Mileage & Vehicle Operations	2,631.21	4,400.00	4,400.00	1,768.79
Public Education	60,482.89	58,000.00	58,000.00	(2,482.89)
Rent	-	-	-	-
Center Point EDAP Grant	-	-	-	-
Insurance	4,616.89	4,779.00	4,779.00	162.11
Small Equipment	6,640.09	6,000.00	7,000.00	359.91
Office Building Improvements	6,124.95	10,000.00	10,000.00	3,875.05
Miscellaneous	1,196.10	3,700.00	3,700.00	2,503.90
Legislative Service	1,048.30	-	-	(1,048.30)
Funds for New Initiatives	-	10,258.00	15,588.25	15,588.25
Reserve for Contingency	-	10,441.00	10,441.00	10,441.00
Total expenditures/expenses	<u>796,147.05</u>	<u>1,215,000.06</u>	<u>1,167,331.31</u>	<u>371,184.26</u>
Excess (deficiency) of revenues over expenditures	368,581.81	(44,284.98)	(34,580.48)	403,162.29

Upper Guadalupe River Authority
Budgetary Comparison Statement - General Fund
For the Year Ended September 30, 2012

	<u>Actual</u>	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Variance Positive (Negative)</u>
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	<u>(149,600.00)</u>	<u>(205,782.92)</u>	<u>(205,782.92)</u>	<u>56,182.92</u>
Total Other Financing Sources (Uses)	<u>(149,600.00)</u>	<u>(205,782.92)</u>	<u>(205,782.92)</u>	<u>56,182.92</u>
Net Change in Fund Balance	218,981.81	(250,067.90)	(240,363.40)	459,345.21
Fund balance				
Beginning of the year	<u>2,654,722.29</u>	<u>2,654,722.29</u>	<u>2,654,722.29</u>	-
End of the year	<u>\$ 2,873,704.10</u>	<u>\$ 2,404,654.39</u>	<u>\$ 2,414,358.89</u>	<u>\$ 459,345.21</u>

**UPPER GUADALUPE RIVER AUTHORITY
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED SEPTEMBER 30, 2012**

<u>LAST TEN YEARS ENDED SEPTEMBER 30,</u>	<u>TAX RATE</u>	<u>ASSESSED VALUE FOR TAX PURPOSES (in thousands)</u>	<u>BEGINNING BALANCE 10/1/11</u>	<u>CURRENT YEAR TOTAL LEVY</u>	<u>ENTIRE YEAR'S ADJUSTMENTS</u>	<u>TOTAL COLLECTIONS</u>	<u>BALANCE 9/30/12</u>
Prior years			6,839.82		1,631.14	153.75	5,054.93
2003	.010000	2,431,072	1,163.92		0.00	51.49	1,112.43
2004	.009700	2,590,649	1,339.20		0.00	185.53	1,153.67
2005	.009500	2,860,958	1,945.53		26.17	246.77	1,672.59
2006	.002750	3,082,806	2,633.25		(104.99)	599.28	2,138.96
2007	.002550	3,435,915	3,000.78		(422.86)	981.17	2,442.47
2008	.002550	3,774,645	4,991.65		(586.05)	2,020.28	3,557.42
2009	.002550	3,910,290	9,976.17		(864.55)	4,589.80	6,250.92
2010	.002550	3,908,100	21,608.18		(738.38)	11,772.70	10,573.86
2011	.002550	3,973,989		1,013,367.14	(2,290.42)	995,042.60	20,614.96
			<u>\$ 53,498.50</u>	<u>\$ 1,013,367.14</u>	<u>(3,349.94)</u>	<u>\$ 1,015,643.37</u>	<u>\$ 54,572.21</u>